

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 50 years that have undermined the stability of Philadelphia's neighborhoods. 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, the Neighborhood Transformation Initiative is helping Philadelphia's neighborhoods meet their potential as clean, safe, and thriving places to live, work, and play.

The Neighborhood Transformation Initiative establishes a framework with six goals to revitalize Philadelphia's neighborhoods and to change the way the City operates.

■ NTI Framework Goals

Goal 1: Planning.

Facilitate and support community-based planning and the development of area plans that reflect citywide and neighborhood visions.

Goal 2: Blight elimination.

Eradicate blight caused by dangerous buildings, debris-filled lots, abandoned cars, litter and graffiti to improve the appearance of Philadelphia streetscapes.

Goal 3: Blight prevention.

Advance the quality of life in Philadelphia neighborhoods with a targeted and coordinated blight prevention program that enforces City codes and abates public nuisances.

Goal 4: Redevelopment through land assembly.

Improve the City's ability to assemble land for development.

Goal 5: Housing investment and neighborhood preservation.

Stimulate and attract investment in Philadelphia neighborhoods.

Goal 6: Leveraging resources.

Leverage resources to the fullest extent possible and invest them in neighborhoods strategically.

The Administration's effort to combat blight and promote new investment in Philadelphia's neighborhoods must be based on transparent strategies and predictable policies. Reaching this goal requires extensive collaboration among public agencies, community residents, private interests, and non-profit organizations. This undertaking also requires the concentration of significant financial resources. NTI's funding priorities have grown out of deliberate, data-driven planning. NTI sets high standards for quality neighborhoods and seeks to capitalize on market strengths. The allocation of federal, state, and local resources for NTI is guided by six principles for investment in neighborhoods.

■ NTI's Guiding Principles

1. **Use planning as an investment tool.**
2. **Balance affordable and market-rate housing.**
3. **Invest public funds to stimulate private market activity.**
4. **Foster competition to get the best product.**
5. **Maximize private capital and minimize public dollars.**
6. **Link housing with other public and private investments.**

Highlights of This Year's Program Statement and Budget

The *NTI FY05 Program Statement and Budget* describes the activities and programs the City will implement under NTI. This document focuses on FY05 programs and activities that will be funded with bond funds.

Details of NTI's FY05 Program Budget are found on pages 5-7.

■ FY05 NTI Bond-Funded Activities

In FY05, the City will use NTI Bond proceeds to:

- ❑ Demolish between 1,600 and 1,800 dangerous and unsafe residential properties throughout the city.
- ❑ Demolish approximately 6-8 large vacant industrial/commercial properties.
- ❑ Stabilize approximately 230 vacant residential structures.
- ❑ Provide \$11.525 million to the Adaptive Modifications Program and other emergency repair programs.
- ❑ Provide \$3.85 million to the Basic Systems Repair Program.
- ❑ Provide \$4 million in subsidy for Tax Credit rental developments.
- ❑ Provide \$1.5 million in funding toward a Housing Trust Fund.
- ❑ Provide more than 600 settlement grants to low and moderate-income first time homebuyers.
- ❑ Fund the repair of approximately 3-5 imminently dangerous retaining walls throughout the City.
- ❑ Promote minority participation through the creation of small demolition bid packages.

■ Activities Continuing in FY05

Certain activities that received NTI Bond Funding in FY03 and/or FY04 will continue in FY05:

- ❑ Development of the Vacant Property Management Information System, which will track the acquisition, assembly, and disposition of parcels. The City will work with a project manager and a consultant team to complete this project by the end of FY06.
- ❑ The expanded Philadelphia Home Improvement Loan Program (PHIL), which provides low interest home improvement loans (3 and 5 percent, depending on income) to all Philadelphians.

- ❑ The PHIL-Plus and Mini-PHIL loan programs—administered by the Greater Philadelphia Urban Affairs Coalition—leverage \$500,000 in NTI bond funding to provide \$2.6 million in home improvement loans to borrowers with past credit problems.
- ❑ The Homeownership Counseling Association, ACORN, and The Reinvestment Fund will continue to work on the \$250,000 Home Equity Loan Preservation Program (HELPP), a program that provides a refinancing option for victims of predatory lending.

■ FY05 Associated Activities - Funded with Other Resources

NTI Bond-funded activities will be supported by associated activities funded by other sources. In FY05, as associated NTI activities, the City will:

- ❑ Continue the City's successful abandoned car removal, anti-graffiti, and mural arts programs.
- ❑ Work with the African-American Chamber of Commerce, Philadelphia Revitalization Education Program, Diversity Apprenticeship Program, Greater Philadelphia Urban Affairs Coalition and the Minority Business Enterprise Council, to promote the goals of the NTI Economic Opportunity Plan.
- ❑ Continue the community planning process in 31 neighborhoods and three corridors. The Philadelphia City Planning Commission projects that planners will complete 16 neighborhood plans in FY05.
- ❑ Continue the expansion of NTI Quality of Life code enforcement programs, such as Community Life Improvement Program (CLIP) in the Northeast and the West Philadelphia Improvement Program (WPIP) in West Philadelphia.
- ❑ Continue to fund housing counseling and anti-predatory lending counseling. Housing counseling agencies provide clientele with an array of counseling services, including pre-purchase, credit repair, default and delinquency, mortgage foreclosure and more.
- ❑ Allocate \$100,000 to hire a development consultant to assist City Councilmembers.
- ❑ Continue to work with the Pennsylvania Horticultural Society on the implementation of the Green City Strategy. Approximately \$2 million will be spent to support citywide vacant lot stabilization, greening projects and ongoing lot maintenance by community-based organizations.

- ❑ Continue to reduce the City's backlog of dangerous street trees.
- ❑ Continue to fund the "Don't Borrow Trouble" hotline to assist residents with default and delinquency problems resulting from predatory lending.

■ FY05 Resources

NTI Bonds

The cornerstone of the Neighborhood Transformation Initiative is the issuance of tax-exempt "government purpose," tax-exempt "private activity," and taxable bonds. Based on current interest rates, the City anticipates issuing \$275 million in bonds over the life of the program; \$142 million has already been issued. In FY04, the RDA secured a \$30 million bank line of credit to fund acquisition activities on an interim basis, in order to maximize flexibility and ensure the availability of resources for Land Assembly. The line of credit will be repaid with proceeds from the next series of NTI bonds and is included in the \$275 million funding projection.

By the end of FY04, the City will draw down more than \$130 million of the \$142 in NTI bonds originally issued. In the first half of FY05, the City will issue the second tranche of NTI bonds to raise the balance of the \$275 million program budget. The City anticipates that the upcoming bond issue will include \$25 million in tax-exempt Qualified Redevelopment Bonds (QRBs). QRBs are private activity bonds that require an allocation of volume capital from the State. These bonds may be used for acquisition, predevelopment and rehabilitation activities in certain designated blighted areas. The QRBs will be used to fund approved activities for specific development projects throughout the City.

■ FY05 Budgetary Changes

In FY05, the City will make a series of changes to its five-year NTI spending plan:

1. Increase Land Assembly budget to \$89 million using \$5 million in State funds and \$10 million in CDBG funds.

The FY05 Program Statement and Budget includes a \$15 million increase in funding for Land Assembly, which brings the five-year budget to \$89 million. This increase will be achieved by swapping NTI bond funds for Pennsylvania State Department of Community and Economic Development (DCED) funds. These swaps will enable the City to use tax-exempt bonds to fund home repair programs, while using State and CDBG funds to increase the Land Assembly budget. By using State and CDBG funds to increase the Land Assembly

budget, the City avoids issuing more taxable bonds, which would result in the overall reduction in NTI bond resources for program activities.¹

2. Swap \$10 million in CDBG funds and \$5 million in State DCED funds for \$15 million in Land Assembly funds

The funding swaps are tabulated below:

FY05 Funding Sources (in thousands)				
Program	State	CDBG	NTI	(All Sources) Total FY05 Budget
BSRP	-	\$250	\$11,525	\$11,775
SHARP	-	-	\$325	\$325
HRP	-	-	\$4,000	\$4,000
Land Assembly	\$5,000	\$10,000	\$50,000	\$65,000

3. Increase five-year funding for Management Information Systems to \$6.5 million

The City also proposes to increase the Management Information Systems budget by \$1.5 million; this change will be achieved by reprogramming funds budgeted for Housing and Neighborhood Preservation activities. The change is necessary in order to ensure completion of the Vacant Property Management Information System and Unified Land Record System Projects.

4. Shift \$8 million from Commercial Demolition to Residential Demolition

The City will transfer \$8 million originally from the Large Vacant Building Demolition budget to Residential Demolition. This change will permit Residential Demolition to continue at FY04 levels, while allowing sufficient funding for Large Vacant Building Demolitions.

■ Changes in funding for NTI Program Activities

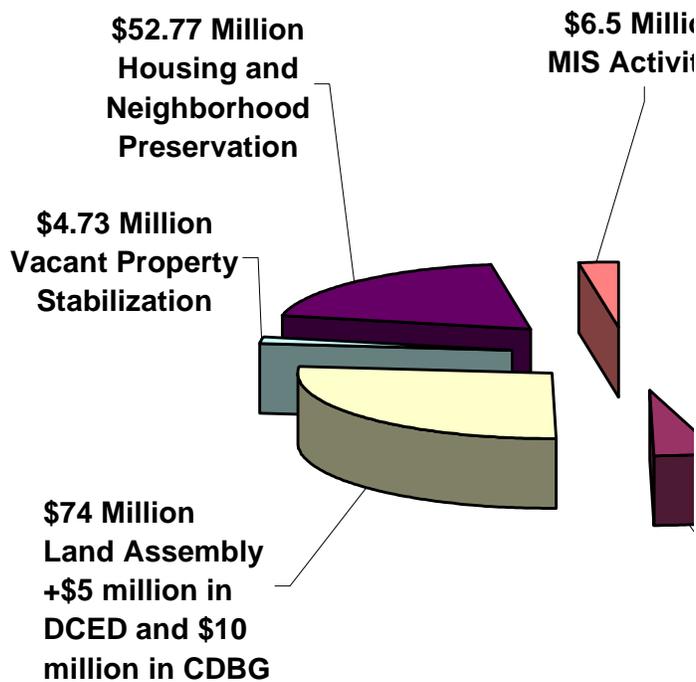
To secure the funding for BSRP for FY06-FY07, the City will reprogram funds from the Vacant Property Stabilization Program, reducing the five-year budget from \$14 million to \$4.73 million. In addition, the City has reprogrammed \$2 million in funds originally planned for the Targeted Basic Systems Repair Program, in order to provide subsidy for the development of affordable rental housing and the Housing Trust Fund.

¹ Based on current interest rates, if the City were to issue \$10 million more in taxable bonds for acquisition, the overall program budget would be reduced from \$275 million to \$246 million.

These changes will result in the following adjustments to NTI's five-year projected bond expenditures. The projected \$275 million in bond financing will be allocated in the following ways:

- \$137 million of the total bond proceeds will fund the demolition of abandoned residential, commercial and industrial buildings.
- \$52.77 million will finance housing and neighborhood preservation activities including housing rehabilitation and home improvement grant programs.
- \$4.73 million will fund the Vacant Property Stabilization Program.
- \$74 million will be used to assemble land for development. This will be supplemented by a total \$15 million in State DCED funds.
- \$6.5 million in government purpose bonds will be used to upgrade the City's land management information systems.

**Chart 1:
NTI Five-Year Bond Financing Projection (FY03-FY07)**



(See pages 5-7 for budget details)

**Table 1:
FY04 Actual/Projected Drawdowns**

NTI Activity	FY04 Budget (As amended)²	1st Quarter Actual Drawdowns	2nd Quarter Actual Drawdowns	3rd Quarter Actual Drawdowns	4th Quarter Projected Drawdowns	FY04 Projected Drawdowns
Demolition						
Residential Demolition	\$53,000,000	\$13,188,446	\$9,116,764	\$5,694,790	\$25,000,000	\$53,000,000
Large Vacant Building Demolition	\$3,000,000	\$0	\$0	\$90	\$4,250,000	\$4,250,000
Land Assembly						
Land Acquisitions	\$60,000,000	\$0	\$2,000,000	\$850,000	\$19,822,700	\$22,672,700
Housing & Neighborhood Preservation						
Vacant Property Stabilization	\$3,000,000	\$2,000,000	\$0	\$0	\$0	\$2,000,000
Homeownership Rehabilitation Program	\$1,000,000	\$0	\$500,000	\$0	\$500,000	\$1,000,000
Retaining Wall Reconstruction	\$1,000,000	\$0	\$0	\$0	\$750,000	\$750,000
Employer Assisted Housing Program	\$750,000	\$0	\$0	\$0	\$750,000	\$750,000
Targeted Basic Systems Repair Program	\$3,000,000	\$0	\$0	\$0	\$1,000,000	\$1,000,000
Teacher and Student Retention Program	\$500,000	\$0	\$0	\$0	\$500,000	\$500,000
Settlement Grant Assistance	\$550,000	\$550,000	\$0	\$0	\$0	\$550,000
Preservation Development Initiative	\$250,000	\$0	\$0	\$0	\$250,000	\$250,000
Basic Systems Repair Program - Tier II	\$11,150,000	\$4,100,000	\$0	\$4,100,000	\$2,950,000	\$11,150,000
Adaptive Modifications Program	\$3,650,000	\$0	\$2,000,000	\$0	\$1,650,000	\$3,650,000
Senior Housing Assistance Repair Program (SHARP)	\$200,000	\$200,000	\$0	\$0	\$0	\$200,000
Management Information Systems						
Vacant Property Management Information System	\$1,925,000	\$80,000	\$0	\$0	\$750,000	\$830,000
Unified Land Records System	\$2,011,450	\$6,000	\$0	\$300,500	\$160,800	\$467,300
Total	\$146,236,450	\$20,124,446	\$13,616,764	\$10,945,290	\$58,333,500	\$103,020,000

² Includes budget amendments pursuant to Resolution No. 040095, approved by City Council on April 1, 2004. The Resolution increased the FY04 Residential Demolition budget from \$28 million to \$53 million and moved funds from the Basic Systems Repair Program to the Adaptive Modifications Program. The latter changes were coupled with changes to the *Year 29 Consolidated Plan* and the overall funding for these two programs was not altered.

**Table 2:
Five Year Estimated Program Budget (all programs)**

NTI Activity	FY03 Actual Drawdowns	FY04 Projected Drawdowns	FY05 Budget	FY06 Projected Budget	FY07 Projected Budget	FY03-FY07 Total
Blight Elimination						
Residential Demolition	\$26,001,703	\$53,000,000	\$46,000,000	-	-	\$125,001,703
Large Vacant Building Demolition	\$1,065,590	\$4,250,000	\$4,250,000	\$2,434,707	-	\$12,000,297
Land Assembly						
Land Acquisitions ¹	\$1,327,300	\$22,672,700	\$50,000,000	NA	NA	\$74,000,000
Housing & Neighborhood Preservation						
Vacant Property Stabilization	\$428,000	\$2,000,000	\$2,300,000	-	-	\$4,728,000
Retaining Wall Reconstruction	\$420,000	\$750,000	\$1,000,000	-	-	\$2,170,000
Expanded HRP	-	\$1,000,000	\$4,000,000	-	-	\$5,000,000
Expanded PHIL	\$2,000,000	-	-	-	-	\$2,000,000
Anti-Predatory Loan Products	\$750,000	-	-	-	-	\$750,000
Employer Assisted Housing	\$250,000	\$750,000	-	-	-	\$1,000,000
Targeted Basic Systems Repair Program	\$2,000,000	\$1,000,000	-	-	-	\$3,000,000
Teacher and Student Retention Program	-	\$500,000	-	-	-	\$500,000
Settlement Grant Assistance	-	\$550,000	\$550,000	-	-	\$1,100,000
Preservation Development Initiative	-	\$250,000	-	-	-	\$250,000
Basic Systems Repair Program	-	\$11,150,000	\$11,525,000	-	-	\$22,675,000
Adaptive Modifications Program	-	\$3,650,000	\$3,650,000	-	-	\$7,300,000
SHARP	-	\$200,000	\$325,000	-	-	\$525,000
Historic Property Repair Program	-	-	\$1,000,000	-	-	\$1,000,000
Affordable Rental Development	-	-	\$4,000,000	-	-	\$4,000,000
Housing Trust Fund	-	-	\$1,500,000	-	-	\$1,500,000
Total Housing & Neighborhood Pres.	\$5,420,000	\$19,800,000	\$27,550,000	\$0	\$0	\$52,770,000
Management Information						
Vacant Property MIS	\$300,000	\$830,000	\$2,370,000	-	-	\$3,500,000
Unified Land Records System	\$938,550	\$467,300	\$1,594,150	-	-	\$3,000,000
Total	\$35,481,143	\$103,020,000	\$134,064,150	\$2,434,707	\$0	\$275,000,000

1 The City will only draw down \$24 million by the close of FY04, however, \$61,335,527 of the total acquisition budget has been committed to projects in the pipeline. See Acquisition Budget on Pages 32-33. The \$74 million total represents NTI bond funds only. With \$5 million in State DCED funds and \$10 million in CDBG funds budgeted in FY05, the total is \$89 million.

**Table 3:
FY05 NTI Program Budget**

NTI ACTIVITY	FY05 NTI BOND PROCEEDS
Demolition	
Residential Demolition (p.13)	\$46,000,000
Large Vacant Buildings Demolition (p.17)	\$4,250,000
Land Assembly	
Land Acquisitions (p.19)	\$50,000,000
Housing and Neighborhood Preservation	
Vacant Property Stabilization (p.25)	\$2,300,000
Homeownership Rehabilitation Program (p.27)	\$4,000,000
Affordable Rental Housing Development (p.27)	\$4,000,000
SHARP (p.28)	\$325,000
Settlement Grant Assistance (p.28)	\$550,000
Basic Systems Repair Program - Tier II (p.29)	\$11,525,000
Adaptive Modifications (p.29)	\$3,650,000
Retaining Wall Reconstruction (p.30)	\$1,000,000
Historic Property Repair Program (p.30)	\$1,000,000
Housing Trust Fund (p.31)	\$1,500,000
Management Information Systems	
Vacant Property Management Information System (p.33)	\$2,370,000
Unified Land Records System (p.33)	\$1,594,150
Total	\$134,064,150

■ Additional Resources

Federal Funding

The Community Development Block Grant (CDBG) and associated federal funds (HOME, HOPWA, etc.) are the principal source of funding for housing and community development investments in Philadelphia. The Department of Housing and Urban Development (HUD) has released the budget figures for Year 30 (FY05). It is anticipated that the City of Philadelphia will receive \$63,068,000 in CDBG funds, which is \$695,000 less than the Year 29 allocation (which represented a cut of \$5.7 million) and \$16,946,000 in HOME funds, which is \$88,000 less than Year 29. In Year 30 the City will receive \$7,632,000 in Housing Opportunities for People with AIDS (HOPWA) funds an increase of \$1,989,000 over Year 29. The Administration transmitted the *Year 30 Proposed Consolidated Plan* to City Council at the same time as it transmitted the NTI FY05 Program Statement and Budget.

In FY05, the City will also receive an allocation through the American Dream Downpayment Initiative, which will provide settlement and down payment assistance to new low- and moderate-income homeowners. These grants will be made available to homeowners buying homes in some of the City's new homeownership developments. Funds for this HUD initiative will be made available to the City for the first time in FY05.

State Funding

In addition to the \$5 million that the City will receive from the Department of Community and Economic Development (DCED) in FY05 to support NTI land acquisitions, other proposed State programs are potential funding sources for NTI activities. These programs include PennDOT's Hometown Streets program, which provides funding for improvements along State Highways. DCED's Business in Our Sites is a possible funding source for mixed-use development and the Elm Street/Main Street Program can help support neighborhood development strategies. The Department of Conservation of Natural Resources Growing Greener program may provide additional sources of land acquisition funding.

City of Philadelphia

General Operating Funds

The City has committed \$130 million in General Operating funds to support NTI objectives. Of these funds, \$100 million, \$20 million annually, will cover debt service payments, \$30 million will be allocated to street tree removal, pruning and planting, vacant lot cleaning, and NTI Quality of Life code enforcement programs, such as CLIP.

Recycled Acquisition Funds

Pursuant to an agreement between the City and Redevelopment Authority (RDA), the Administration has established an Acquisition Recycling Fund to help 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 appraised value of the real estate into Court, the City collects the outstanding liens up to the appraised value of the real estate. Beginning in fiscal year 2004, the City will use the revenues generated by NTI bond-funded condemnations as a source of financing for property acquisitions in fiscal years 2004-2007.

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. The City anticipates that it will realize \$15 - \$20 million in recycled acquisition funds over the next four years. Recycled funds will be allocated based upon the original source of the funds. Funds from Council District Acquisition Budget will be recycled to the district in which they were spent. Funds for Acquisition Zones and Large-Scale Development Projects Budget will be recycled for use on similar projects.

Philadelphia Housing Authority

The Philadelphia Housing Authority (PHA) has a variety of resources that can support NTI's objectives. 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. Under MTW, PHA has saved \$3.5 million on renewal of property insurance and improvements in bidding for construction materials. Federal HOPE VI grants are enabling PHA to transform public housing in neighborhoods throughout the city. In addition, the Sparkle Plus program is beautifying the areas around PHA developments.

Renewal Community

Philadelphia is home to 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 of area residents. For example, the Renewal Community can allocate up to \$12 million in tax deductions to businesses building or expanding within the Renewal Community. The Renewal Community exemplifies NTI's approach of involving local, state and federal governments, private businesses, community-based organizations and neighborhood residents in efforts to revitalize Philadelphia's neighborhoods.

Citizens Bank – City of Philadelphia NTI Partnership

Citizens Bank has emerged as a supportive corporate partner for the City of Philadelphia and NTI. The Citizens Bank-City of Philadelphia NTI Partnership was officially launched on April 10, 2003. Over five years, Citizens committed \$104 million in support for residential mortgage, home improvement loans, and small business loans; community development project financing and property acquisition loans; 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 year of the partnership, Citizens Bank made in excess of \$60 million in loans in support of its Partnership goals.

Preservation Development Initiative

Philadelphia is one of four cities nationwide selected to receive a Preservation Development Initiative (PDI) grant from the National Trust for Historic Preservation and the John S. and James L. Knight Foundation. The Preservation Development Initiative program was created as a means to leverage historic preservation tools to foster economic development. Each community selected this year will receive strategic assessments and planning, technical assistance, loans and grants with a capitalized value of up to \$1.8 million to build preservation-based economic development strategies and implementation programs. Philadelphia plans to use the PDI grant program to support economic redevelopment in blighted areas and raise the visibility of historic and architectural assets in low/moderate income neighborhoods.

Community Planning

■ Objective

Successful neighborhood development requires careful and extensive preparation. Planning is the process that helps communities sort through and prioritize needs while assisting the City in allocating resources to meet those needs. Under the leadership of the Philadelphia City Planning Commission (PCPC), the City is committed to an NTI community planning effort that will underlie its revitalization activities.

The City's neighborhood planning process will develop:

1. Planning principles and a transparent process for community-based planning and land use review;
2. Systems to ensure that community residents have an opportunity to review and comment on any proposed plan; and
3. Structures for community planning that encourage a larger framework for decision-making than simply neighborhood boundaries.

■ Program Description

PCPC is developing comprehensive plans in 34 neighborhood areas in partnership with area residents, elected officials and other agency staff. Plan analyses and recommendations will address the topic areas of housing, commercial development, transportation, open space, community heritage and, 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 and viable funding sources to ensure that the neighborhood vision and steps toward implementation are clearly defined. The process concludes with the completion of a draft report and final document. In FY05 PCPC expects to complete 16 neighborhood-planning reports. *(See Appendix A for list and maps of NTI Community Planning Areas.)*

■ 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;
- Consistent across all neighborhoods and as predictable as possible given differing circumstances; and

- Developed within the context of neighborhood, district, 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 of the neighborhoods have existing community plans, usually through neighborhood-based organizations or elected officials, others do not. For communities that have completed some work in this area, the existing community plan provides a framework for the delivery of planning services.

Where plans have not been developed, where planning was not comprehensive, or where plans require updating or modification, a greater level of planning services and strategy development are being provided. PCPC will endeavor to prepare a comprehensive community plan with extensive citizen participation.

PCPC staff will provide information, technical assistance, and guidance as each community moves through the process. PCPC also stands prepared to review plans submitted by private developers and community development corporations.

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.

PCPC will also chair a multi-agency team that will inform the process so that plans are realistic and can be implemented; connect planning directly with implementation and development; and insure that government actions are coordinated.

■ **Role of City Council**

The review and approval of draft NTI plans will include neighborhood presentations and discussions; district-wide presentation and review focusing on issues that cross neighborhood boundaries (e.g. 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.

■ **Associated Planning Activities: Other Funding Sources**

Transportation and Community Development Initiative (TCDI)

PCPC has been awarded funding for several projects that are consistent with the goals and strategies of NTI and other regional objectives. Each project has the potential to maximize the regional impact of investments in transportation and urban revitalization within Philadelphia by helping the City to leverage its limited funds for planning and development. The four projects are:

1. West Market Corridor Concept Plan (PAS D) -

PCPC will update development policies and incentives to spur transit-oriented development and circulation associated with the Market Elevated Reconstruction Project and stations in West Philadelphia and Millbourne, Delaware County.

2. Allegheny West Industrial Corridor Plan (PAS F)

A transit, highway, streetscape, and parking strategy will be developed for the industrially-zoned corridors in the vicinity of the Roosevelt Boulevard Extension (Route 1); SEPTA's R6, R8, Reading Trunk Line and the Hunting Park Conrail line.

3. Reinvestment Guidelines: Vicinity of the Frankford Transportation Center (PAS K)

New design and development guidelines are needed to ensure that the community, City, and Region capture the full benefit of SEPTA's major investment in public infrastructure at the Frankford Transportation Center.

4. Center City Parking Policy Evaluation (PAS A)

A fresh evaluation of parking policy will help to ensure that public actions reinforce Center City's strengths as the dense, diverse, and non-auto dependent hub of the region.

Collaboration with the Delaware Valley Regional Planning Commission (DVRPC)

The DVRPC remains committed to creating a comprehensive vision for the future growth of the Philadelphia region.

Philadelphia Neighborhood Plans: In support of NTI, the William Penn Foundation provided DVRPC with a \$350,000 grant for neighborhood planning in Philadelphia. In FY05, comprehensive planning commenced in three neighborhood areas: Chinatown, Mt. Airy, and West Powelton/Saunders Park. PCPC's role with regard to these studies has been advisory in nature. The planning approach used by the consultants has mirrored the approach adopted by PCPC. Completion of these studies is expected in FY05.

Girard Avenue Corridor Study: An earlier DVRPC award of a \$100,000 TCDI grant to the Empowerment Zone to fund an in-depth planning process for a revitalized Girard Avenue commercial corridor. The first phase of the corridor study will be complete in FY05 and will address existing land uses, traffic patterns, streetscapes, and market conditions and will result in a detailed plan for the corridor from I-95 to the Zoo.

Update of Land Development Codes: Another TCDI grant was awarded to PCPC to fund a study of land development codes in an effort to update and upgrade the current Zoning Code. In FY05 PCPC replaced text in the Residential Sections of the Zoning Code with an easy-to-read summary matrix that the public will find more user friendly. In FY05 PCPC staff will work closely with the Department of Licenses and Inspections to update Code definitions and terms for clarification.

Residential Demolition

■ Objective

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

■ Program Description

When NTI was first launched, the City set an ambitious goal of demolishing between 11,000-14,000 dangerous, vacant residential structures over five years. This projection assumed the City would spend approximately \$11,500 per demolition and demolish more than 2,000 buildings a year, almost doubling the typical activity for a single year. In FY04, the City contracted for more than 1,500 demolitions as part of the targeted demolition program and complete more than 450 emergency curbside demolitions. Though the City has succeeded in elevating the pace and annual production of demolitions work, it will not reach the original production goal for the program. By the end of the NTI bond funded demolition program, the City will drastically reduce the inventory of dangerous residential structures by demolishing between 5,000-7,000 dangerous residential buildings.

There are two primary reasons for the change in long-term demolition projections: higher than expected unit costs for demolition work and reductions in the five-year demolition budget. Bids for targeted demolition work are averaging \$22,000 per property. This figure includes demolition, asbestos removal, party wall treatments, parging, installing barge board, installing six inches of topsoil, and seeding and fencing the vacant lot. A major cost driver has been the significant number of party wall treatments in the bid packages. The average cost for stucco work, at a unit cost of approximately \$5.45 per square foot, is \$9,000 per wall. For every 100 demolitions, there are an average of 64 party walls requiring treatment.

In addition, City Council in FY04 cut the five-year budget for the NTI targeted demolition program to fund other NTI programs. The original five-year budget, as approved in the FY03 Program Statement and Budget, was \$140 million. In FY04, this was reduced to \$117 million, due to an increase in the Land Assembly budget and the allocation of demolition funds to the Basic Systems Repair Program, Adaptive Modifications Program and the SHARP. To make up

for this reduction, in FY05, the City will shift \$8 million from the Commercial Demolition budget to fund Residential Demolition, bringing the total NTI residential demolition budget to \$125 million.

In FY05, the City expects to demolish between 1,600-1,800 dangerous residential properties throughout the 10 Councilmanic Districts. This figure includes approximately 200 emergency curbside demolitions. The projected cost of the residential demolitions and associated activities for this period is \$46 million. The City's demolition strategy will prioritize public safety, economies of scale, and potential redevelopment opportunities. The type of data that the City evaluates when making demolition decisions includes, but is not limited to, the following:

- Condition of structure
- Level of vacancy
- Social, cultural and economic anchors
- Ownership characteristics
- Parcel characteristics
- Proximity to elementary schools
- Home sales
- Household change
- Proximity to industrial land uses
- Market quality

■ 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.
- The City structures bid documents to lower costs and meet the City's economic opportunity goals for the NTI.

■ Operations

In FY05, the City will continue bidding demolition work in geographically targeted areas. The actual size and number of bid packages will depend on several factors, including contractor capacity, concentration of vacant dangerous properties, environmental abatement requirements, party wall and other treatments and economic opportunity goals. In an effort to reduce costs, the Program Manager will work closely with District Council to design bid packages that limit the

number of party wall treatments and maximize the number of machine demolitions. The City will continue its contract with Hill International to serve as the Residential Demolition Program Manager, providing oversight, coordination, and monitoring of the demolition work. (See Appendix B for FY03-FY04 Master Demolition schedule. The FY05 Schedule will be determined in cooperation with District Councilmembers.)

The Office of Risk Management, with the support of the Office of Emergency and Shelter Services (OESS), will manage and direct the emergency, temporary, and permanent relocations caused by demolition activities (for example, an adjoining structure becomes temporarily unstable or permanently uninhabitable because of demolition activities). OESS will take all necessary actions to locate adequate emergency and temporary housing for residents who are displaced as a result of any demolition activities. OESS will also work with District Council to identify individuals with special needs within the targeted area. All additional OESS staff and equipment costs will be borne by other sources.

■ Owner Controlled Insurance Program (OCIP)

The City of Philadelphia insures NTI's demolition program through OCIP or a Wrap-Up Insurance Program. OCIP provides coverage for the project owner (the City) and all contractors in a consolidated program that is controlled by the project owner. It 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, which will be financed with bond funds.

■ 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, at their option, 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.

The Administration 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 will be to explain the operational details of the NTI demolition program.

Finally, the Administration will meet periodically with the District Councilpersons to provide updates on demolition progress in each district and to establish priority areas for demolition activities for FY05. These priority areas will 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 businesses that historically have been under represented in the procurement of government contracts, particularly those owned by minorities, women, and the disabled, hereinafter referred to as disadvantaged firms. In addition, the Plan sets employment goals for minorities, women, and Philadelphia residents.

The City is surpassing the participation goals for disadvantaged firms set in the NTI Economic Opportunity Plan for demolition activities. Of all contracts that have been let for the targeted demolition program as of February 2004, minority-owned businesses account for 49% of the subcontracts and women-owned businesses account for 24%. Plus, minority firms are performing 35% of the curbside demolition work. For the targeted demolition program, minorities account for 78% and women 2% of the more than 87,000 hours worked. Philadelphia residents represent 77% of the workforce employed. 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. MBEC is responsible for monitoring the participation of disadvantaged firms as prime and subcontractors.

In addition, the City is working closely with the African American Chamber of Commerce (AACC) 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. The AACC Technical Assistance Center 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 or subcontractor on NTI demolition projects or other city-funded construction projects. The AACC's Emerging Contractors Program teaches contractors how to demolish dangerous residential buildings by offering contractors hands-on demolition experience. In FY04, 14 participants in the Emerging Contractors successfully demolished 47 houses under the training program. The total value of this work is \$1.1 million. Finally, PREP's Diversity Apprenticeship Program has been expanded to assist minorities and women enter the building trades and find work on NTI demolition projects or elsewhere. Thus far, this special workforce development program, administered by PREP, has resulted in the acceptance of 47 individuals into the building trades.

In FY05, the City will continue its work with the Program Manager, MBEC, AACC, GPUAC and PREP and others to maximize the participation of minorities, women, and the disabled in the business and

employment opportunities that arise from NTI demolition activities. The City will issue smaller bid packages for demolition work in an effort to attract bids from disadvantaged firms interested in bidding as prime contractors. NTI will expand its outreach efforts to maximize participation of existing minority, woman and disabled-owned businesses that are interested in bidding as prime contractors and subcontractors. The City will continue to work with MBEC, City Solicitor and Risk Manager to identify and remove barriers that impede the ability of disadvantaged firms to compete for NTI demolition contracts.

■ FY05 Budget Amount – NTI bonds

In FY05, the City will spend \$46 million in NTI Bond funds on Residential Demolition. This includes funding for both the NTI Targeted Demolition Program and Emergency Curbside Demolitions. FY05 will be the last year of NTI bond funding for demolitions. Beginning in FY06, the City will resume funding demolitions out of the General Fund.

The City used the percentage of dangerous vacant buildings, out of all dangerous buildings citywide, located within each Council District as a benchmark to determine the FY05 funding levels for each Council District. The chart below presents this analysis. On page 16 the chart *FY05 Residential Demolition Budget Detail* provides ranges of properties to be demolished and funding based on an estimated average cost of \$22,000.

Percentage of Dangerous Buildings and FY03-FY04 Demolition Activity

Council District	No. of Dangerous Buildings (01/2000)	% of Dangerous Buildings (09/2001)	Total Demolitions	Contracted Demolitions FY03 & FY04	Balance
1	911	11.8%	424	145	279
2	921	11.9%	428	257	171
3	1,118	14.5%	520	333	187
4	449	5.8%	209	100	109
5	2,188	28.4%	1,017	543	474
6	83	1.1%	39	19	20
7	912	11.8%	424	198	226
8	902	11.7%	419	266	153
9	207	2.7%	96	125	-
10	22	0.3%	10	-	10
Total	7,713	100.0%	3,586	1,986	1,600

FY05 Budget Detail – Residential Demolition

Council District	Total Number of Vacant Buildings (Unsafe & Dangerous) (01/2000)	Total Number of Dangerous Buildings (09/2001)	Percent of Dangerous Buildings	Approximate Number of Demolitions for FY05	Approximate Demolition Costs for FY 05
1	4,150	911	11.8%	260-280	\$6,200,000
2	3,474	921	11.9%	155-175	\$4,800,000
3	4,215	1,118	14.5%	170-190	\$3,600,000
4	2,242	449	5.8%	95-115	\$2,900,000
5	7,102	2,188	28.4%	460-480	\$9,900,000
6	721	83	1.1%	10-15	\$350,000
7	3,203	912	11.8%	205-225	\$4,400,000
8	2,795	902	11.7%	130-150	\$3,800,000
9	996	207	2.7%	-	-
10	167	22	0.3%	0-10	\$150,000
Asbestos Monitoring for Targeted Demolitions					\$400,000
Subtotal	29,065	7,713	100%	1,495 - 1,640	\$36,500,000
Curbside Demolitions					\$4,400,000
Wrap-Up Insurance					\$2,300,000
Project Management					\$2,800,000
Total					\$46,000,000

Large Vacant Buildings 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. Governmental purpose bonds will fund the demolition of large vacant buildings.

■ Program Description

The City expects to demolish approximately 6-8 large vacant buildings during FY05. Demolition of these large vacant buildings will be carried out in accordance with standards and procedures set by the Department of Licenses and Inspections.

■ Principles

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

1. Eliminate buildings that pose an immediate public safety threat to the surrounding community.
2. Invest in demolition and redevelopment projects that are in accordance with existing community plans.
3. 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.
4. Link demolitions to other public and private investments in an area.

■ Specific Demolitions

The Commerce Department has developed a list of more than 60 large vacant buildings to demolish. 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 vetted annually and reprioritized 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 possible relocations. Based on these criteria, an inter-departmental team including the Commerce Department, Law Department, the Redevelopment Authority, the City Planning Commission, and the Department of Licenses and Inspections will select properties for demolition in FY05. 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.

■ Role of City Council

Bid packages for demolition of large vacant buildings funded with NTI bonds must be submitted to, and approved, in writing, by the District Councilperson whose district is affected directly by such demolition. The Administration is meeting with the District Councilpersons to decide each district's FY05 priority areas for demolition of large vacant buildings. The prioritization of large buildings for demolition will be guided largely by public safety considerations.

■ FY05 Budget Amount – NTI bonds

The City expects to demolish approximately 6-8 large vacant buildings during FY05. The total demolition budget for the FY05 is \$4.25 million (*See Appendix C for a list of FY04 Large Vacant Building Demolitions.*)

Land Acquisitions

■ 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. In the past, the City assembled land for redevelopment in a reactive, developer-driven process that was marked by significant delays and resource constraints. Through NTI, the City is overhauling this land assembly system and implementing a new approach that is proactive and driven by neighborhood development considerations. As part of NTI, the City has begun to acquire large quantities of vacant land. 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 that characterize the current system. Taxable bonds, Qualified Redevelopment Bonds and/or a bank line of credit finance these activities. In addition, beginning in FY05, the City will fund certain NTI Land Assembly activities with funds from the Pennsylvania Department of Community and Economic Development.

■ Program Description

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

- A. Assembly for specific development projects
- B. Land banking
- C. Stabilized vacant buildings that are suitable for rehabilitation with no or moderate public subsidies.

■ Assembly for Specific Development Projects

It is imperative that the City improves its ability to assemble land for redevelopment. The City plans to accomplish this largely through a proactive approach of acquiring and assembling land that can then be marketed to developers and other interested parties. However, as an interim step until the City's proactive land acquisition system achieves economies of scale, the City must continue its current practice of acquiring property for specific residential, commercial, and industrial development transactions. The City will only use bond funds for land acquisition for development projects when those projects fall squarely within the principles that guide the initiative. Requests for acquisition funds to support specific development projects will be evaluated to ensure they are consistent

with NTI's principles. Proposals will be evaluated favorably if the development projects:

1. Conform with strategic neighborhood plans;
2. Facilitate economic growth by building on market strengths; and
3. Leverage City resources to the fullest extent possible by maximizing private investment and 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, the Administration will consider criteria such as the developer capacity or track record; the project's feasibility, budget, and schedule; source and amount of public subsidy, if any; existing non-City funding commitments; likelihood the developer will secure the requisite funding for completing the project within a reasonable period of time; and neighborhood context (e.g., consistency with neighborhood plans, suitable strategic reuse of the site, likelihood of stimulating investment activities by others).

The RDA will be responsible for permanent relocations due to land acquisition and redevelopment activities. The RDA will adhere to and abide by all federal and state relocation statutes, regulations and standards and offer residents all relocation benefits to which they are entitled. In addition the RDA will collaborate with the Housing Support Center, OHCD, 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 will make 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:

1. Vacant lots resulting from NTI demolition activity;
2. Vacant lots located within designated "Acquisition Zones;"
3. Vacant lots suitable for land assembly for market-rate and affordable housing, commercial, and industrial development; and
4. Vacant lots deemed suitable for disposition as side yards.

Vacant Lots Resulting from NTI Demolition Activity

Subject to the availability of funds, the City may acquire vacant land resulting from NTI demolition activity. By holding title to this land, the City can enhance its ability to assemble the land into larger parcels and quickly dispose of it for redevelopment purposes. The City is prioritizing for acquisition lots that have specific development proposals, due to limited resources. Some lots may not be acquired until there is a specific reuse plan.

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. The Administration has worked with City Council to identify six acquisition zones: 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:

1. Consistent with neighborhood plans;
2. Within existing urban renewal or redevelopment areas to facilitate the City's acquisition of properties;
3. Targeted for large scale demolition activity;
4. Located near neighborhood assets (parks, transit hubs, etc), including employers and other institutional anchors;
5. Near strong real estate markets and/or that have received expressions of interest by for-profit and non-profit developers; and
6. 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 Administration will consider the following factors:

1. Size and location of site is appropriate for future residential, commercial or industrial development;
2. Neighborhood context (e.g., consistency with neighborhood plans, suitable strategic reuse of the

site, likelihood of stimulating investment activities by others);

3. Developers have expressed some interest in the site in the past; and
4. Cost to acquire the site, including demolition and/or environmental contamination.

Side Yard and Open Space Acquisitions

Currently, the City administers five side yard programs, including the Small Vacant Lot Abatement Program, which was implemented pursuant to City Ordinance 1202A. In an effort to streamline and consolidate the acquisition and disposition process for small parcels, a 12-month moratorium on new requests for side yards is under consideration in order to work through an existing backlog of requests. Once the backlog has been eliminated the City can commence with a single program for all side yard and vacant lot acquisition requests.

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

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

Acquisition of Stabilized Vacant Buildings

Subject to funding availability, the Administration will consider following factors in prioritizing stabilized structures for acquisition:

1. The property is feasible for rehabilitation within the parameters of the City's Homeownership Rehabilitation Program, known as HRP (i.e., in most cases, feasible for rehabilitation with City subsidy funding support not to exceed \$35,000), or be feasible for rehabilitation without public subsidy;
2. The property is located in areas or blocks of the City where the real estate market is strong enough to provide reasonable assurance that the building can be sold after rehabilitation is completed without public subsidy; and
3. The property is located in areas where there are non-profit and for-profit developers and contractors with the capacity and interest in rehabilitating the property.

■ Property Disposition Policy

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

1. To support affordable housing developments – developments with at least 51% low-moderate income beneficiaries;
2. For approved commercial and economic development projects that create job opportunities for low and moderate-income individuals.

■ Operations

A. Role of City Council

The acquisition and disposition of vacant property will be carried out in accordance with applicable federal, state statutes and local laws, including, but not limited to the following: 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:

1. Creation or modification of Redevelopment Areas;
2. 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;
3. Selling, leasing or transferring of any real property in a Redevelopment Area to a developer, regardless of the means of acquisition by the RDA.

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

B. Interagency Acquisition Review Team (IART)

Based upon City Council's legislative calendar, the Administration 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 the City Planning Commission, Mayor's Office, the Redevelopment Authority, the Office of Housing and Community Development, the Commerce Department, Empowerment Zone, Philadelphia Industrial Development Corporation and Philadelphia Housing Authority will recommend for acquisition based on the above described acquisition categories and principles.

C. Community Outreach, Notification and Relocation Services

Since the spring of 2003, the City has been working to improve relocation services. Towards that end, the City has strengthened the review process for projects seeking condemnation assistance, 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 Councilmembers 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 member 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 making an effort to include all Philadelphians 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. Until HUD recently provided its relocation materials in Spanish, RDA retained a translator to translate all HUD-originated relocation materials. 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:

1. Translators are available to provide simultaneous verbal translation at community meetings.
2. Acquisition and relocation materials can be translated into Asian languages by Intercultural Family Services, 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 and RDA's relocation staff visits households to identify any communication barriers and then gather the appropriate resources.

■ **FY03-07 Acquisition Budget**

By the end of FY04, the City plans to draw down \$24 million of the total acquisition budget for the following activities: advertising (for public hearings), title searches, appraisals, relocation and acquisition costs. Although the City will only draw down \$24 million by the close of FY04, \$61,335,527 of the total acquisition budget has been committed to projects in the pipeline. Please see the "Five Year Acquisition Budget" on the following page for further details on all outstanding land acquisition commitments.

Council District Acquisition Budgets

Council District Budgets are determined according to vacancy analyses of each district. Low vacancy districts (0-999 vacancies) were allocated \$1.45 million in acquisition funding; moderate vacancy districts (1,000-2,499 vacancies) were allocated \$3.475 million in acquisition funding; high vacancy districts (more than 2,500 vacancies) were allocated \$7.025 million. The total Land Assembly budget for the 10 Council Districts is \$52 million.

Acquisition Zones & Large Scale Development Projects

This category includes acquisition of vacant land within pre-determined Acquisition Zones (see page 20) and acquisition in support of Large Scale Development Projects. Large Scale Development Projects are projects of 50 units or more. The total budget allocated to Land Assembly in Acquisition Zones and for Large Scale Development Projects is \$37 million. This budget shows a \$2 million shortfall in funds for all outstanding projects. All of these projects are not moving at the same pace. Some parcels are being sold at fair market value, which will allow the shortfall to be covered in advance by proceeds for other sales.

Total Acquisition Budget for Expenditure of NTI Bond Proceeds

FY03 Acquisition Budget	\$14,000,000
FY04 Acquisition Budget	\$60,000,000
Supplemental Acquisition Funds	\$15,000,000
Total	\$89,000,000

Five-Year Acquisition Budget for Council Districts

Total Budget	\$52,000,000
Approved Acquisitions	\$22,328,836
Balance	\$29,671,164

Council District	Vacancy Level	Acquisition Budget	Approved Acquisitions	Balance Remaining
1	High	\$7,025,000	\$2,311,633	\$4,713,367
2	High	\$7,025,000	\$4,735,600	\$2,289,400
3	High	\$7,025,000	\$4,964,940	\$2,060,060
4	Moderate	\$3,475,000	\$1,312,685	\$2,162,315
5	High	\$7,025,000	\$4,274,145	\$2,750,855
6	Low	\$1,450,000	\$371,860	\$1,078,140
7	High	\$7,025,000	\$3,489,633	\$3,535,367
8	High	\$7,025,000	\$860,790	\$6,164,210
9	Moderate	\$3,475,000	\$7,550	\$3,467,450
10	Low	\$1,450,000	\$0	\$1,450,000
Total		\$52,000,000	\$22,328,836	\$29,671,164

Five-Year Budget for Acquisition Zones & Large Scale Development Projects

Total Budget	\$37,000,000
Approved Activities/Acquisitions	\$39,006,691
Balance	-\$2,006,691

Council District	Vacancy Level	Approved Acquisitions
1	High	\$1,659,850
2	High	\$4,991,445
3	High	\$8,943,507
4	Moderate	-
5	High	\$17,527,069
6	Low	-
7	High	\$2,922,380
8	High	\$925,030
9	Moderate	\$2,037,410
10	Low	-
Total		\$39,006,691

Vacant Property Stabilization

■ Objective

Many Philadelphia blocks are relatively stable, with low levels of vacancy and a core community of homeowners and renters who care about and invest in their properties and neighborhood. On these blocks, the presence of one or two vacant buildings can threaten the integrity of the entire block or neighborhood. Left unattended and unprotected from the elements, these vacant structures can quickly deteriorate to the point where they become blighting eyesores that destabilize the block and discourage investment in the neighborhood.

The goal of the vacant property stabilization program is to prevent vacant buildings on relatively stable blocks from deteriorating to the point that they become dangerous and must be torn down. It is a targeted neighborhood preservation strategy that seeks to protect vacant buildings from water damage and other deterioration caused by exposure to the elements long enough so that they can be acquired, rehabilitated, and reoccupied by new residents. The vacant property stabilization program should therefore be seen as the first stage of a continuum of activities that includes the acquisition and rehabilitation of vacant properties. Government purpose bonds will finance this activity.

■ Program Description

During FY05, the City plans to stabilize approximately 230 vacant buildings at an average citywide cost of \$10,000 per structure. This will complete the City's Vacant Property Stabilization pipeline and phase out the Program. Once work is completed on a building, the City will place a lien on the structures for the cost of the work performed. In FY05, the City will explore the possibility of acquiring stabilized properties through the Sheriff's Sale process.

■ Principles

Stabilizations will be prioritized to vacant buildings that are:

- Located on a block with low vacancy rates;
- Located in areas where stabilization can preserve the structural integrity of the block;
- Residential or mixed-use residential/commercial properties of four stories or less;
- Structurally suitable for stabilization and rehabilitation with no significant soil or environment problems;

- Eligible for quick acquisition through eminent domain or Act 94 spot condemnation by the RDA, tax foreclosure sale through the Sheriff's Office, or negotiated purchase or donation;
- Located in areas or blocks of the City with strong real-estate markets (i.e., areas where the real-estate market is strong enough to provide reasonable assurance that the building can be sold after rehabilitation is completed);
- Feasible for rehabilitation without public subsidy or within the parameters of the City's various preservation programs
- Located in areas near gateways to the City and other heavily traveled arteries;
- Historically or architecturally significant; and
- Located in areas where there are non-profit and for-profit developers and contractors with the capacity and interest in rehabilitating the property.

■ Operations

In FY03-FY04 the City completed 234 vacant property stabilizations. Much of this stabilization work was concentrated in high-vacancy Council Districts (more than 2,500 vacancies). In FY05, the City will pursue stabilization work in lower vacancy areas. The City has set target stabilization numbers for all areas and will work to identify properties and allocate resources to meet these targets.

■ Role of City Council

The Administration will meet with District Councilpersons to determine FY05 stabilization schedule and priorities.

■ FY05 Stabilization Budget Detail

In FY05, the City will spend a projected \$2.3 million on vacant property stabilizations, at an approximate cost of \$10,000 per property.

Council District	Total Number Vacant Buildings (Unsafe/Dangerous) (01/2000)	Percentage of Vacant Properties	Completed Stabilizations FY03-FY04	FY05 Stabilizations	Estimated Target Stabilizations FY03-FY05	Stabilization Costs for FY05
1	4,150	14.28%	33	-	33	-
2	3,474	11.95%	33	-	33	-
3	4,215	14.50%	38	-	38	-
4	2,242	7.71%	8	57	65	\$570,000
5	7,102	24.43%	33	-	33	-
6	721	2.48%	18	47	65	\$470,000
7	3,203	11.02%	26	24	50	\$240,000
8	2,795	9.62%	8	42	50	\$420,000
9	996	3.43%	34	31	65	\$310,000
10	167	0.57%	3	29	32	\$290,000
Total	29,065	100.00%	234	230	464	\$2,300,000

Homeownership 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. The City will use tax-exempt government purpose bonds to fund this program.

■ 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 and identifying eligible homebuyers. RDA provides the subsidy to the homebuyer at closing.

■ FY05 Budget

The City will allocate an additional \$4 million to HRP. The program will operate citywide.

Affordable Rental Housing Production

■ Objective

The City's rental housing production activities are designed to respond to the housing affordability crisis by increasing the supply of rental housing for low- and moderate-income families. In addition, the rehabilitation or construction of new units of rental housing serves as a catalyst for revitalization of the City's economically distressed communities. Several sources of funding are needed to subsidize the building of rental housing for elderly, special-needs and low-income households. The City may use tax-exempt government purpose, qualified redevelopment, multi-family and/or taxable bonds to support the development of affordable rental housing.

■ Program Description

As a result of NTI land assembly activities, the City is experiencing a significant increase in the number of projects that will be eligible for the Pennsylvania Housing Finance Agency's (PHFA) Low-Income Housing Tax Credits (LIHTC) and PennHOMES programs. Unfortunately, as the City's CDBG/HOME resources shrink, it has become increasingly difficult to meet the subsidy requirements that LIHTC projects demand. The City will use NTI bonds to help fund rental housing projects seeking LIHTC and PennHOMES funds from PHFA. For instance, PHFA awarded tax credits to eight Philadelphia projects in March 2004. These LIHTC projects, which will produce 317 units of rental housing, require an additional \$3.3 million in CDBG/HOME subsidies from the City. Another 11 projects sought, but did not receive, an allocation of LIHTC in March 2004. The City expects that these projects will once again apply for tax credits in the Fall 2004. If awarded LIHTC, these 11 projects will produce 946 units of housing and they will require an additional \$7.3 million in city subsidies. The City will issue a request for proposals (RFP) to identify the projects that will receive this subsidy. The project selection criteria are set out in the City's Year 30 Consolidated Plan (Fiscal Year 2005), Appendix pages 5-10 and 13-16.

■ FY05 Budget

In FY05, the City will allocate \$4 million in bond funds to Affordable Rental Production.

Senior Housing Assistance Repair Program

■ Objective

The Senior Housing Assistance Repair Program (SHARP) helps maintain stable neighborhoods by providing seniors with assistance in making repairs.

■ Program Description

OHCD plans to continue its support of SHARP sponsored by the Philadelphia Corporation for Aging. SHARP provides essential repairs averaging \$1,192 each to the homes of residents who are 60 or older. This average amount of money spent per household covers the period from July to November 2002. This figure includes Pennsylvania Lottery funds and CDBG funds.

■ FY05 Budget

In FY05, the City will allocate \$325,000 to SHARP.

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

FY05, the City plans to allocate NTI bond funding to provide settlement grant assistance to families that earn less than 80 percent of the area mean income, or \$56,500 for a family of four. The program will provide over 600 low- and moderate-income first time homebuyers with funding to support pre-purchase counseling and \$800 in settlement grant assistance.

■ Principles

- Homebuyer household income cannot exceed 80 percent of the area mean income as defined by HUD;
- Homebuyer must be a participant in an OHCD-funded housing counseling program; and
- Homebuyer must qualify for a mortgage.

■ FY05 Budget

In FY05, the City will allocate \$550,000 in bond funds for Settlement Grant Assistance. In FY05, the City will also receive an allocation through the American Dream Downpayment Initiative, which will provide settlement and down payment assistance to new low- and moderate-income homeowners. These grants will be made available to homeowners buying homes in some of the City's new homeownership developments. Funds for this HUD initiative will be made available to the City for the first time in FY05.

Basic Systems Repair Program

■ Objective

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

■ Program Description

The City will direct NTI resources to BSRP. The Tier I services of the BSRP 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. In the Tier II category of BSRP, an eligible homeowner may receive up to \$12,500 of rehabilitation assistance through BSRP. 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. Currently, the average cost for Tier II services is \$4,435 per unit.

■ FY05 Budget

In FY05, the City will allocate \$11,525,000 in NTI bond proceeds to BSRP. BSRP will also be funded with \$250,000 in CDBG funds for a program total of \$11.775 million. This represents a decrease of \$5 million in funding from FY04, but is consistent with program funding levels for previous fiscal years.

In exchange for funding BSRP and/or Adaptive Modifications with NTI bond funds, the Pennsylvania Department of Community and Economic Development will provide \$5 million in funding for NTI Land Assembly activities. In prior years DCED funds were budgeted for BSRP.

Adaptive Modifications Program

■ Objective

The Adaptive Modifications Program provides low-income Philadelphia residents with permanent physical disabilities with increased mobility within and access to their homes. The City will use tax-exempt government purpose bonds to fund this activity.

■ Program Description

The Adaptive Modifications Program is available for homeowner-occupied and renter-occupied houses which need to be made accessible for income-eligible people with disabilities. 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
- Enable the consumer to remain in the home and/or prevent institutionalization.

■ FY05 Budget

In FY05, the City will allocate \$3.65 million in bond funds to support the Adaptive Modifications Program. Adaptive Modifications will also be funded with \$500,000 in State funds and \$850,000 in CDBG funds, for a total of \$5 million, which is equivalent to the FY04 (*Consolidated Plan Year 29*) budget amount.

In exchange for funding BSRP and/or Adaptive Modifications with NTI bond funds, the Pennsylvania Department of Community and Economic Development will provide \$5 million in funding for NTI Land Assembly activities.

Retaining Wall Reconstruction

■ Objective

Retaining walls are private property (“private infrastructure”). Property owners are responsible for the costs of their maintenance, repairs 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 it far outstrips the City’s current resources, including General Fund, Community Development Block Grant, 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 – for the walls surveyed. In FY03-FY04, 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.

■ FY05 Budget

The City will allocate \$1 million to fund repairs to 3-5 imminently dangerous retaining walls during FY05.

Historic Property Repair Program

■ Objective

The City of Philadelphia is home to a multitude of nationally-registered historic properties and districts. These properties and districts provide a “living history” and are central to the character of many of the city’s neighborhoods. Historic properties are also costly to maintain. The material and aesthetic guidelines associated with the rehabilitation and maintenance of these properties can be particularly burdensome for low-income homeowners living in historic districts. Homeowners seeking to repair their properties may be confronted with above average material and labor costs associated with complying with requirements mandated by a particular historic district. The city will use tax-exempt government purpose bonds to fund this activity.

■ Program Description

The goal of this program will be to help maintain the character and uniqueness of Philadelphia’s historic districts and properties without placing an unnecessary financial strain on low-income homeowners. Using NTI Bond funds, the City will provide grants to low-income homeowners in historic districts to complete needed exterior repairs, such as, but not limited to, windows, façade treatments and painting. The City will work with the preservation community on the design and implementation of this program.

■ FY05 Budget

In FY05, the City will budget \$1 million for the design and implementation of this program.

Housing Trust Fund

■ Objective

The City of Philadelphia is faced with escalating demand for affordable housing and diminishing community development resources from the federal government. Changing demographics and declining allocations from Department of Housing and Urban Development programs over the past decade has led to an overall reduction in the amount of federal funding available for direct development subsidies. The problem of diminishing resources cannot be resolved by the public sector alone. New, non-public, sources of funding must be identified to support the development of affordable homeownership and rental housing units. The City will use tax-exempt government purpose bonds to fund this program.

■ Program Description

The City proposes to use NTI bond funds to help capitalize a housing trust fund. The NTI Bond funds must be matched, dollar-for-dollar up to \$1.5 million, with funds secured from the private sector – foundation, corporate, individual or other private sources. Funds generated by syndication of Low-Income Housing or Historic Tax Credits will not qualify as a match. Release of funds will be contingent on the approval of the Housing Trust Fund by the Secretary of Housing and Neighborhood Preservation. NTI bond funds must be used for the rehabilitation or construction of affordable rental, homeownership or special needs housing that meets the criteria established by the Secretary of Housing and Neighborhood Preservation. The city will use tax-exempt government purpose bonds to funds this activity.

■ FY05 Budget

In FY05, the City will budget \$1.5 million to the Housing Trust Fund.

Vacant Property Management Information System

■ Objective

The Vacant Property Management Information System (VPMIS) will provide an efficient mechanism for acquiring, assembling, and disposing of property. Currently, the City lacks 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 research the same information on a property because a unified information storage system they can reference is not available. The result is duplication of effort, delay, and inefficiency in the processing of vacant property transactions. VPMIS will address these problems, increasing timeliness and decreasing the cost of the City's land acquisition and disposition processes. Tax-exempt government purpose bonds will finance the development of this system.

■ Program Description

In FY03, the City developed a baseline system, 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 is the first component of the fully integrated Vacant Property Management Information System (VPMIS). The VPMIS will track the 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 City has issued an RFP to identify a consultant to complete the plan and design of the VPMIS.

■ FY05 Budget

In FY05, the City will budget \$2.37 million for the development of the fully integrated VPMIS

Unified Land Records System

■ Objective

Today each of the major departments maintain property specific data in separate systems that cannot be readily integrated with one another. Moreover, while the data is address based, there are inconsistencies in addressing standards and data organization, increasing the difficulty to quickly and accurately access relevant data for an individual property. This is exacerbated by the inability to organize this data spatially through a digital parcel map.

The successful reengineering 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) will aggregate 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 will be linked by a common address utilizing the ULRS's Master Address System in conjunction with the Department of Records' (DOR) ParcelBase. Sharing property data across City agencies and departments can provide 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 the coordination envisioned above requires the design and implementation of two projects simultaneously: Unified Land Records System and ParcelBase. These projects will develop an enterprise data model and an integrated parcel management system that will enable 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 DOR ParcelBase to improve the quality and effectiveness of address information in the City. The address management system is intended to support address standardization and reduce redundant management of address data in various City departments as well as to mitigate data quality problems that are currently widespread.

ULRS will also implement 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. Once the system is designed and implemented, core ULRS applications and end-user interfaces will provide access to all City departments via the City's the Intranet and Internet.

■ **FY05 Budget**

In FY05, the City will allocate \$1,594,150 for additional MIS development.