

**Neighborhood Transformation Initiative
Program Statement and Budget for FY2008**



Neighborhood Transformation Initiative Program Statement and Budget FY 2008

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Executive Summary

In April 2001, Mayor Street unveiled his Neighborhood Transformation Initiative (NTI), a strategy to rebuild and preserve Philadelphia's neighborhoods as thriving communities with clean and secure streets, recreational and cultural outlets and quality housing. NTI addresses the unprecedented technological, economic and demographic changes of the past fifty years, focusing on the application of strategies to address these changes and stimulate the private market throughout every neighborhood in the City. The initiative demonstrates the Mayor's commitment to protect the health, safety and welfare of Philadelphia residents while stabilizing and revitalizing their neighborhoods.

NTI takes a multi-faceted, comprehensive approach that stresses inter-agency cooperation and coordination in addressing every aspect of neighborhood development. The initiative also creates opportunities for government and citizens to work together, restoring civic pride and building community spirit. Through its various activities, NTI is helping Philadelphia's neighborhoods meet their potential as clean, safe, and thriving places to live, work, shop, and play.

Between FY02 and FY06, NTI organized its work into strategies that included: 1) facilitating and supporting community-based planning that reflects citywide and neighborhood visions; 2) eliminating blight to improve streetscapes, abate debris-filled lots and remove abandoned cars, litter and graffiti; 3) improving the City's ability to assemble land for development; 4) encouraging neighborhood preservation; 5) stimulating investment in Philadelphia neighborhoods; and 6) leveraging resources to the fullest extent possible, investing them in neighborhoods strategically.

Like any long-term, comprehensive strategy, NTI was designed to be resilient to adapt to changing conditions. NTI's rich and successful implementation has increased the expectations in neighborhoods, in commerce and among City departments as they work together. Our ability to adapt to change and new expectations will be characterized by the programs, processes and strategies that will be prominent going forward.—

The creation of new housing opportunities in many communities has stimulated a demand for increased investment in neighborhood commercial corridors to provide retail and other services to these communities.

NTI began to address this need for commercial corridor investment by funding the Commercial Corridor Support Program in FY06. During FY07, more than \$1.8 million dollars was awarded to 29 projects across the City. More than \$65 million dollars from the Cultural and Commercial Corridor Bond proceeds will support the ReStore Philadelphia Corridors Program (ReStore) beginning in FY07.

NTI's early forecast of the number of demolitions has been reduced. This unanticipated outcome has resulted from increased property values that have created additional wealth for property owners. A consequence of the creation of new wealth is an increasing interest on the part of property owners to improve their properties. Many homes that could have been targeted for demolition and/or redevelopment were retained by the owners for rehabilitation. While one of NTI's premier goals is to stimulate the private market throughout Philadelphia's economy, attainment of this goal has far exceeded forecasts.

Increased property values have created concern for long-term residents about the loss of mixed-income neighborhoods. The Equitable Development Strategy facilitates mixed-income residential communities in neighborhoods where rapid appreciation of housing is the product of successful NTI investment.

Cleaning and greening is critical to the development of communities and commercial corridors, increasing property values and public safety and creating hope by removing blight and introducing beauty. While the City aggressively removed abandoned cars from city streets, cleaned vacant lots that had been abandoned for years, issued code violations to property owners for property neglect and removed graffiti, the Pennsylvania Horticultural Society through the Green City Strategy greened neighborhoods. The City has invested more than \$12 million in the Green City Strategy which enhanced treatment of vacant land by planting grass, trees and installing wood fencing on the equivalent of 3,700 rowhouse parcels and implementing improvement projects in 55 neighborhood parks, 21 community gardens and 12 commercial corridors, as well as other beautification projects. In addition, more than 2,000 parcels are maintained by ten Community Land Care groups.

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FY08 Highlights

The NTI FY08 Program Statement and Budget describes the programs and activities that the City will fund using NTI bond proceeds and the interest earned on the bond proceeds. As of the FY07 Program Statement and Budget, all NTI bond proceeds are fully budgeted. However, the addition of \$10,641,000 interest earned on the bond issues creates opportunities for further investment in NTI programs. In particular, NTI proposes deeper investment in neighborhood preservation and equitable development programs that assist residents to participate in the economic growth of the City of Philadelphia.

NTI has created a new framework, building upon earlier achievements and lessons learned. The new framework includes **supporting sustainable community development** to ensure that Philadelphia's neighborhoods are economically diverse, culturally rich and desirable places to live, work, learn, shop and play; and continuing to help the City "**work smarter**" by improving business practices.

Summary of NTI Bond-Funded Activities

The following activities received NTI bond funding in FY03-07 and will continue to operate in FY08.

- Since FY00, more than 5,600 dangerous and unsafe buildings were demolished using both NTI bond proceeds and City general funds. During FY08, another 800 dangerous and unsafe residential properties throughout the city will be targeted for demolition through the NTI program;
- Five large vacant industrial/commercial properties are targeted for demolition during FY08;
- Since FY03, the City has received City Council authorization for the acquisition of more than 6,000 vacant parcels and structures. The Redevelopment Authority is moving forward with the condemnation of these parcels;
- The Philadelphia Home Loan Program (PHIL) provides low interest home improvement loans at 3 percent and 5 percent, depending on homeowner income. Participating banks have closed 687 PHIL loans for a total of \$13.9 million;
- The Homelessness Prevention Program will continue to be implemented as an element of the neighborhood preservation strategy;
- The Basic Systems Repair program continues to be available to homeowners. As of FY07, more than 26,300 homeowners received basic systems repairs to their properties;
- The Historic Property Repair Program helps low-income homeowners in historic houses make needed, historically appropriate repairs. The Preservation Alliance of Greater Philadelphia is the program administrator and has completed 54 homes for historic repairs in FY07;
- The City of Philadelphia, with the assistance of the Greater Philadelphia Urban Affairs Coalition, administers HomeBuy Now, an employer-assisted housing program. As of FY07, 91 homes were purchased receiving settlement grant assistance through the HomeBuy Now program;
- As of FY07, the settlement grant program has provided 6,207 grants for a total of \$4.9 million dollars;
- The Affordable Rental Development Fund will support the development of mixed-income rental housing production through the use of 4 percent tax credits;

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- The Equitable Development Strategy addresses neighborhood change resulting from housing and commercial revitalization activities. The strategy will continue to develop financial tools and housing counseling and education programs that enable long-term residents to participate and benefit from stronger housing markets and other improved neighborhood economies;
- The Commercial Corridor Support Program targets neighborhood commercial corridors for blight removal and physical improvements, as well as business services that assist corridor businesses to be competitive and provide needed employment, goods and services within their markets;
- The Virtual Property Management Information System (VPMIS) was tested and rolled out in FY07 under the name, “Building Uniformity in Land Development,” or “BUILD.” The final VPMIS applications include the ability to submit property or project requests online; a component to allow housing staff to better review and evaluate submitted requests; and an automated workflow for the RDA’s disposition process;
- In FY07, implementation of the Unified Land Records System focused on removing software development hurdles, and
- City Council members will have access to \$100,000 made available to hire development consultant capacity.

FY08 Associated Activities

As in past years, NTI bond-funded activities will be leveraged by other City-funded programs. In FY08, the City will support ongoing activities, as well as several new activities.

- Under the leadership of the Managing Director’s Office, with the participation of fourteen City departments and a number of private organizations, the City has organized a partnership to create “GreenPlan Philadelphia”, a citywide, land use open space plan that will guide and inform decision-making about open space development, acquisition, use, funding and management, in addition to building on the Green City Strategy;
- The NTI Green City Strategy partnership with the Pennsylvania Horticultural Society will continue. In FY08, the City intends to dedicate \$4 million in funding to vacant land stabilization and maintenance programs;
- The ReStore Philadelphia Corridors program will revitalize neighborhood commercial corridors to re-establish their historic roles as central places to shop, work and meet neighbors;
- NTI will continue to work with the Technical Assistance Center, (an organization spun-off by the African American Chamber of Commerce), Philadelphia Revitalization Education Program, Diversity Apprenticeship Program and Greater Philadelphia Urban Affairs Coalition to promote the goals of the NTI Economic Opportunity Plan;
- The successful abandoned car removal, vacant lot maintenance, anti-graffiti, and Mural Arts programs will continue;
- Quality of life code enforcement programs such as Community Life Improvement Program (CLIP) in the Northeast and the West Philadelphia Improvement Program (WPIP) will continue to operate;
- The removal and pruning of dangerous street trees will continue;
- Housing and anti-predatory lending counseling and services will continue as part of the neighborhood preservation strategy; and

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with the exception of chart #7 that was added for clarity.

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- The “Don’t Borrow Trouble” hotline will be available to assist residents with mortgage default and delinquency problems resulting from predatory lending.

FY08 Resources

NTI Bond Proceeds

The cornerstone funding for the NTI is provided by tax-exempt “government purpose” and “private activity” bonds, tax-exempt “qualified redevelopment bonds”, and taxable bonds issued by the Redevelopment Authority (RDA). The first tranche of NTI bonds, totaling \$142.6 million (\$124.1 million tax-exempt and \$18.5 million taxable), was issued in May 2002. In March 2005, the RDA issued the final tranche of NTI bonds, which totaled \$153,371,915 and brought the final NTI five-year program budget to \$296 million¹.

Effective FY08, an additional \$10,641,000 will be made available as a result of interest earned on NTI bond proceeds. This \$10.6 million is being allocated to uses consistent with the original bond issue. For instance, interest earned on tax-exempt governmental purpose bond proceeds must be allocated to uses that meet the criteria for the original tax exempt governmental purpose bond issue.

The following chart provides details of the amounts, types of bonds and eligible uses that make up the total program budget:

Table: 1- NTI Bond Proceeds by Amount, Type and Use

Amount	Type of Bond	Uses
\$43,520,000	Taxable	Land assembly, loan programs
\$45,000,000	Qualified Redevelopment Bonds (QRBs)	Project specific redevelopment activities including acquisition and demolition in six target areas ²
<u>\$207,496,915</u>	Tax-exempt government purpose	Public safety activities including demolition and repair and physical improvement grant programs
\$1,965,000	Interest earned on taxable bonds	Land assembly, loan programs
\$8,676,000	Interest earned on tax-exempt government purpose bonds	Public safety activities including demolition and repair and physical improvement grant programs
\$306,657,915		

In total, \$306,657,915 in NTI bond funding proceeds and interest supports have leveraged community and economic development that is successfully revitalizing Philadelphia’s communities and bringing hope and wealth to Philadelphia residents.

Land Assembly Budget

In FY03, the five year budget for NTI land assembly activities was set at \$50 million. Demand for land acquisitions for specific development projects and land banking was far higher than anticipated. In response, the City increased the five-year budget for Land Assembly in FY04 and FY05. In FY04, the City raised the bond-funded Land Assembly budget to \$74 million, and, in FY05, the City again raised the budget to \$89 million. The FY05 increase of \$15 million was funded not by NTI bonds, but with Community Development Block Grant (CDBG) and Pennsylvania State Department of Community and Economic Development funds. For this reason, the NTI bond-funded budget reflected only \$74 million in land assembly

¹ In FY04, the RDA secured a \$30 million taxable bank line of credit to fund acquisition activities on an interim basis. The \$10.9 million, the amount borrowed on the line of credit, was paid off as part of the final NTI bond issue.

² The six approved QRB areas are the redevelopment areas for West Philadelphia, Germantown, North Philadelphia, South Central, Point Breeze, and Frankford Creek. See Appendix A for area maps and boundary descriptions.

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funds as of FY07. Of the \$89 million budgeted for land assembly, \$82,280,036 has been committed to specific acquisition projects effective FY07.

For FY08, a proposed increase of \$1.176 million will be funded from interest earned on taxable bond proceeds. However, the land assembly budget for Council District 4 was reduced by \$900,000 to fund additional basic system repairs in the 4th Council District. Also, the land assembly budget for the 7th Council District was reduced by \$1 million to also fund additional basics systems repairs in the 7th Council District. Additionally, the land assembly budget allocation for Council District 10 was reduced by \$1.2 million in order to increase the funds available for vacant property stabilization in the 10th Council District. This net decrease creates a land assembly budget, funded by NTI bond proceeds and interest earned on those bond proceeds of \$72,076,418 for FY08.

FY08 Budgetary Changes

NTI proposes adjustments in the FY08 budget arising from evaluation of the demand, rate of expenditure and impact of NTI program activities. This proposal includes the allocation of new resources in the amount \$10,641,000 which was generated as interest earned on the NTI bond proceeds.

Table: 2- NTI Six Year \$306.6 Million Bond Financing Plan (FY08)

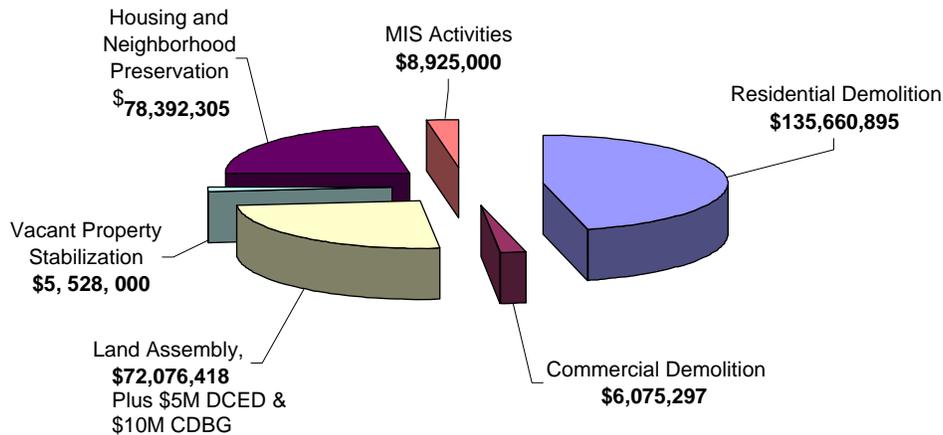


Table 3: FY 08 Proposed Spending Budget

NTI Activity	FY08 Budget
Blight Elimination	

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Large Vacant Building Demolition	2,070,287
Land Acquisition	
Land Acquisition	37,735,911
Housing and Neighborhood Preservation	
Vacant Property Stabilization	3,100,000
Expanded Home Rehabilitation Program	1,000,000
Retaining Wall Reconstruction	489,217
Anti-Predatory Loan Program	520,000
Homelessness Prevention Program	600,000
Basic System Repair Program	4,300,000
Targeted Basic System Repair Program	300,000
Preservation Development Initiative /Historic Property Repair Program	425,000
Adaptive Modification Program	4,600,000
HomeBuy Now Employer Assistance Program	1,000,000
Settlement Grant Assistance	1,700,000
Affordable Rental Development	1,650,000
Equitable Development Strategy	5,710,944
Commercial Corridor Support Initiative	53,861
Vacancy Prevention (Tangled Title Program)	50,000
Housing Trust Fund	1,500,000
Management Information Systems	
Vacant Property Management Information System	400,000
Unified Land Records System	332,554
Total	67,537,774*

*This figure includes \$300,000 which is the cost of Bond Issuance 2003

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Table: 4- Proposed NTI FY2008 Budget Reallocation

NTI Bond Proceeds Activity	NTI Budget FY2007	Reallocation Of Bond Funds	NTI Bond Interest Budget FY08	NTI Bond Budget FY2008
Demolition				
Residential Demolition	136,660,895	-1,000,000	0	135,660,895
Large Vacant Building Demolition	6,075,297		0	6,075,297
Land Acquisition				
Land Acquisitions	74,000,000	-3,100,000	1,176,418	72,076,418
Housing and Neighborhood Preservation				
Vacant Property Stabilization	4,728,000	800,000	0	5,528,000
Retaining Wall Reconstruction	2,670,000		0	2,670,000
Expanded Home Rehabilitation Program	5,000,000		1,000,000	6,000,000
Philadelphia Home Improvement Loan Program	3,800,000		0	3,800,000
Anti-Predatory Loan Program	1,000,000		500,000	1,500,000
Employer Assisted Housing- HomeBuy Now	1,600,000		250,000	1,850,000
Targeted Basic System Repair Program	3,000,000		300,000	3,300,000
Basic System Repair Program	26,475,000	3,300,000	1,000,000	30,775,000
SHARP Home Repair Program	525,000		0	525,000
Settlement Grant Assistance	3,100,000		600,000	3,700,000
Preservation Development Initiative / Historic Property Repair Program	1,250,000		207,500	1,457,500
Adaptive Modification Program	9,300,000		800,000	10,100,000
Affordable Rental Development	1,900,000		0	1,900,000
Housing Trust Fund	1,500,000		0	1,500,000
Equitable Development Strategy	1,953,862		3,757,082	5,710,944
Commercial Corridor Support Initiative	1,953,861		0	1,953,861
Homelessness Prevention Program	1,000,000		600,000	1,600,000
Vacancy Prevention (Tangled Title Program)	0		50,000	50,000
Management Information Systems				
Vacant Property Management Information System	5,300,000		400,000	5,700,000
Unified Land Records System	3,225,000		0	3,225,000
Total NTI Resources FY2008	296,016,915		10,641,000	306,657,915

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Table: 5 – Cumulative NTI Drawdown and FY2008 Budget

NTI Bond Proceeds Activity	NTI Budget FY2007	Cumulative Drawdown Eff. 2/28/2007	Anticipated Drawdown 3/1 - 6/30/2007	NTI Budget Balance	Reallocation Of Bond Funds	NTI Bond Interest Budget FY08	NTI Budget FY2008
Demolition							
Residential Demolition	136,660,895	134,654,891	2,006,004	0	-1,000,000	0	135,660,895
Large Vacant Building Demolition	6,075,297	1,851,014	1,153,996	3,070,287		0	6,075,297
Land Acquisition							
Land Acquisitions	74,000,000	34,340,507	0	39,659,493	-3,100,000	1,176,418	72,076,418
Housing and Neighborhood Preservation							
Vacant Property Stabilization	4,728,000	2,428,000	0	2,300,000	800,000	0	5,528,000
Retaining Wall Reconstruction	2,670,000	2,180,783	0	489,217		0	2,670,000
Expanded Home Rehabilitation	5,000,000	5,000,000	0	0		1,000,000	6,000,000
Philadelphia Home Improvement Loan Program	3,800,000	3,800,000	0	0		0	3,800,000
Anti-Predatory Loan Program	1,000,000	980,000	0	20,000		500,000	1,500,000
Employer Assisted Housing- HomeBuy Now	1,600,000	850,000	0	750,000		250,000	1,850,000
Targeted Basic System Repair	3,000,000	3,000,000	0	0		300,000	3,300,000
Basic System Repair Program	26,475,000	26,475,000	0	0	3,300,000	1,000,000	30,775,000
SHARP Home Repair Program	525,000	525,000	0	0		0	525,000
Settlement Grant Assistance	3,100,000	2,000,000	0	1,100,000		600,000	3,700,000
Preservation Development Initiative/Historic Property Repair Program	1,250,000	32,500		1,217,500	207,500	0	1,457,000
Adaptive Modification Program	9,300,000	5,500,000	0	3,800,000		800,000	10,100,000
Affordable Rental Development	1,900,000	250,000	0	1,650,000		0	1,900,000

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NTI Bond Proceeds Activity	NTI Budget FY2007	Cumulative Drawdown Eff. 2/28/2007	Anticipated Drawdown 3/1 - 6/30/2007	NTI Budget Balance	Reallocation Of Bond Funds	NTI Bond Interest Budget FY08	NTI Budget FY2008
Housing Trust Fund	1,500,000	0	0	1,500,000		0	1,500,000
Equitable Development Strategy	1,953,862	0	0	1,953,862		3,757,082	5,710,944
Commercial Corridor Support Initiative	1,953,861	0	1,900,000	53,861			1,953,861
Homelessness Prevention	1,000,000	0	1,000,000	0		600,000	1,600,000
Vacancy Prevention (Tangled Title Program)	0	0	0	0		50,000	50,000
Management Information Systems							
Vacant Property Management Information System	5,300,000	5,300,000	0	0		400,000	5,700,000
Unified Land Records System	3,225,000	2,892,446	0	332,554			3,225,000
Cost of Bond Issuance 2003	0	300,000	0	-300,000			0
NTI Bond Resources FY2003-2007	296,016,915	233,360,141	6,060,000	56,596,774		10,651,000	306,657,915
NTI Bond Interest	0	0	0	0			0
Total NTI Resources FY2008	296,016,915	233,360,141	6,060,000	56,596,774	0	10,651,000	306,657,915

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Additional Resources

Federal Funding

The U.S. Department of Housing and Urban Development, the federal source for CDBG, HOME and Housing Opportunities for People with Aids (HOPWA), which provides for most housing and community development funds for the City of Philadelphia, has released the budget figures for FY 08-Year 33. It is anticipated that the City of Philadelphia will receive \$53,673,000 in CDBG funds, which is \$75,000 less than the Year 32 allocation. In addition the City will receive \$15,278,000 in HOME funds, which is \$97,000 less than Year 32 and \$6,055,000 in HOPWA, a decrease of \$433,000 from Year 32.

State Funding

In FY08, the City will receive \$10 million in funding from the Pennsylvania Department of Community and Economic Development (DCED) which is a \$950,000 increase for housing activities, weatherization and adaptive modification. In addition, there are several other State programs that support NTI objectives and community development activities in Philadelphia. These programs include Elm Street and Main Street. The City has requested an additional \$1 million in support to enhance its Main Street program. The Department of Conservation and Natural Resources has granted \$200,000 to the City to carry out its Open Space planning process. The Growing Greener II Initiative may also provide additional sources of funding for an array of open space projects that will support GreenPlan Philadelphia.

City of Philadelphia General Operating Funds

Achieving NTI's bold targets and goals requires more than cooperation and collaboration. They require a commitment of economic resources. The City will spend up to \$20 million annually to pay debt service on the NTI bonds. The City also supports other NTI programs such as the Community Life Improvement Program (CLIP), the West Philadelphia Improvement Program (WPIP), and Green City Strategy.

Acquisition Recycling Fund

Pursuant to an agreement between the City, RDA and NTI, an Acquisition Recycling Fund has been established to leverage the NTI bond funds that will be used to finance land assembly activities. Most of the property that the RDA will condemn as a part of NTI is tax delinquent and/or has other municipal liens recorded against it. When the RDA settles with an owner or in the case of abandoned property, the RDA pays the "just compensation" or the appraised value of the real estate into Court, the City collects the outstanding municipal liens it is owed, up to the appraised value of the real estate and deposits these proceeds into the Acquisition Recycling Fund.

On an annual basis, the Administration will include as part of the City's operating budget an amount equal to the projected share of delinquent real estate taxes (\$.42 for each \$1.00 collected) and other municipal liens that will be collected. Recycled funds will be allocated based upon the original source of the funds. Funds from the Council District Acquisition Budget will be recycled to the district in which they were spent. Funds for Acquisition Zones and Large-Scale Development projects will be recycled for use on similar projects.

As of the end of February 2007, \$371,000 of municipal taxes and liens were recycled during FY07. During FY06, the City recycled \$783,000 of the taxes and liens owed on properties acquired with NTI bond proceeds. Additionally, there have been sales of properties at fair market value. These sales have generated over \$4.3 million to be used for additional acquisition.

Housing Trust Fund

During calendar year 2005, the Housing Trust Fund (HTF) was created to provide more resources for affordable housing programs. The HTF creates a sustainable funding stream for affordable housing by doubling the City's mortgage recording

As Adopted by City Council on 6/14/07

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with the exception of chart #7 that was added for clarity.

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fees. During FY07, the HTF earned more than \$11 million.

Philadelphia Housing Authority

Philadelphia Housing Authority (PHA) activities are an important component of NTI. Over the past five years, the PHA has reshaped Philadelphia neighborhoods through the demolition and rebuilding of out dated public housing facilities. In addition, PHA has been designated for the highly competitive federal Moving-to-Work (MTW) program, granting it much greater flexibility in its use of federal funds. Through the MTW Program, PHA can modify key elements of the public housing and Housing Choice (Section 8) program operations in order to better respond to the needs of the community.

PHA continues to develop a 90-unit homeownership program at Martin Luther King Plaza; has completed 75 percent of modernization activity at Germantown House (133 units); and has completed the following redevelopment.

Development	Units
Cambridge Plaza	40
Greater Grays Ferry Estates Rentals	103
Greater Grays Ferry Homeownership	125
Lucien E. Blackwell	74
Scattered Sites Modernization	244
Martin Luther King Rentals	42
Units adapted for mobility impaired	257

In addition, PHA has leveraged Hope VI and other funding streams to recreate its public housing stock. This included more than \$204 million in private equity funding through Low Income Housing Tax Credits awarded by the Pennsylvania Housing Finance Agency and \$200 million in bond financing to support rental and homeownership projects.

Renewal Community

Philadelphia is one of 40 U.S. Department of Housing and Urban Development Renewal Communities. This designation, which lasts through 2009, offers tax and other financial incentives for the development of commercial properties, purchase of equipment and employment for area residents. The City can allocate up to \$12 million per year in tax deductions to businesses building or expanding within the Renewal Community. The Renewal Community exemplifies NTI's approach involving local, state and federal governments, private businesses, community-based organizations and neighborhood residents in efforts to revitalize Philadelphia's neighborhoods. More than \$60 million in tax deductions have been utilized by 41 projects.

Citizens Bank – City of Philadelphia NTI Partnership

Since its introduction into the region, Citizens Bank has been a strong partner to the City of Philadelphia and NTI. The Citizens Bank-City of Philadelphia NTI Partnership was officially launched in April 2003. Citizens committed \$104 million over a five year period in support for residential mortgages, home improvement loans, small business loans, community development project financing, and support for other activities, such as a small business technical assistance program, anti-predatory lending efforts, and the Green City Strategy. In the first 18 months of the partnership, Citizens Bank committed in excess of \$105 million in loans. Consequently, Citizens increased its five year commitment to \$250 million. As of April 2006, Citizen's Bank had achieved 91percent of this goal.

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ReStore Philadelphia Corridors

ReStore Philadelphia Corridors weaves together the principles of NTI with the recommendations in the City's Economic Development Blueprint. Recommendations include sustaining the positive changes that NTI has brought to our neighborhoods and extending them to commercial corridors; increasing attention to the importance of neighborhood commercial corridors; and ensuring that city resources support vibrant neighborhood commercial corridors and districts.

In FY08, bond proceeds will be available from the \$150 million Cultural and Commercial Corridor Bond. More than \$65 million of the bond proceeds will support the ReStore Philadelphia Corridors Program (ReStore), which will seek to revitalize neighborhood commercial corridors to re-establish their historic roles as central places to shop, to work and to meet neighbors. A five-part strategy will include focusing planning and data analysis on strengthening corridors; aligning and leveraging community economic development resources; making neighborhood corridors more welcoming places; developing a system to attract and retain businesses on corridors; and supporting effective corridor management. ReStore will leverage private and public community economic development resources including federal, state, local and private resources. By aligning these resources, the impact of investments is broadened. In addition, future interest earned on NTI tax-exempt governmental purpose bond proceeds may be used for grants for physical improvement projects that align within ReStore Philadelphia Corridors Program.

Cultural and Commercial Corridor Bond proceeds will fund the following ReStore Philadelphia Corridors Program activities:

- **Streetscape enhancements and capital improvements:** Fund enhancements and improvements, including but not limited to street lighting; pedestrian lighting; street paving; public signage; sidewalks; curbs; crosswalks and curb cuts; bump-outs; greening and trees; public art; planning; design; architecture; and engineering studies.
- **Acquisition Pool:** Enable the City to acquire key blighted properties on corridors for commercial, mixed-used, or open space development.
- **Acquisition Pool for Non-profit Entities:** Enable non-profit entities to acquire properties on commercial corridors for commercial or mixed-use development.
- **Targeted Redevelopment Grants:** Fund pre-development and development activities for commercial, institutional and cultural facilities that will draw people to the neighborhood commercial corridor.
- **Targeted demolition on Commercial Corridors:** Remove blighted properties and help create parcels for commercial, mixed-used, or open space development.
- **Business Support:** Fund façade renovations to store fronts; fit-out expenses for commercial tenants and energy conservation improvements to commercial properties on corridors; and equipment for corridor cleaning and security programs.
- **Technology Improvements:** Enable the City to upgrade information systems to collect and manage data on commercial corridor characteristics, and to evaluate the benefit of City investments on commercial corridors.

Other sources will fund a Small Business Loan Guarantee Pool to improve access to mainstream financing for small businesses, as well as technical assistance to small businesses and neighborhood corridor management.

GreenPlan Philadelphia

GreenPlan Philadelphia is the City's open-space planning process launched during FY06. GreenPlan Philadelphia will guide and inform decision-making about open space development, acquisition, use, funding and management, in addition to building on the Green City Strategy. In particular GreenPlan Philadelphia will inventory the City's natural resources, develop a funding strategy for the plan's implementation, assess the costs and benefits of quality open space and create tools to evaluate the plan. By March 2007, GreenPlan had completed community input sessions in each of the twelve planning areas of the Philadelphia City Planning Commission. During this early stage of community input, residents discussed the open space needs for their communities.

In FY08, GreenPlan Philadelphia will be made available. Green City Strategy activities in support of GreenPlan will include implementation of a "tipping point" strategy that will identify specific neighborhoods in which a significant portion of all vacant land will be stabilized; stabilization of another 800 parcels; maintenance of the equivalent of 3,200 rowhouse parcels

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stabilized in prior years; training of another three community groups to act as Community Land Care stewards; selection of four corridor and gateway projects; and through coordination with the TreeVitalize Program, planting 600 trees.

New River City Initiative

Effective FY08, the New River City Initiative will enhance the development of Philadelphia's waterfronts and neighborhoods, facilitating protection and public enjoyment of the City's water resources. The New River City initiative focuses on coordinating the City's efforts towards its waterfronts in order to redefine and improve the City's relationship to its rivers, waterfronts, and the surrounding communities. The City will utilize \$125 million in Water and Sewer Bond Reserve funds to catalyze the development of New River City public water and sewer infrastructure. The City's financial commitment will be augmented by state and federal resources and will create additional opportunity for investment by private developers in anticipation of market rate returns. By establishing goals for advancing Philadelphia's waterfronts as desirable locations; the City anticipates the redevelopment of thousands of acres of presently vacant waterfront land.

The reuse of vacant land along the rivers will create communities of new urban housing, modern retail, office, and manufacturing space, as well as waterfront recreational amenities that will attract residents and jobs and improve public access to the waterfront. To derive the maximum benefit from the City's sewer infrastructure, \$25 million of New River City resources will fund stormwater management features in neighborhoods on publicly owned vacant lot parcels, publicly subsidized housing, city parking lots, other public facilities and public schools. Projects need not be located along riverfronts, but must be designed to manage stormwater runoff from adjacent blocks, in addition to the runoff generated by the site itself. Stormwater management components may include a combination of greening and stormwater retention structures that will also serve as public amenities. NTI will work with other City agencies to identify appropriate projects for New River City funding. All funds will be committed by July 2009.

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Planning

Community Planning

Objective

The City will continue to use planning as an investment tool to inform community and economic development in Philadelphia. During the initial phase of NTI, the City began to facilitate and support community-based planning and the development of area plans that reflect citywide and neighborhood visions. Under the leadership of the Philadelphia City Planning Commission (PCPC), the City committed to an NTI community planning effort to provide a foundation for NTI revitalization activities. The City's neighborhood planning process operates within the following principles.

1. Planning principles and a transparent process for community-based planning and land use review;
2. Community-wide meetings and feedback systems to ensure that community residents have an opportunity to review and comment on any proposed plan; and
3. Contexts for community planning that encourage a larger framework for decision-making other than simple neighborhood boundaries.

PCPC has produced an "Existing Conditions Report" for 34 targeted neighborhoods and/or corridors. These reports serve as springboards for a neighborhood plan for the 34 neighborhoods. The PCPC has completed six community plans for Strawberry Mansion, South of South, Mantua, Parkwood, North Broad Corridor and the Lancaster Avenue commercial corridor as well as participated in three additional plans funded by the Delaware Valley Regional Planning Commission (DVRPC) for Chinatown, Mt. Airy and West Powelton. Additionally, local CDCs and non-profits have created new plans with PCPC participation. PCPC intends to complete three additional community plans during FY07.

Program Description

During FY08, the PCPC will work with members of City Council to review and modify the stated goal regarding the completion of neighborhood and corridor plans. For each of the targeted neighborhoods, the City Planning Commission has produced an "Existing Conditions" statement that is posted on its website and available to the public. However, changing conditions over the last six years calls for such a review prior to the completion of plans for each of these neighborhoods. In some cases, the same or very similar planning areas have been addressed by other planning processes with the support of the City Planning Commission. In other cases, residential market conditions have changed dramatically, and planning has taken place in the context of large-scale development projects. In yet other cases, PCPC has updated and synthesized a number of planning documents focusing on the same neighborhood in order to create a coherent and useful tool for neighborhood residents. Because neighborhood planning is most effective when communities are actively requesting such support, such a review will enable the Planning Commission to be more responsive to new requests, and to provide planning support to communities on an ongoing basis in the months and years to come.

Plan analyses and recommendations will address the topic areas of housing, commercial development, transportation, open space, community heritage, arts, and culture. The information gathered is being used to formulate a vision for the neighborhood with goals, strategies and recommendations. A second objective is to link recommendations to implementation strategies. The process concludes with the completion of a draft report and final plan document.

Principles

In coordinating planning activities, the City will promote a planning process that is:

- Open and inclusive, involving a high degree of interaction with residents, elected officials and community-based organizations;
- Understandable and transparent;

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with the exception of chart #7 that was added for clarity.

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- Consistent across all neighborhoods and as predictable as possible given differing circumstances; and,
- Developed within the context of neighborhood and citywide visions.

There will be citizen participation at all stages of the process. This participation will be marked by:

- A high degree of interaction;
- Broad outreach to all segments of the community;
- Continuous information sharing;
- Education and training opportunities where necessary to promote informed participation;
- Opportunities for community review of work in progress; and,
- Orientation towards resolving differences and achieving compromise, whenever possible.

Operations

Some Philadelphia neighborhoods have existing community plans, usually as a result of the work of neighborhood-based organizations or elected officials if not as a result of the PCPC planning process. For communities that have completed some work in this area, the existing community plan provides a framework for the delivery of additional PCPC services. Where plans have not been developed, where plans was not comprehensive, or where plans require updating or modification, a greater level of planning services and strategy development are being provided.

The PCPC staff will provide information, technical assistance and guidance as each community moves through the planning process. The Commission also stands prepared to review plans submitted by private developers and neighborhood-based organizations.

The planning process includes:

- Review of NTI goals and objectives;
- Discussion and assessment of community vision;
- Evaluation of community needs within the context of that vision;
- Preparation of an "Assessment," a formal *Existing Conditions* study or updates of existing assessments or studies;
- Review of NTI investment strategy for the area;
- Evaluation of available resources;
- Review and discussion of district and citywide goals and objectives;
- Review, discussion, and vetting of options and alternatives;
- Development of a Community Plan;
- Development of an implementation strategy, identifying critical activities and assigning agency/entity responsibility; and
- Presentation and distribution of the draft Community Plan.

Role of City Council

The review and approval of draft community plans will include neighborhood presentations and discussions; district-wide presentation and review focusing on issues that cross neighborhood boundaries such as transit, traffic, noise, pollution or that will have a district wide impact; PCPC review, including formal approvals where mandated (e.g. zoning map changes); and City Council review, including mandated approvals.

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Blight Elimination

Residential Demolition

Objective

While there are approximately 26,000 vacant residential properties throughout the City at any given time, more than 7,000 were identified as structurally dangerous at the launch of NTI. The goal of the demolition program is to protect the health, safety and general welfare of Philadelphia residents by reducing the city's inventory of vacant and dangerous properties.

Program Description

The NTI targeted residential demolition program works in selected areas based on analysis of the condition of structures, level of vacancy, proximity to schools, and other neighborhood characteristics. Under the targeted program, contractors are responsible for every aspect of the "demolition package," which increases accountability and efficiency while creating subcontracting opportunities for smaller firms. Where the opportunity for the rehabilitation and reuse of a property is likely, encapsulation or stabilization may be the optimal strategy for returning a property to the housing market. In very few cases, stabilization is used to complement demolition activities within the targeted area as a related neighborhood preservation strategy to be discussed later. Since the inception of NTI, the City has used Hill International as project manager to implement the NTI targeted demolition program.

During FY08, L&I will assume management of "targeted" demolition as a part of its routine operations. Integrating the "best practices" honed during NTI, L&I will focus on the use of decision maps to coordinate resources and direct efforts to the highest, most densely concentrated areas of blight; improve its systems for tracking dangerous buildings; and schedule re-inspections of vacant properties.

It is proposed during FY08 the targeted demolition budget, vacant property stabilization, and large vacant building demolition budgets be fungible and be available for activities approved for the expenditure of NTI tax-exempt governmental purpose bond proceeds such as stabilization, public safety demolition, and grants for physical improvements to public infrastructure such as streetscape and gateway improvements.

Principles

The City adheres to the following principles when carrying out demolition:

- Elected officials, community leaders, and neighborhood residents are given notice of planned demolition activities;
- The demolition of vacant structures is conducted in a safe, orderly and environmentally sound manner that minimizes community disruption; and,
- The City structures bid documents to lower costs and meet the City's economic opportunity goals for the NTI.

Operations

By the end of the NTI bond-funded demolition program, the City will drastically reduce the inventory of dangerous residential structures by demolishing in excess of 6,000 dangerous residential buildings. By the end of FY07, it is projected that 4,500 demolitions will have been carried out through the NTI targeted demolition program and 1,400 through the L&I curbside demolition program since the beginning of NTI. Another 800 NTI demolitions are planned for FY08.

The Office of Risk Management, with the support of the Office of Supportive Housing will manage and direct the emergency, temporary, and permanent relocations caused by demolition activities (i.e. an adjoining structure becomes temporarily unstable or permanently uninhabitable because of demolition activities). The City will take all necessary actions to locate adequate emergency and temporary housing for residents who are displaced as a result of any demolition activities.

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with the exception of chart #7 that was added for clarity.

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The City will also work with District Council to identify individuals with special needs within the targeted area.

Owner Controlled Insurance Program

The City of Philadelphia insures NTI's targeted demolition program through an Owner Controlled Insurance Program (OCIP), providing coverage for the City of Philadelphia and its contractors working in the program. OCIP provides financial savings and enhanced coverage, eases insurance administration, makes higher limits available and generates contractor opportunities. The five-year cost of the plan is \$12 million; financed with NTI bond proceeds and General Fund resources and expires September 30, 2007. Contractors bidding on demolition packages that are projected to be completed after September 30th are doing so with contractor purchased insurance coverage. The City will monitor to determine if this requirement has a significant impact on the cost of demolition or on the ability of disadvantaged businesses to participate in the City's demolition strategy.

Role of City Council

The Administration is committed to working with City Council on NTI's demolition activities. District councilpersons will have the opportunity to:

- Review, comment and participate in the selection and prioritization of dangerous and vacant properties for demolition bid packages and stabilization work within the districts;
- Participate as one of the City's representatives during pre-bid inspection tours and conferences with contractors and vendors for demolition and stabilization work;
- Review and comment on any relocation plans, except in those cases where an emergency relocation is required due to dangerous conditions; and,
- Review, comment and recommend interim treatments of vacant properties after demolition.

Any bid package for demolition work funded with bond proceeds must be submitted to and approved, in writing, by the district councilperson whose district is affected directly by such work.

NTI works in concert with the district councilperson when planning and scheduling decision tours and meetings with community organizations, leaders and residents affected by demolition and stabilization activities. The primary purpose of these meetings is to explain the operational details of the NTI demolition program.

Finally, NTI will meet periodically with the district councilpersons to provide updates on demolition progress in each district and to establish priority areas for demolition activities. These priority areas serve as the basis for the master schedule of demolition activities.

Economic Opportunity Plan

While the primary focus of the NTI demolition program is to eliminate dangerous buildings from Philadelphia's neighborhoods, the City recognizes that NTI can create business and employment opportunities for disadvantaged businesses and individuals. The NTI Economic Opportunity Plan (the Plan) seeks to identify opportunities and set participation goals for small and disadvantaged businesses that historically have been underrepresented in the procurement of contracts with the City of Philadelphia. In addition, the Plan sets employment goals for minorities, women and Philadelphia residents. Participation accomplishments are as follows:

- Of all contracts that have been let for the targeted demolition program as of February 2007, minority-owned businesses account for 39 percent of the subcontracts and women-owned businesses account for 5 percent. Minority firms are performing 29 percent of the curbside demolition work.
- Effective February 2007, for the targeted demolition program, minorities account for 72 percent and women account for 2 percent of the more than 707,223 hours worked on NTI demolition projects. Philadelphia residents represent 82 percent of the workforce employed.

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The City contracts with the Greater Philadelphia Urban Affairs Coalition (GPUAC) to assist with monitoring the hours worked by Philadelphia residents, minorities and women on NTI demolition projects. The Minority Business Enterprise Council (MBEC) is responsible for monitoring the participation of disadvantaged firms as prime contractors and subcontractors.

In addition, the City works closely with the Technical Assistance Center (TAC), an organization spun-off by the African American Chamber of Commerce and Philadelphia Revitalization Education Program (PREP) Inc. to address the training needs of disadvantaged firms and individuals seeking business and employment opportunities on NTI demolition projects. TAC provides technical, financial and management assistance; helping firms to negotiate the City's complex procurement processes and grow their businesses. These services are available to any disadvantaged contractor, regardless of experience, who is interested in bidding as a prime contractor or subcontractor on NTI demolition projects or other city-funded construction projects. TAC also teaches contractors how to demolish dangerous residential buildings by offering them hands-on demolition experience. NTI is in the fourth and final stage of the training program. Finally, PREP's Diversity Apprenticeship Program was expanded to assist minorities and women entering the building trades and to find work on NTI demolition projects or elsewhere. Thus far, this special workforce development program has resulted in the acceptance of 55 individuals into the building trades.

Table 6: NTI Targeted Demolition by Council District

Council District	Total No. of Vacant Buildings as of 1/2001 Survey	Total No. of Dangerous Buildings as of 9/2001 Survey	Percent of Dangerous Buildings	Demolitions 2003-2/2007	Demolitions To be completed FY2007	Demolitions FY 2008	Total Projected Demolitions
1	4,150	911	11.8%	730	10	171	911
2	3,474	921	11.9%	440	0	25	465
3	4,215	1,118	14.5%	653	210	0	863
4	2,242	449	5.8%	188	42	44	274
5	7,102	2,188	28.4%	944	165	322	1431
6	721	83	1.1%	7	0	27	34
7	3,203	912	11.8%	407	25	101	533
8	2,795	902	11.7%	455	46	67	568
9	996	207	2.7%	133	0	62	195
10	167	22	0.3%	0	0	16	16
Totals	29,065	7,713	100.0%	3957³	498	835	5290

³ Between FY00 and FY03, another 1200 unsafe vacant buildings were demolished as a result of NTI.

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FY08 Budget

For FY08, Council District #9 has decreased its residential demolition allocation by \$1,000,000.

Table #7: NTI Targeted Residential Demolition Budget by Council District

Council District	FY03 - 05 Budget	FY06 Adjustment	Total	FY08 Adjustments	Revised Budget
1	\$10,177,159	\$900,000	\$11,077,159		
2	\$9,653,959	\$900,000	\$10,553,959		
3	\$11,677,388	\$900,000	\$12,577,388		
4	\$5,568,828	\$500,000	\$6,068,828		
5	\$21,974,786	\$900,000	\$22,874,786		
6	\$161,351	\$100,000	\$261,351		
7	\$11,045,149	\$900,000	\$11,945,149		
8	\$10,939,211	\$900,000	\$11,839,211		
9	\$3,460,875	\$500,000	\$3,960,875	-\$1,000,000	\$2,960,875
10	\$0	\$100,000	\$100,000		

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Blight Elimination

Large Vacant Building Demolition

Objective

As with residential demolitions, the primary goal of large vacant building demolitions is to protect the health, safety and general welfare of Philadelphians. Because these demolitions will result in large parcels of vacant land, a secondary goal of the program is to demolish buildings on land that can be quickly marketed for redevelopment. Tax-exempt governmental purpose bond proceeds will fund the demolition of large vacant buildings.

Program Description

The City has prioritized five large vacant buildings for demolition during FY08. It is proposed that during FY08 large vacant building demolition, targeted demolition and vacant property stabilization budgets be fungible and be available for activities approved for the expenditure of NTI tax-exempt government bond proceeds such as stabilization, public safety demolition, and grants for physical improvements to public infrastructure, such as streetscape and gateway improvements.

Principles

Structures are prioritized for demolition based on the following NTI principles:

- Eliminate buildings that pose an immediate public safety threat to the surrounding community;
- Invest in demolition and redevelopment projects that are in accordance with existing community plans;
- Prepare properties for redevelopment that can stimulate market activity in the surrounding community while maximizing the amount of private capital that can be leveraged against the public investment; and,
- Link demolitions to other public and private investments in an area.

Operations

The City's Commerce Department has developed a list of more than 60 large vacant buildings to demolish. As of March 2007, 20 buildings from the Commerce Department's master list have been demolished using NTI bond proceeds as well as private funding sources while other properties have come off the list due to sale or rehabilitation. This list includes former factories, incinerators, warehouses and other industrial sites. The prioritized list changes as structures become imminently dangerous or as redevelopment opportunities arise. Consequently, the list is reviewed annually and prioritized accounting for building condition, ownership characteristics, previous code violations, inclusion in the tax lien sale, existing community plans, location relative to other businesses or commercial corridors, expressions of interest by developers, employment retention/growth potential, parcel size, location, environmental contamination, and the need for business or resident relocations. Based on these criteria, an inter-departmental team including the Commerce Department, Law Department, the RDA, the PCPC and L&I has identified five large vacant buildings recommended for demolition in FY08.

Before demolishing a privately owned building, factory, warehouse or other large vacant building, it is necessary for the City to obtain an equity court order. This process is highly unpredictable as owners may extend court proceedings by correcting violations on their properties without making substantial improvements. As a result, it is impossible to project the time period for obtaining an equity court order. In the event that the structure is certified imminently dangerous by the Department of Licenses and Inspections, it is possible for the City to proceed with demolition even without an equity court order.

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Redevelopment through Land Assembly

Land Acquisition

Objective

The City's ability to assemble land for reuse and redevelopment is critical to stabilizing and rebuilding Philadelphia's neighborhoods. Although Philadelphia has approximately 60,000 vacant lots and structures, few are large enough to sustain significant commercial, industrial or residential investment. Through NTI, the City is overhauling this land assembly system and implementing a new approach that is proactive and driven by neighborhood development considerations. Taxable bonds and Qualified Redevelopment Bonds finance these activities.

Program Description

As a part of NTI, the RDA acquires property for the following purposes:

- Assembly for specific development projects and
- Land banking

Assembly for Specific Development Projects

The City uses bond funds for land acquisition for development projects when those projects fall squarely within the principles that guide NTI. Requests for acquisition funds to support specific development projects are evaluated to ensure they are consistent with NTI's principles. Proposals are evaluated favorably if the development projects:

- Conform with strategic neighborhood plans;
- Foster production of affordable housing;
- Facilitate economic growth by building on market strengths; and,
- Leverage City resources to the fullest extent possible by: maximizing private investment, minimizing public subsidies and by making investments that are linked to other public and private investments in an area.

When evaluating requests for acquisition funds to support specific development projects, NTI considers criteria such as the developer's capacity and track record; the project's feasibility, budget and timeline; source and amount of public subsidy, if any; leverage; and neighborhood context (e.g., consistency with neighborhood plans, suitable strategic reuse of the site, and likelihood of stimulating investment activities by others).

The RDA is responsible for permanent relocations due to land acquisition and redevelopment activities. The RDA adheres to and abides by all federal and state relocation statutes, regulations and standards, and offers residents all relocation benefits to which they are entitled. In addition, the RDA will collaborate with the Housing Support Center, Office of Housing and Community Development, District Council staff and others as needed to enhance community outreach, notification and relocation support. Recognizing the disruption of lives and the high costs associated with relocation, the City makes every effort to keep relocations to a minimum.

Land Banking

The City will acquire vacant land on a regular and consistent basis. By holding title to this land, the City will be able to market developable parcels according to neighborhood plans and to dispose of the properties without the delays and constraints of the current system. Where appropriate, the city will give vacant lots to existing homeowners for use as side yards. The City will acquire:

- Vacant lots located within designated "Acquisition Zones", discussed below;

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- Vacant lots suitable for land assembly for market rate and affordable housing, commercial, and industrial development; and,
- Vacant lots deemed suitable for disposition as side yards.

Acquisition Zones

The City recognizes that if it is to grow again with healthy neighborhoods, it must assemble parcels of land for redevelopment. Through NTI, the City has assessed areas of high vacancy and targeted the vacant lots for acquisition for future development. These zones do not have specific development plans but offer the City an opportunity to meet the demand for large parcels with development potential. NTI has worked with City Council to identify six acquisition zones including Mantua, Logan, Tioga, Cecil B. Moore, Strawberry Mansion and Sharswood. Within these zones, subject to the availability of funds, all vacant lots will be acquired for aggregation and future development. These zones are:

- Consistent with neighborhood plans;
- Within existing urban renewal or redevelopment areas to facilitate the City's acquisition of properties;
- Targeted for large scale demolition activity;
- Located near neighborhood assets (parks, transit hubs, etc), including employers and other institutional anchors;
- Near strong real estate markets and/or that have received expressions of interest by for-profit and non-profit developers; and,
- Close to prior housing and community development investments.

Potential Development Sites

The City is also examining the feasibility of assembling land for affordable housing, market-rate housing, commercial and industrial development in a number of areas identified by the City according to market conditions and developer expressions of interest. When assessing the development potential of a site, the following factors are considered:

- Size and location of site is appropriate for future residential, commercial or industrial development;
- Neighborhood context (e.g., consistency with neighborhood plans, suitable strategic reuse of the site, likelihood of stimulating investment activities by others);
- Developers have expressed some interest in the site in the past; and,
- Cost to acquire the site, including demolition and/or environmental contamination.

Side Yard and Open Space Acquisitions

In general, the City will prioritize side yard acquisitions if:

- Abutting or adjacent property is occupied by a homeowner committed to maintaining a side yard;
- Block is primarily residential;
- The block is stable with few vacant buildings or lots; and,
- Interest expressed by a community organization, school, institutions of faith or businesses in maintaining the lots.

Property Disposition Policy

NTI will establish a predictable and transparent disposition process. In general, properties are sold at appraised value which is assessed at the time of disposition. Properties may be sold at less than fair market value in the following situations:

- To support affordable housing developments – developments with at least 51 percent low-moderate income beneficiaries;
- For approved commercial and economic development projects that create job opportunities for low and moderate-income individuals; and,
- For disposition of residential side yards to adjacent owners in CDBG-eligible census tracts. Side yard dispositions are subject to the following restrictions: lots up to 1,439 square feet may be sold for \$1; and lots between 1,440 and 3,600

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square feet may be sold to adjacent owners for 30 cents a square foot. Both cases are subject to a five year deed restriction on building on the lot and on use. Lots over 3,600 square feet are not residential side yards.

This policy is presently being reviewed in light of changing real estate market conditions and the roll out of BUILD, a browser-based property inquiry system that provides greater transparency and may prompt increased demand for the acquisition of City-owned properties.

Role of City Council

The acquisition and disposition of vacant property will be carried out in accordance with applicable federal, state and local laws, including, but not limited to: Section 5-900 of the Philadelphia Home Rule Charter, Section 16-400 of the Philadelphia Code, the Urban Redevelopment Authority Law and Redevelopment Cooperation Law, and the Uniform Relocation Act.

Because the highest concentration of vacant properties is located in certified urban renewal and redevelopment areas, the aggregation of land for redevelopment will be subject to City Council review. For example, in order for the RDA to exercise its powers of eminent domain, the Urban Redevelopment Law requires City Council approvals for the following:

- Creation or modification of Redevelopment Areas;
- Redevelopment Proposal Plans to support condemnation of the property by the RDA, including the number of properties that will be condemned and the proposed reuse; and,
- Selling, leasing or transferring of any real property in a Redevelopment Area to a developer, regardless of the means of acquisition by the RDA.

NTI meets with each District Councilperson who requests acquisition funds to support specific development projects in order to discuss the projects' development strategy. On a regular basis, NTI meets with the district councilperson requesting the funds to discuss any problems that are delaying acquisitions. At such meetings, NTI will work with the Councilpersons to identify reasonable and economically feasible strategies to overcome any impediments.

Interagency Acquisition Review Team (IART)

Based upon City Council's legislative calendar, NTI has established a process to review and approve requests for acquisition. This process evaluates requests for acquisition funds on their individual merits and in relationship to one another to ensure the limited acquisition funds are spent in a manner that brings the highest value to the City. An inter-departmental team including PCPC, NTI, RDA, OHCD, Commerce Department, PIDC and PHA will make recommendations for requests for property acquisition based on the above described acquisition categories and principles.

Community Outreach, Notification and Relocation Services

Over the course of NTI, the City has strengthened the review process for projects seeking condemnation assistance including: revised letters from the RDA to potential relocatees and changed outreach strategies to include personal visits to each residence at the beginning of the process. In addition to the public notification requirements mandated in the federal Uniform Relocation Act, the RDA is working closely with District Council members to engage and alert residents far in advance of the City Council public hearings. This includes meetings with the directly affected residents, RDA staff and the District Council person to discuss the proposed project and the rights of the individual or household in the relocation process. The purpose of these meetings is to establish a working relationship between the City and neighborhood residents and to provide accurate information about the relocation process.

The City is ensuring that non-English speaking, Braille-reading and Signing residents have accurate information about relocations and access to the public process. To reach the Latino community, the RDA has hired two bilingual relocation specialists and translated all its letters, brochures and print materials relating to relocation into Spanish. In addition, RDA legal notices pertaining to acquisition and planning processes are published in a Spanish-language newspaper. The following OHCD-funded translation services are also available when needed:

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Translators are available to provide simultaneous verbal translation at community meetings;

Acquisition and relocation materials can be translated into Asian languages by Intercultural Family Services and Korean Community Development Services Center; into Eastern European languages by Polish American Social Services; and into Braille by the Radio Center for the Blind;

In every case the City works with community-based organizations to determine which of the above services are necessary in the community. RDA's relocation staff visits households to identify any communication barriers and then organizes the appropriate resources.

FY03-08 Acquisition Budgets

In FY05, a \$15 million increase to the NTI bond fund land assembly budget of \$74 million was derived from CDBG and Pennsylvania State Department of Community and Economic Development funds for a total budget of \$89 million. By the end of FY06, the City committed \$82,280,036 of the total acquisition budget for activities including advertising for public hearings, title searches, appraisals, and relocation and acquisition costs. (Please see the "Total Acquisition Budget for Expenditure of NTI Bond Proceeds", which follows, for further details on NTI land acquisition activities.)

Council District Land Assembly

Council District Budgets are determined according to vacancy analyses of each district. Low vacancy districts (0-999 vacancies) were allocated \$1,450,000 in acquisition funding; moderate vacancy districts (1,000-2,499 vacancies) were allocated \$3,475,000 in acquisition funding; high vacancy districts (more than 2,500 vacancies) were allocated \$7,025,000 million.

Council District 4 is a moderate vacancy rate district. By the end of FY06, approved acquisitions accounted for \$2,346,655 of the Council District 4 allocation of \$3.475 million, leaving a balance of \$1,128,345 for land acquisition activities in that Council District. For FY08, \$900,000 from Council District 4's land acquisition budget balance was reduced to enable funding of the Basic Systems Repair Program for eligible residents living in the 4th Council District. The remaining land assembly budget balance for the 4th Council District is \$228,345.

Council District 7 is a high vacancy rate district. By the end of FY06, approved acquisitions accounted for \$4,625,566 of the Council District 7 allocation of \$7.025 million. For FY08, \$1 million from Council District 7's land acquisition budget balance was reduced to enable funding of the Basic Systems Repair Program for eligible residents living in the 7th Council District. The remaining land assembly balance for the 7th Council district is \$1,339 million.

Council District 10 is a low vacancy rate district. By the end of FY06, acquisitions valued at \$250,000 had been approved out of a total acquisition budget of \$1.45 million. For FY08, \$1.2 million of Council District 10's land acquisition budget was reduced to enable funding of the vacant land stabilization activities within that council district.

Acquisition Zones and Large Scale Development Projects

To facilitate land assembly for large scale projects, \$37 million was allocated from the NTI bond proceeds between FY03 to FY07. NTI proposes that \$1,176,418 of interest earnings from NTI bond proceeds be allocated to this activity increasing the budget to \$38,176,418.

FY08 Budget

In conclusion, the total FY08 land acquisition budget is \$87,076,418 of which \$70.9 million is funded by NTI bond proceeds; \$1,176,000 is funded by interest earned on NTI bond proceeds; and \$15 million is derived from CDBG and Pennsylvania State Department of Community and Economic Development funds. Of the total acquisition budget of \$87,076,418; \$48.9 million is allocated for acquisition activities by Council Districts and \$38,176,418 is allocated to

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acquisition activities for large scale development projects. Future interest earned on qualified redevelopment and taxable bond proceeds may be allocated to the acquisition and land assembly budget.

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Table 6: Total Acquisition Budget for Expenditure of NTI Bond Proceeds							
FY03 Acquisition Budget	14,000,000						Total Commitments:
FY04 Acquisition Budget	56,900,000						\$76,014,434
Supplemental acquisition funds	15,000,000						
Total Revisions	3,100,000						
Total	89,000,000						
Five-Year Acquisition Budget for Council Districts							
Total Budget	52,000,000						
Approved Acquisitions	37,838,016						
Sale Proceeds	2,249,252						
Balance	16,411,236						
District	Vacancy Level	Acquisition Budget	Approved Acquisitions	FY08 Reallocations	Sale Proceeds	Balance Remaining	
1	High	7,025,000	5,815,283		795,052	2,004,769	
2	High	7,025,000	5,469,629		769,000	2,324,371	
3	High	7,025,000	7,258,975		378,000	144,025	
4	Moderate	3,475,000	2,346,655	-900,000		228,345	
5	High	7,025,000	6,316,822		307,200	1,015,378	
6	Low	1,450,000	150,210			1,299,790	
7	High	7,025,000	4,625,566	-1,000,000		1,399,434	
8	High	7,025,000	4,169,359			2,855,641	
9	Moderate	3,475,000	1,435,517			2,039,483	
10	Low	1,450,000	250,000	-1,200,000		0	
Total		52,000,000	37,838,016	-3,100,000	2,249,252	13,311,236	
Five-Year Budget for Acquisition Zones & Large Scale Development Projects							
Total Budget	37,000,000						
Approved Acquisitions	38,176,418						
Sales Proceeds	2,417,000						
Balance	1,240,582						
Proposed FY 08 Increase	1,176,418						
Revised Balance	2,417,000						
District	Vacancy Level	Approved Acquisitions					
1	High	3,215,642					
2	High	3,783,312	1,650,000				
3	High	13,629,588					
4	Moderate						
5	High	11,193,996	767,000				
6	Low						
7	High	2,178,415					
8	High	2,114,055					
9	Moderate	2,061,410					
10	Low						
Total		38,176,418	2,417,000				

**Neighborhood Transformation Initiative
Program Statement and Budget for FY2008**

Housing and Neighborhood Preservation

Vacant Property Stabilization

Objective

The Vacant Property Stabilization Program is designed to seal and protect vacant buildings that are suitable for rehabilitation. Stabilizing a recently vacant property increases the likelihood that it will be acquired and rehabilitated rather than demolished. The program prioritizes properties that are in stronger real estate markets, on blocks with low vacancy rates and lack significant environmental or soil problems.

Program Description

Since the beginning of the NTI program, 481 properties have been stabilized. It is proposed that during FY08 vacant property stabilization, targeted demolition and large vacant building budgets be fungible and be available for activities approved for the expenditure of NTI tax-exempt government bond proceeds such as stabilization; public safety demolition; and grants for physical improvements to public infrastructure, such as streetscape and gateway improvements.

FY08 Budget

For FY08, NTI proposes a budget of \$5,528,000 for Vacant Property Stabilization of which \$1.2 million in new resources is reallocated from the 10th Council District land assembly budget. This amount takes into account the reduction of \$400,000 in the Council District 4 budget for vacant property stabilization.

A total of \$1.2 million of NTI bond funds made available for Vacant Property Stabilization for FY08 shall be for use only in connection with properties located within the 10th Council District.

**Neighborhood Transformation Initiative
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Table 8: Vacant Property Stabilization

NTI District Council Stabilization

Council District	Total Number Vacant Buildings (Unsafe/Dangerous) 1/2000	Percentage of Vacant Properties	# Completed Full Stabilizations	Cost of Full Stabilizations	# Completed Light Stabilizations	Cost of Light Stabilizations	Total Stabilizations	Cost of Total Stabilizations
1	4,150	14.28%	31	\$251,032	45	\$128,340	76	\$379,372
2	3,474	11.95%	29	\$236,260	44	\$113,828	73	\$350,088
3	4,215	14.50%	38	\$264,224	39	\$127,218	77	\$391,442
4	2,242	7.71%	8	\$95,938	11	\$29,480	19	\$125,418
5	7,102	24.43%	25	\$278,853	41	\$107,994	66	\$386,847
6	721	2.48%	17	\$70,857	2	\$2,908	19	\$73,765
7	3,203	11.02%	25	\$321,957	27	\$91,746	52	\$413,703
8	2,795	9.62%	8	\$78,155	39	\$136,539	47	\$214,694
9	996	3.43%	34	\$324,723	15	\$51,660	49	\$376,383
10	167	0.57%	3	\$48,145	0	\$0	3	\$48,145
TOTAL	29,065	100.00%	218	\$1,970,144	263	\$789,713	481	\$2,759,857

**Neighborhood Transformation Initiative
Program Statement and Budget for FY2008**

Housing and Neighborhood Preservation

Expanded Home Rehabilitation Program

Objective

In addition to redeveloping vacant land, a critical component of neighborhood stabilization is the rapid rehabilitation of vacant properties. Without a timely response to abandonment, vacant properties will be vulnerable to vandalism, fire damage, and further deterioration; many will become infeasible to rehabilitate. The Homeownership Rehabilitation Program (HRP) provides incentives to developers to rehabilitate vacant properties in order to market them to new buyers.

Description of Expanded Program

In the past, the RDA-administered HRP provided financing of up to \$35,000 for the acquisition and rehabilitation of vacant houses that require moderate rehabilitation in order to stabilize a block and to sell the home to income-eligible, low- and moderate-income first-time homebuyers. The use of bond funds allows the City to provide greater flexibility in administering the program. The program is now available to for-profit as well as non-profit developers. Supplementing CDBG funds with bond funds also allows the expanded HRP to target households above 80 percent of area median income.

Under the current program, participating CDCs and private developers are responsible for identifying appropriate properties, packaging the project's finances, and completing the development activity. CDCs and developers are also responsible for marketing the properties to identify eligible homebuyers. RDA provides the subsidy to the homebuyer at closing.

FY08 Budget

For FY08, the City will allocate an additional \$1million to the Expanded Home Rehabilitation Program bringing the total budget to \$6 million. The program will operate citywide.

**Neighborhood Transformation Initiative
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Housing and Neighborhood Preservation

Retaining Wall Reconstruction

Objective

Retaining walls are private property or “private infrastructure.” Property owners are responsible for the costs of their maintenance, repair or reconstruction. Retaining walls, which are used to provide lateral support for land of higher elevation, vary in type, size and composition. Consequently, the cost of retaining wall repairs is highly variable. In some instances, commonly shared retaining walls have deteriorated to the point that they represent a threat to the public safety.

Program Description

The cost to repair or replace this private infrastructure and the demand for financial assistance is so substantial that it far outstrips the City’s resources including General Fund, CDBG, bond funds and other currently existing revenue sources. However, recognizing the potential threat posed to public health and safety by imminently dangerous retaining walls, the City will continue to use government purpose bonds to make repairs to these walls on a limited basis.

In FY03, the Streets Department surveyed more than 60 retaining walls in need of repair citywide. The Streets Department provided cost estimates and a priority repair list based on level of danger posed by the wall. The City committed bond funds to the repair of the most dangerous walls. By law, abutting property owners are required to pay back a portion of the repair costs over four years, while the City pays for the balance.

All NTI bond proceeds budgeted for the repair of retaining walls have been committed.

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Housing and Neighborhood Preservation

Philadelphia Home Improvement Loan

Objective

A critical component of neighborhood preservation is the maintenance and rehabilitation of owner-occupied units. Many Philadelphia homeowners need varying degrees of City assistance to maintain or rehabilitate their properties. Without such assistance, these properties will continue to decline and in some cases, property owners will turn to “predatory” lenders who structure loans in such a way that puts borrowers at risk of losing their houses. By expanding the Philadelphia Home Improvement Loan (PHIL), the City is providing a greater number of households with access to low-interest loans that will allow them to maintain a stable home and thus preserve Philadelphia’s neighborhoods.

Program Description

NTI bond proceeds have been used to expand the PHIL Loan Program and make it more flexible. Under the current program, home improvement loans at 3 percent interest are available to households up to 115 percent area median income (AMI)—about \$82,915 for a family of four. Households earning more than 115 percent AMI are eligible for 5 percent interest loans. PHIL loans are made up to \$25,000 and can be paid back in variable terms up to 20 years. Since the expanded program was introduced in FY03, it has been one of NTI’s most used programs. Six hundred eighty-seven Philadelphia households have taken the opportunity to borrow and fix up their homes. Participating lenders PNC Bank, Citizens, Wachovia and Bank of America have closed more than \$13.9 million in PHIL loans.

**Neighborhood Transformation Initiative
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Housing and Neighborhood Preservation

Anti-Predatory Lending Program

Objective

Predatory lending is the practice of charging up-front fees and excessive interest rates on loans secured by a borrower's home. Targeting vulnerable homeowners, predatory lenders drain the equity from communities, forcing homeowners to foreclosure and increasing vacancy rates throughout the city. Fighting predatory lending is crucial to neighborhood preservation and a key objective of NTI.

Program Description

Under NTI, the City has developed a four-part strategy to combat predatory lending. The strategy consists of outreach and education; providing legal services; housing counseling assistance; and offering alternative loan products.

Outreach and education are achieved through the marketing of the City's "Don't Borrow Trouble" hotline and the funding of 31 housing counseling agencies. Community Legal Services provides legal support to victims of predatory lending identified by the housing counseling agencies.

Through NTI, the City has created two types of alternative loan products for homeowners with credit problems. PHIL-Plus and Mini-PHIL are home improvement/debt consolidation loans. HELPP is a refinancing loan product for victims of predatory lending. The PHIL-Plus and Mini-PHIL loan programs administered by the Greater Philadelphia Urban Affairs Coalition have leveraged \$482,000 in NTI bond-funding to provide \$3.4 million in home improvement loans. As of December 31, 2006, participating banks closed 186 loans. The Homeownership Counseling Association of Delaware Valley and the Reinvestment Fund administer the HELPP program which provides a refinancing option for victims of predatory lending. As of December 31, 2006, 26 homeowners have refinanced their predatory loans; an additional 12 loan applications are in the pipeline.

In FY07, the City began implementation of the PHIL Energy Loan Program to address the energy conservation needs of Philadelphia households. Oil prices have increased by 120% over the past two years and gas prices are 26 percent higher this year than last. Experts agree that rather than a temporary spike, energy price increases are a sign of future trends. Many Philadelphia homeowners between 80 percent and 115 percent of the City's median—about \$55,050 - \$82,915 for a family of four-- are not eligible for federal or state energy conservation assistance. These homeowners constitute a large segment of the population under pressure from escalating energy costs that for some could result in utility service shutoffs, increased vulnerability to unscrupulous lenders and potential home abandonment. Financing long-term energy conservation measures at reasonable interest rates might be the best if not the only option for these homeowners to cope with the price increases.

In FY08, NTI intends to work with the Pennsylvania Housing Finance Agency (PHFA) on the creation of a statewide product for refinancing predatory loans.

FY08 Budget

In FY08, NTI proposes to increase the budget for Anti-Predatory loan programs by \$500,000 up to \$1.5 million.

**Neighborhood Transformation Initiative
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Housing and Neighborhood Preservation

Homelessness Prevention Program

Objective

The Homelessness Prevention Program will prevent or reduce homelessness by providing assistance to low-income Philadelphians. It will also contribute to NTI's on-going efforts to combat vacancy stemming from predatory lending and mortgage foreclosures by providing resources to individuals and families in danger of losing their homes.

Program Description

In past years, the City has funded a Homelessness Prevention Program, which provided emergency assistance in the form of security deposits, mortgage assistance, rental assistance or utility assistance to maintain families in their own homes and to prevent families and individuals from becoming homeless. In FY06, the City, led by the Office of Supportive Housing (OSH), created a new Homelessness Prevention Program based on demonstrated, evidence-based, measurable, and results-oriented best practices from around the country. OSH issued a Request for Proposal (RFP) to select a provider(s) to administer the new program. The City will spend tax-exempt NTI bond proceeds to fund the Homelessness Prevention Program.

Principles

The Homelessness Prevention Program will be guided by the following principles:

- Prevention of new cases of homelessness arising out of mortgage foreclosures associated with predatory lending and/or families and individuals who are in imminent danger of a housing crisis (i.e. for those presenting at OSH for shelter placement);
- Linkage of community based prevention to intake reception sites/services in the form of rapid re-entry; and,
- Participants must be receiving services to alleviate the possibility of returning to a housing crisis.

Operations

In FY06, OSH developed and released two RFP for homelessness prevention activities and negotiated contracts to be effective in FY07.

In FY07, OSH implemented a Homelessness Prevention Program to divert families from shelter and keep them in homes within their neighborhoods. Two programs were designed and are being implemented to support families at-risk of homelessness and to preserve neighborhoods:

- The Homelessness Diversion Program: Strengthening Communities Program enables the participation of seventy-five families. The families receive services that include housing location assistance, rent subsidies and other human services. Another 75 families will be in a shelter-based control group. OSH has included an evaluation component conducted by the University of Pennsylvania to determine the effectiveness of the program and
- The Homelessness Prevention Program provides for community-based rent and mortgage assistance to be granted to 300 families to keep them in their homes.

In FY08, OSH will continue the Homelessness Prevention Program and the Strengthening Communities Program pilot.

FY08 Budget

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For FY08, NTI proposes an increase of \$600,000 to the Homelessness Prevention Program budget.

Housing and Neighborhood Preservation

Basic Systems Repair Program

Objective

The Basic Systems Repair Program (BSRP) helps maintain stable neighborhoods by providing homeowners with urgent repairs and needed improvements. The city will use tax-exempt government purpose bonds proceeds to fund this activity.

Program Description

The BSRP provides two principal levels of repair services to low-income homeowners. The Tier I services consist of the Emergency Repair Hotline Program and Emergency Heater Hotline. These programs give the City an emergency response capability through which qualified contractors are assigned to complete needed basic systems repairs requiring relatively low expenditures of grant funds. Tier II provides up to \$12,500 of rehabilitation assistance. Typical Tier II repairs include heating system replacement, plumbing and drainage system replacement, wiring, roof replacement and structural systems repairs (floors, ceilings, walls, etc.) Eligible homeowners receiving Tier II services may also receive up to \$2,000 per property in weatherization assistance.

In FY06, the City allocated \$3.8 million in NTI bond funds to the BSRP Program. In FY07, \$9,918,000 in CDBG, \$1,517,000 in Housing Trust Fund dollars and \$1,619,000 in other funds were allocated to the BSRP Program. As of December 31, 2006, \$526,917 in NTI bond proceeds, \$4,186,872 in CDBG, and \$132,408 in HTF dollars have been spent for a total of \$4.8 million which permitted repairs for 796 homeowners.

FY08 Budget

For FY08, NTI proposes an increase of \$1 million from interest earned on NTI bond proceeds to the budget of BSRP. In addition, \$2.3 million was added to the BSRP budget for BSRP activities within the 4th and 9th Districts. The \$2.3 million reallocation is comprised of a decrease of \$400,000 of the 4th Council District's vacant property stabilization budget, a decrease of \$900,000 of its land acquisition budget, and a \$1 million decrease of the 9th Council District's residential demolition budget.

In FY08, \$1.3 million of NTI funds made available for the BSRP for FY08 will be for use only in connection with those program eligible homeowners who reside within the 4th Council District, \$1 million shall be for use in connection with those program eligible homeowners who reside within the 7th Council District, and an additional \$1 million shall be used in connection with those eligible homeowners who reside within the 9th Council District.

The total FY08 NTI BSRP budget is \$30,775,000.

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Housing and Neighborhood Preservation

Targeted Basic Systems Repair Program

Objective

The Targeted Basic System Repair Program (TBSRP) is designed to stabilize and improve selected neighborhoods that are at risk of becoming blighted or visibly deteriorated. This program is in addition to the citywide Basic Systems Repair Program, which is aimed at low- and moderate- income, owner occupied houses.

Program Description

Non-profit agencies throughout the city were selected to provide TBSRP. Each organization concentrates on an area or block group. Targeted areas must have owner occupied single-family properties or duplexes, must be organized, and have fewer than 10 percent of houses vacant.

The homeowner is required to match an affordable loan with the NTI grant, dollar for dollar, up to a maximum of \$12,500 in grant funds.

Grants may be used to correct life and safety issues (plumbing, heating, electric, roofing, and structural repairs) and to make exterior façade improvements; including porch and cornice repairs, painting, sidewalk, and step replacement. Loan funds may be used to address other issues including the following:

- Major system problems covered by the present Basic System Repair Program must be addressed first.
- Facades will be treated to meet minimum aesthetic and safety standards

FY08 Budget

For FY08, NTI proposes to increase the budget for the TBSRP by \$300,000 to \$3.3 million.

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Housing and Neighborhood Preservation

Historic Property Repair Program

Objective

Philadelphia boasts architecture of historical significance throughout its neighborhoods. The Historic Property Repair Program funded with NTI taxable bond funds and operated by the Preservation Alliance of Greater Philadelphia through the Office of Housing and Community Development makes grant funds available to low-to-moderate income residents to enable them to make historically competent façade repairs.

Program Description

Low-to moderate- income homeowners are often reluctant or unable to make historically appropriate repairs to their homes because of the cost of these home repair upgrades. During FY06, the first year of implementation, the Preservation Alliance directly mailed information to 12,000 owners of certified historical homes in the City of Philadelphia, to civic associations and other community groups operating in or near historically certified neighborhoods, facilitated neighborhood workshops about topics such as “understanding historic preservation” and “how to select contractors,” and created an event calendar on their website www.preservationalliance.com

Since implementation, the program has received 225 requests for applications. Of these applications, 65 were completed and 43 inspection site visits were completed. Twenty-four projects are completed, underway or about to start. The average repair is about \$20,000 and the average homeowner contributes almost \$5,000 toward the cost of the repairs.

FY08 Budget

It is proposed that Historic Property Repair Program and Preservation Development Initiative budgets be fungible. The proposed increase to the budget for FY08 is \$207,500, allocated from tax-exempt interest earned on NTI bond proceeds.

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Housing and Neighborhood Preservation

Preservation Development Initiative

Objective

Philadelphia has international importance as a historic city and its long history has resulted in significant architecture in neighborhoods, as well as landmarks such as Society Hill, City Hall and the Art Museum. Through the Preservation Development Initiative, the City integrates preservation strategies for historically and architecturally significant buildings into redevelopment plans. Essentially, the character and value of architecture can be preserved in neighborhoods and appreciated by visitors and residents alike.

Program Description

By FY05, several preservation objectives had been met.

- The Preservation Development Assessment was completed. The assessment consists of a comprehensive inventory of historic and significant properties as well as a survey of the tools and resources available to repair historic buildings;

- A “test-case” project was developed, focusing on the Parkside and Strawberry Mansion neighborhoods. The Parkside project is based on determining the feasibility for local historic register nomination. The Strawberry Mansion project focuses on community planning issues and preservation development opportunities.

FY06 goals include:

- Integration of Historical Commission data into the Unified Land Records System to increase coordination and communication between City departments;

- The Historic Property Repair Program was developed to benefit low-to moderate- income homeowners who are often reluctant or unable to make historically appropriate repairs to their homes because of the cost of these home repair upgrades.

During FY07, the Rowhouse Guide was completed. The guide is a tool for understanding and rehabilitating the rowhouse, a unique and historically significant aspect of Philadelphia neighborhood character and architecture. The guide is marketed to residents, community based organizations and CDCs.

FY08 Budget

It is proposed that Preservation Development Initiative and Historic Property Repair Program budgets be fungible.

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Housing and Neighborhood Preservation

Adaptive Modification Program

Objective

The Adaptive Modification Program (AMP) provides low-income Philadelphia residents with permanent physical disabilities with increased mobility within, as well as access to their homes. The City will use tax-exempt government purpose bonds to fund this activity.

Program Description

The Adaptive Modification Program is available for homeowner-occupied and renter-occupied houses which need to be made accessible for people with disabilities with income up to 80 percent of median income requirements. Adaptive modifications must meet one or more of the following objectives:

- Improve the consumer's ability to enter and exit the home;
- Increase the consumer's ability to perform activities of daily living; and/or,
- Enable the consumer to remain in the home and/or prevent institutionalization.

In FY06 the City allocated \$1.2 million in NTI bond proceeds, \$800,000 in CDBG funds, \$500,000 in State funds, and \$220,000 in HTF dollars for a total of \$2,720,000 for the Adaptive Modification Program. As of December 31, 2006, 92 AMP cases had been completed for \$505,483; 65 cases are under construction for \$888,358; 133 cases are in the pipeline with \$510,882 committed. The balance of funds will be committed by the end of FY07.

FY08 Budget

For FY08, NTI proposes to add \$800,000 to the NTI Adaptive Modification Program budget for a total NTI budget of \$10.1 million.

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Housing and Neighborhood Preservation

HomeBuy Now – Employer Assisted Housing

Objective

One way to stimulate investment in neighborhoods and aid community economic development is to involve local employers in providing new homeownership opportunities for their employees. HomeBuy Now, the NTI Employer Assisted Housing (EAH) program, encourages businesses to become active investors in Philadelphia neighborhoods by offering a City match of housing benefits that participating businesses provide to their employees.

HomeBuy Now benefits take many forms including settlement assistance, housing counseling, and home improvement loans. HomeBuy Now can also be used in conjunction with the Pennsylvania Housing Finance Agency's (PHFA) Employer Assisted Housing program which will match up to \$2,000 of an employer's contribution. To date, 29 employers have enrolled in the program and 73 houses have been purchased in Philadelphia by their employees.

Program Description

In FY04, the Greater Philadelphia Urban Affairs Coalition began to develop and market the new benefits of the program. HomeBuy Now benefits take many forms including settlement assistance, housing counseling, and home improvement loans. The City has matched employers' settlement grants or closing cost assistance up to \$3,000 per employee. As of December 2006, 73 homes were purchased receiving settlement grant assistance through the HomeBuy Now program. While the City disbursed \$198,663 in funding, employers leveraged the City grant dollars for \$224,937.

Beginning in FY08, the HomeBuy Now program will match employers' settlement or closing cost grants up to \$5,000 per employee.–

FY08 Budget

For FY08, NTI proposes committing \$250,000 of interest earned on NTI bond proceeds to this program which will bring the total commitment to \$1.850 million.

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Housing and Neighborhood Preservation

Settlement Grant Assistance

Objective

Helping more families to become homeowners has a stabilizing effect on neighborhoods. The aim of the settlement grant program is to lower the barriers to homeownership for low- and moderate-income families. The city will use tax-exempt government purpose bonds to fund this activity.

Program Description

The City's Settlement Assistance Grant Program provided more than 1,000 settlement grants to low- and moderate- income first time homebuyers in FY 2006. The \$800 grants are available to homebuyers that earn 80 percent or less of the area median income or \$57,700 for a family of four. Recipients of settlement grants complete pre-purchase housing counseling at an OHCD-funded housing counseling agency.

Principles

- Homebuyer household income cannot exceed 80 percent of the Area Median Income (AMI) and must be designated as a first-time homeowner as defined by HUD;
- Homebuyer must be a participant in an OHCD-funded housing counseling program; and,
- Homebuyer must qualify for a mortgage.

In FY06, the City allocated \$1.1 million in NTI bond funds for Settlement Grant Assistance, and in FY 2007 an additional \$900,000 is being utilized for new homeowners across the City. Overall, this valuable program has assisted over 3,000 new homeowners with NTI funding since FY 2004. The City also manages the American Dream Down-Payment Initiative (ADDI), which will provide settlement and down payment assistance to new low-and moderate-income homeowners purchasing a home in a city sponsored new homeownership development. The ADDI program utilizes funds made available by the U.S. Department of Housing and Urban Development (HUD).

FY08 Budget

In FY08, NTI proposes to increase the Settlement Assistance Grant budget by \$600,000 to a total allocation of \$3.7 million.

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Housing and Neighborhood Preservation

Affordable Rental Development

Objective

The City's rental housing production activities respond to the need for affordable housing by increasing the supply of rental housing for low-and moderate-income families. Nine percent Low Income Housing Tax Credits awarded by the Pennsylvania Housing Finance Agency are the principal source of financing for affordable rental development in Philadelphia. Over the past few years, increased competition for the credits from other parts of the state has reduced the amount of 9 percent credits allocated to Philadelphia. In addition, the amount of available subsidy to support rental projects has diminished. In support of the Equitable Development Strategy, the City will explore new ways of using NTI tax exempt bond proceeds to create new affordable rental housing and promote mixed-income housing opportunities.

Program Description

Around the country, multifamily bonds are increasingly being used to finance the production of mixed-rental housing. For example, 50-30-20 developments, common in New York City, combine multifamily financing and 4 percent tax credits to produce developments where 50 percent of the units are market rent, 30 percent of the units are allocated to moderate or middle-income households earning up to 125 percent of the area median income (AMI) and 20 percent of the units are allocated to low-income households earning less than 50 percent of AMI. Encouraging the construction of mixed income development is also an important element of the Equitable Development Strategy. The City is exploring the feasibility of combining NTI tax exempt bonds with multifamily bonds and 4 percent tax credits or using other financial tools to create new affordable and mixed-income rental housing opportunities. The City will use an RFP process to choose appropriate projects in conjunction with an anticipated RFP for subsidy funded by the City's Housing Trust Fund. The following areas will be eligible for the RFP process:

- Census tracts that have experienced greater than 25 percent appreciation in real estate values since 2001 or
- Non-residential areas of the city with large scale development activity such as the Delaware Riverfront.

FY08 Budget

NTI has committed \$1.9 million to Affordable Rental Development.

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Housing and Neighborhood Preservation

Equitable Development Strategy

Objective

NTI investments, combined with other factors such as low interest rates and the ten-year real estate tax abatement, have stimulated real estate markets across traditionally low-investment neighborhoods more than at any other time in recent history. A significant benefit resulting from the appreciating real estate market is the creation of new wealth in these communities. Yet many neighborhood residents have expressed concern about rising real estate speculation and displacement. Preserving mixed-income neighborhoods has been a goal of NTI and a number of approaches and programs are necessary to ensure diverse neighborhoods. Initiated in FY 06, the Equitable Development Strategy (EDS) focuses on the coordination of financing tools, housing counseling education and other programs to support long-term residents as they benefit from new wealth created by rising property values and increased demand in neighborhoods where the market was traditionally sluggish.

Program Description

The EDS seeks to:

- Balance growth and equity by promoting mixed income development and increasing access to affordable housing programs
- Provide existing homeowners with accurate information about land assembly, demolition, and any planned relocation, in order to counter rumors and misinformation about displacement
- Educate homeowners by providing housing counseling and financial planning workshops and link them with options for addressing potential foreclosure activity, issues stemming from current and increasing real estate tax assessments, energy costs and refinancing needs.
- Leverage NTI bond funds to create and preserve affordability in targeted neighborhoods and increase access of working families to housing preservation programs.
- Promote the City's loan and grant programs to help existing homeowners
- Review available data and develop recommendations for other measures that will assist long term residents

In FY06, the City launched the EDS with a series of community housing forums designed to provide information about tax assessment changes and to market existing programs and products. These forums provided information on housing counseling services; home repair assistance such as PHIL Loan and Basic Systems Repair; State and City programs that can assist homeowners with rising housing costs; and new mixed-income and affordable housing opportunities in the community.

In FY07, the City initiated a mortgage program, known as "FirstHome" to assist families with maximum incomes at 115 percent of median income to purchase homes in rapidly appreciating neighborhoods. Developers of market-rate housing subsidize a portion of the sales prices of a percentage of units in the project. The City loans the homebuyer up to \$40,000 which the developer must match, dollar for dollar. The homebuyer will not be required to pay the debt service on a FirstHome loan but may do so if they choose to reduce the amortization period of 30 years.

Beginning in FY 08, NTI proposes targeting new EDS programs to five neighborhoods experiencing rapidly appreciating property values⁴ and increased sales, coupled with increased foreclosure activity, real estate tax delinquency, deferred maintenance and deferred utility bill payments. These factors indicate the need to create programming that ensures that long-time residents can optimize their assets and participate in the benefits of a healthy neighborhood market.

During the last two years, many of the long-term residents in these neighborhoods have felt the impact of sub-prime borrowing with large repayments now due; higher interest rates and higher energy costs. The plight of these households is

⁴ Rapidly appreciating neighborhood housing markets show an increase in median housing sales price of 25% and above between FY 01 and FY 06.

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directly linked to the City's ability to preserve the mixed-income character of neighborhoods. The City will use interest from taxable and tax-exempt NTI-bonds to support new EDS programming.

The City will continue to examine data such as public and private investment, housing values, tax assessments, utility shut offs, and demographic information to determine other areas of the City where this strategy should be implemented. The City is also researching ways to ensure equitable development; seek to increase residents' access to existing home repair and financial assistance programs; protect market value and facilitate better understanding and responsible use of credit, equity and income among the working class and those living on fixed incomes, including the elderly. This research will be used to alter existing programs and policies and improve services to households that may be experiencing the potential negative side effects of rapid appreciation.

FY08 Budget

In FY08, NTI proposes to increase the Equitable Development Strategy by an additional \$3,757,082 in NTI bond proceeds interest for a total allocation of \$5,710,944.

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Housing and Neighborhood Preservation

Commercial Corridor Support Program

Objective

Vibrant commercial corridors provide the stable center of healthy neighborhoods. These districts offer necessary retail services, local employment opportunities and a means for keeping dollars cycling through the community. The Mayor's Economic Development Blueprint prioritizes increasing investment in neighborhood commercial corridors as a means of sustaining the positive changes initiated by NTI. The City will spend tax-exempt government purpose bonds to fund the Commercial Corridor Support Program (CCSP).

Program Description

The Commercial Corridor Support Program will fund a range of eligible activities designed to protect the health and safety of residents and improve the physical appearance and quality of life of commercial corridors, consistent with the use of tax-exempt government purpose bond proceeds.

In FY 06, NTI began working with City Council, the Empowerment Zone/Renewal Community, Commerce Department and Philadelphia Commercial Development Corporation to develop selection criteria and a process for targeting appropriate investments to selected commercial corridors. The City conducted an RFP to select corridors based on their geographic diversity; ability to leverage other public and private investments; level of organization; existence of plans; and the capacity of local CDCs or other neighborhood-based organizations.

During FY07 more than \$1.8 million dollars was awarded to 29 projects across the City. More than \$65 million dollars from the Cultural and Commercial Corridor Bond proceeds will support the ReStore Philadelphia Corridors Program (ReStore) beginning in FY08, dramatically increasing the City's resources to revitalize neighborhood commercial corridors.

**Neighborhood Transformation Initiative
Program Statement and Budget for FY2008**

Housing and Neighborhood Preservation

Vacancy Prevention (Tangled Title)

Objective

One half of the houses in Philadelphia are owned by people over 55 and data shows that 45 percent of older people have made no plans to either sell or transfer titles in their homes. Thus over the next 15 – 20 years, nearly half of the houses in the city are at risk of abandonment as no plans have been made for their maintenance or ultimate disposition. The Vacancy Prevention Program will address these issues.

Program Description

The City has developed the HomeSMART (Start Managing Assets, Repairs, and Titles) Program. The activities include:

- A training program for housing counselors and senior service providers to help older homeowners understand the value of estate planning, how estate planning benefits them and the community
- The establishment of a tangled title fund to help resolve title problems which prevent occupants from obtaining loans and grants for repairs or the smooth transfer of title of residence.
- Although emphasis is on the elderly, all ages are eligible for grants up to \$2,000.

The City has allocated \$35,000 of CDBG funds to Vacancy Prevention in the Preliminary Year 33 Consolidated Plan.

FY08 Budget

In FY 08, NTI proposes to commit \$50,000 to Vacancy Prevention.

**Neighborhood Transformation Initiative
Program Statement and Budget for FY2008**

Management Information Systems

Vacant Property Management Information System

Objective

The Vacant Property Management Information System (VPMIS) provides an efficient mechanism for acquiring, assembling and disposing of property. Previously, the City lacked the ability to track individual or assembled parcels as they wind their way through the multitude of City agencies involved in these processes.

In addition, various City agencies often researched the same information on a property because a unified information storage system they could reference was not available. The result was duplication of effort, delay and inefficiency in the processing of vacant property transactions. VPMIS addressed these problems, increasing timeliness and decreasing the cost of the City's land acquisition and disposition processes. Tax-exempt government purpose bonds finance the development of this system.

Program Description

In FY03, RDA developed and implemented a database, designed to manage information from the City's increased volume of property acquisitions. The system tracks all pertinent information on a property to be acquired, aiding project managers in keeping track of details of each acquisition and tools for keeping each acquisition under budget. This system served as an interim solution while the Vacant Property Management Information System (VPMIS) was planned, designed and implemented. The VPMIS is designed as a series of technology components supporting the RDA's business processes of acquisition, assembly and disposition of parcels. The system concept allows users to create a project and track information regarding a project status through all phases. The conceptual design allows for multiple end-user interfaces and reporting for City agencies, departments and elected officials.

The Virtual Property Management Information System (VPMIS) was tested and rolled out in FY07 under the name, "Building Uniformity in Land Development," or "BUILD." The final VPMIS applications include the capability to submit property or project requests online; a component to allow housing staff to better review and evaluate submitted requests; and an automated workflow for the RDA's disposition process;

FY08 Budget

NTI proposes to increase the VPMIS budget by \$400,000 using NTI bond proceeds interest to assist with activities to maintain and increase usage of the program. Future interest earned on tax-exempt bond proceeds may be used to maintain VPMIS or other information systems developed with NTI bond proceeds.

**Neighborhood Transformation Initiative
Program Statement and Budget for FY2008**

Management Information Systems

Unified Land Records System

Objective

At the inception of NTI each of the City's major departments maintained property specific data in separate systems that could not be readily integrated with one another. Moreover, while the data is address based, there were inconsistencies in addressing standards and data organization, increasing the difficulty of quickly and accurately accessing relevant data for an individual property.

The successful re-engineering of City land systems mandates the design, development and implementation of an information technology plan to integrate these separate systems and allow City agencies and departments to access necessary information. The Unified Land Records System (ULRS) aggregates accurate and current land record data from all of the multiple independent databases that now contain property-specific information used by various departments throughout the City. These property-specific data are linked by a common address utilizing the ULRS's Master Address System in conjunction with the Department of Records' Parcel Base. Sharing property data across City agencies and departments provides substantial benefits to the City's revenue collection, cost avoidance, risk reduction, service provision, neighborhood planning and housing and community development activities.

Program Description

Achieving this coordination required the simultaneous design and implementation of two projects: Unified Land Records System and Parcel Base. These projects developed an enterprise data model and an integrated parcel management system that enables access to and the sharing of land record information among City departments who maintain, manage or use land records. ULRS is based on a standardized address management system that utilizes the Department of Records' Parcel Base to improve the quality and effectiveness of address information in the City. The address management system supports address standardization and reduces redundant management of address data in various City departments as well as to mitigate data quality problems that are currently widespread.

ULRS also implements procedures and controls to ensure the maintenance of data stored in the common data model is performed by the appropriate departments in a timely and disciplined manner and that the maintenance process includes well-defined quality assurance procedures. The ULRS has been designed and is currently operational. The core ULRS applications provide the addressing framework for multiple enterprise-wide applications, including the VPMIS.

NTI has committed \$3.225 million to the Unified Land Records System project