

1 VOLUME II
2 COUNCIL OF THE CITY OF PHILADELPHIA
3 PUBLIC HEARING
4 BEFORE THE COMMITTEE OF THE WHOLE
5 - - -
6 Room 400, City Hall
7 Philadelphia, Pennsylvania
8 Wednesday, October 17, 2001
9 1:00 p.m.
10 - - -
11 RESOLUTION 010562 - Authorizing Committee of the
12 Whole to conduct hearings to examine why
13 Philadelphia continues to lose population and to
14 examine possible forces of action to reverse that
15 trend, including a Neighborhood Transformation
16 Initiative focusing on blight removal,
17 improvements to city schools, job development,
18 anti-crime initiatives, or other measures.
19 - - -
20 PRESENT:
21 COUNCILWOMAN ANNA C. VERNA, Chair
22 COUNCILWOMAN BLONDELL REYNOLDS BROWN
23 COUNCILMAN W. WILSON GOODE, JR.
24 COUNCILMAN JAMES F. KENNEY
25 COUNCILMAN ANGEL L. ORTIZ
COUNCILMAN FRANK RIZZO
COUNCILMAN FRANK DiCICCO
COUNCILWOMAN JANNIE L. BLACKWELL
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN DARRELL L. CLARKE
- - -
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2 PRESIDENT Verna: This is a continued
3 hearing regarding Resolution No. 010562.

4 Our first witness is Charles Pizzi, from
5 the Philadelphia Chamber of Commerce.

6 Do you have a panel with you, Charlie?

7 CHARLES PIZZI: No, ma'am. It is just
8 myself.

9 Good afternoon, President Verna and
10 members of the Council. For the record, my name is
11 Charles Pizzi, and I am President/CEO of the Greater
12 Philadelphia Chamber of Commerce.

13 I appreciate the opportunity to come
14 before you today to share with you the Chamber's
15 perspective on the issues before us: Population
16 loss, blight, and attendant problems in the City of
17 Philadelphia.

18 Unfortunately, the facts are clear and
19 poignant. The city has lost approximately 400,000
20 people who were, generally speaking, middle-class
21 residents who contributed to the tax base and
22 200,000 jobs since 1970.

23 As they left, the percentage of our
24 population who lives in poverty grew, which became
25 more of a burden for the city.

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2 Why did this happen? Simply put, we
3 have lost our competitiveness resulting from high
4 taxes and a poor performing school system.

5 So, ladies and gentlemen, today I come
6 before with an analogy. Our house is not smoking,
7 it is on fire, and it is time to put it out.

8 That is why we are supportive of the
9 Mayor's Neighborhood Transportation Initiative and
10 pledged our support when it was first unveiled in
11 April.

12 To date, Joe Marks has done a good job
13 and is to be congratulated on removing the abandoned
14 vehicles and cleaning up the vacant lots in the
15 city.

16 I intend it specifically address the
17 points you raised in your letter to me, Madam
18 President.

19 I have provided you with handouts from a
20 report, as you may have already seen, prepared by
21 the Metropolitan Philadelphia Policy Center, which
22 is supported by the PEW Foundation an the
23 Pennsylvania Economy League entitled Flight or
24 Fright. These charts say it all.

25 Out of 20 major cities, Philadelphia's

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2 almost at the bottom of the list for population and
3 job growth.

4 Vacant residential structures are
5 rampant and go unchecked. We are no longer a
6 competitive location for business. For every dollar
7 spent in the suburbs, Philadelphia business must pay
8 \$1.29.

9 For every dollar a business pays in
10 taxes in other cities, in Philadelphia business pays
11 \$1.16.

12 The burden is even worse on households.
13 For every dollar a suburban households pays in the
14 suburbs, Philadelphia households must pay \$1.60.
15 And in this figure it does not include those
16 residents who pay for private or parochial school
17 tuition or car insurance.

18 Unless we become more competitive, we
19 will not see any major changes. After all, where
20 are all the immigrants? They are not here, as in
21 other American cities, because there are no jobs
22 here.

23 I am confident that we are going to see
24 a plan issued by the City Controller to try to bring
25 more equity to the current tax structure in this

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2 city, a plan that would encourage and promote
3 business.

4 To your second point, how should these
5 issues be addressed, well, it will take lots of
6 courage and good communication with our residents,
7 of our neighborhoods, by letting them know if bold
8 steps are not taken, they will continue to lose
9 their savings, which primarily is in their ownership
10 of their homes.

11 We all have something to risk, whether
12 it is an election or a life savings, which should
13 drive us to do the right thing.

14 What is preventing us from addressing
15 these issues? In order to address the issue of high
16 taxes, we have to talk about eliminating expenses in
17 the city. And what is the number one expense in the
18 city? Labor.

19 Just as private employers are acting on
20 this reality today, we need to take the same actions
21 and to start eliminating nonpublic safety positions
22 by scrutinizing all positions that are not
23 public-safety jobs to test how essential they are in
24 providing services to our citizens.

25 I must tell you that, just as elected

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2 officials want to be reelected, so do CEOs of
3 publicly held companies. However, those CEOs are
4 making these tough decisions today because not to do
5 so would neglect their fiduciary responsibility and
6 allow their organizations to become noncompetitive
7 and, therefore, nonexistence.

8 Another major issue is addressing the
9 population loss of the Philadelphia school system.
10 This, too, is an economic issue.

11 As you know, people leave because they
12 want to provide the best opportunity for their
13 children. This issue is probably number one for
14 middle class and lower class citizens because our
15 young people are the most important people in our
16 lives. And that's why some people had made the
17 decision to relocate.

18 The Chamber has been working to help
19 bring parties together on this critical issue.

20 I am aware of the Edison Report, as all
21 of you are, and will be unveiled at the end of this
22 month.

23 PRESIDENT VERNA: I'm sorry. Did you
24 say that you are aware of the Edison Report, as we
25 are?

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2 MR. PIZZI: Yes; that the Edison Report
3 will be coming --

4 PRESIDENT VERNA: I'm sorry. I just
5 thought you saw it, the way you phrased it. Okay.

6 MR. PIZZI: No; we are aware of it.

7 PRESIDENT VERNA: The upcoming Edison
8 Report.

9 MR. PIZZI: Right.

10 PRESIDENT VERNA: Thank you.

11 MR. PIZZI: Thanks for the
12 clarification, Madam President.

13 The Chamber stands ready in its efforts
14 to work in helping resolve the issues that will come
15 out of the report by working with the Council, the
16 Governor's Office, the Mayor's Office and the school
17 district.

18 We can turn things around. Look at our
19 Center City today, as opposed to 20 years ago. It
20 is actually so much better.

21 In 1989 and '90, the Chamber was
22 instrumental in founding the Center City District,
23 another example of keeping Center City neat and
24 clean and sending the message that Philadelphia is a
25 safe place to live and work.

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2 The Chamber has worked with City Council
3 and the Mayor's Office to help work with and end
4 homelessness for many of our citizens and in helping
5 the business community in dealing with homeless
6 issues which provide more downtown citizens, as well
7 as the opportunity for retailers looking for
8 opportunities here from Delaware Avenue, to
9 Independence Mall, to Broad Street.

10 In an effort to stem the brain drain and
11 attract and retain skilled workers in the area, and
12 to utilize colleges and universities as economic
13 engines, the Chamber has launched a very successful
14 College President's Council.

15 To date we have over 30 active members
16 Chaired by Dr. Judith Roden. We must look upon our
17 colleges and universities as the factories of the
18 1950s.

19 Now, we, as like other cities, didn't do
20 such a good job with our industrial base, but we
21 have a great opportunity to exploit these new
22 pillars of our society.

23 Colleges and universities provide
24 faculty and students and the necessary brain power
25 to come up with urban solutions. They provide jobs

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2 for our neighborhood residents. They provide
3 purchasing power from city businesses.

4 And, most importantly, they can help
5 rebuild neighborhoods by having housing in and
6 around their campuses.

7 I have found the presidents of these
8 institutions to be concerned citizens who share our
9 willingness to rebuild and revitalize our
10 neighborhoods.

11 There is an excellent report, as you may
12 have already seen, by the City Planning Commission.
13 The report, the New Century of Neighborhoods,
14 provides a plethora of statistical information on
15 population losses in the city.

16 The report provides a blueprint for
17 neighborhood initiatives, but several facts struck
18 me.

19 There was a lack of new construction
20 going on in the city as far as moderately priced
21 residential housing, even though city employees
22 still must live in the city.

23 Housing values have not kept up with the
24 suburbs. In 1999, the medium home sale price in
25 Philadelphia was only \$55,000. The regional price

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2 was 117,000.

3 This report should not be shelved, but
4 it will take courage to implement it.

5 We must make better use of our natural
6 resources, like our parks and our streams and our
7 rivers, to provide this new effort for middle-class
8 housing.

9 The City Council bill changing old,
10 vacant buildings into apartments in downtown
11 Philadelphia has worked and has been a tremendous
12 success.

13 I am convinced that the best social
14 program is a job. And if we want jobs, we must
15 provide a competitive environment. It is just that
16 simple.

17 We have been reading reports and studies
18 for the last 25 years. Now it is time for action.

19 This is a time for bold initiative, from
20 cutting city taxes, to the Mayor's Neighborhood
21 Initiative.

22 We can no longer afford to skirt the
23 issues. It is time to make decisions.

24 Why has the population decreased, yet
25 city government increased? We need to cut taxes.

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2 We need to become more competitive. We need to stem
3 the middle class downward spiral. If we do not do
4 so, we will all be culpable.

5 I look forward to the City Controller's
6 report outlining a plan to reduce taxes and bring
7 people back to the city.

8 Again, thanks for this opportunity. And
9 at this time I would be happy to take any questions
10 that you or your colleagues may have.

11 PRESIDENT VERNA: Thank you very much.

12 The Chair recognizes Councilman Ortiz.

13 COUNCILMAN ORTIZ: Thank you, Madam
14 Chair.

15 Mr. Pizzi, have you read the Block Plan
16 ?

17 MR. PIZZI: I'm sorry?

18 COUNCILMAN ORTIZ: The Mayor's Block
19 Plan, have you read it?

20 MR. PIZZI: Yes.

21 COUNCILMAN ORTIZ: And within that one
22 of the main pillars of it is 14,000 or 16,000 new
23 housing units, with no explanation as to the cost of
24 those 15,000 housing units or how they are going to
25 be built.

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2 A great number of them are subsidized
3 housing, which, in essence -- because if people have
4 to subsidize, they are not going to leave the city.

5 That's a population that is going to
6 remain in the city. They are not going to go away.
7 We are trying to attract.

8 We cannot fulfill those 14,000 at a
9 competitive pricing in order to bring that middle
10 class into the city.

11 What do you recommend and what is the
12 Chamber willing to do to bring us into a competitive
13 atmosphere in terms of building and construction in
14 the city, so that we can compete with the suburbs?

15 MR. PIZZI: I think that's a very
16 important issue as we look at the costs of
17 construction.

18 And I think there will be a willingness
19 to see -- the solution is, how do we cut our cost.
20 And that entails from developer's fees, to
21 construction cost, to payment of labor.

22 COUNCILMAN ORTIZ: We understand that we
23 have to cut costs. I mean, can you imagine if the
24 construction costs that we bid for and that we are
25 paying for, for the stadiums that we are going to

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2 build, were at the rate of, let's say, Cheltenham or
3 some of the suburbs?

4 I think we could probably cut a couple
5 hundred million dollars off the stadiums. That
6 could be funneled to somebody else.

7 MR. PIZZI: When you look at that -- and
8 I understand your issue of costs and competitiveness
9 specifically as to relates to the bidding trades.

10 And I think what you have to put within
11 that equation is productivity versus cost, because
12 the building trade does provide a great amount of
13 productivity to their jobs.

14 I also think that there is a vested
15 interest by the building trades to try to want to
16 compete in order to make this opportunity available.

17 And everybody, you know, as I said in my
18 testimony, everybody has to sacrifice. Everybody
19 has to sacrifice across the board, if we want to
20 fulfill this vision.

21 COUNCILMAN ORTIZ: Do we begin with --
22 and you mentioned the schools. And I think we have
23 to start with the schools.

24 In order to keep a middle class, and
25 bring a middle class into the city, you have got to

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2 have a public school system that is going to be not
3 just viable, but one that is giving premium
4 education. And that begins with funding.

5 Jim Kenney and I signed onto the bill
6 proposed increasing our contribution by 75 million.

7 We need funding for the public schools.
8 It is, I think, has to be the pillar upon which we
9 build any blight plan.

10 What is the Chamber going to be doing in
11 terms of securing, not Edison, but securing a public
12 school system that is well-funded in the City of
13 Philadelphia?

14 MR. PIZZI: See, I think --

15 COUNCILMAN ORTIZ: Given the nature that
16 with Jim's bill, we are already trying to start the
17 dialogue and the debate on proper funding and
18 property cooperation from the city in this aspect.

19 MR. PIZZI: Well, if you look at not
20 just your bill, but there are other bills in City
21 Council that have really helped change the face of
22 our economy.

23 Now, you raise the issue of school
24 funding. You noticed that we all know that the
25 population that are living in poverty has grown.

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2 How do we get those people out of
3 poverty? It is very simple. We have to provide
4 them a good education.

5 COUNCILMAN ORTIZ: Right.

6 MR. PIZZI: I think that this
7 third-party report will come out and talk about the
8 funding that's going to be necessary --

9 COUNCILMAN ORTIZ: Mr. Pizzi, with all
10 due respect, we know. I mean, we have had reports
11 on public -- there is no secrets as to what is
12 needed.

13 MR. PIZZI: But my point is, we are
14 going to support funding for the school system at
15 both the state level. I mean, there is no question
16 about that.

17 COUNCILMAN ORTIZ: Thank you, Madam
18 Chair.

19 PRESIDENT Verna: You are welcome.

20 The Chair recognizes Councilman Kenney.

21 COUNCILMAN KENNEY: Thank you, Madam
22 President.

23 On the issue of schools, just so it is
24 mentioned already, I was honored Tuesday to get a
25 call from the Governor, our new Governor Schweiker,

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2 who was extremely encouraging to me in asking that
3 we continue to pursue this \$75 million number that
4 is on the table now.

5 He felt that that level of commitment
6 from Philadelphia would and is sending a strong
7 signal to elements of the legislature, makes his job
8 easier in trying to garner a significant increase or
9 significant dollars, new dollars, for the schools.

10 And I was honored that he called me
11 personally and encouraged that he felt that that
12 kind of effort or action would go a long way in
13 helping this come to a fruitful conclusion. So I
14 wanted to let you know that.

15 And anything you can do to influence
16 members of this body and/or the Mayor's Office to
17 support such an initiative I think would go a long
18 way in moving this fiscal crisis for the schools at
19 least to some level of conclusion. And it won't
20 ever be perfect, but it will be very helpful.

21 So the Chamber and the respect that we
22 all have for the chamber, I am sure the Mayor has,
23 if you can articulate that to members of this
24 Council and to the Mayor, it would be a big help in
25 trying to get this accomplished.

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2 The Governor, who is obviously of a
3 different party than me, agreed. And I talked
4 privately yesterday while I was in Harrisburg talked
5 to some people from various leadership staffs from
6 leadership in the Senate and the House and were very
7 much enamored and enthused about our potential in
8 putting up significant amounts of money.

9 Let me just --

10 MR. PIZZI: If I can, Councilman, we are
11 going to have, hold a public event on the Edison
12 program and your Council bill once the report will
13 be issued.

14 So you can be certain that the signal
15 that was sent and that the Governor's engagement of
16 that plays a very important role in getting this to
17 move forward.

18 And I just, you know, I talked about
19 political courage. I had never heard a Governor on
20 his inaugural talk about the Philadelphia schools.
21 And I think that was political courage on the
22 Governor's part.

23 COUNCILMAN KENNEY: I think the
24 opportunity that we have, however, and the Governor
25 confirmed yesterday what he had said publicly, that

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2 he decided for family reasons, the age of his
3 children and personal reasons, not to seek a full
4 term as governor.

5 I think that may be one of the
6 opportunities that we have that political courage
7 can also come not only from internal courage, but
8 from the fact that you don't have to worry about
9 being elected or reelected. And maybe this is the
10 opportunity that we need, that window of
11 opportunity, to begin to solve this problem.

12 While I really do appreciate and respect
13 you and am glad you are here today to focus
14 attention on various reasons why people leave the
15 city, but you were clearly supportive of the
16 neighbor's NTI proposal.

17 And while I recognize you have read all
18 the documents that have been circulated, I want to
19 approach this from a business perspective.

20 You as a CEO of a company or a member of
21 the Board of Directors of a company or a loan
22 officer, president of a bank, who needed to review
23 the documents necessary to determine whether or not
24 your institution would lend \$250 million for any
25 project, whether it was a development project or

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2 whether it was an initiative like this which is very
3 important.

4 Wouldn't you need and demand all of the
5 materials and documentation in writing necessary for
6 you to make a decision on whether or not your
7 institution should lend that type of money?

8 Isn't that a prerequisite of any lending
9 institution's consideration, due diligence,
10 fiduciary responsibility in ensuring that the money
11 that they lend in fact is going to be paid back in a
12 timely fashion? And isn't that something that's
13 just part and parcel of a normal business practice?

14 MR. PIZZI: I think it is a fiduciary
15 responsibility of this body to do so.

16 COUNCILMAN KENNEY: I am talking about
17 just from a private-sector standpoint.

18 MR. PIZZI: Absolutely. That's what you
19 have to do. It is a fiduciary responsibility.

20 COUNCILMAN KENNEY: Well, there are a
21 number of areas of this plan that I simply don't
22 understand and have not been able to get an answer
23 to. And the answers, frankly, are not forthcoming.

24 And I consider myself on the Board of
25 Directors of a 3 \$billion company here. I think

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2 that is a pretty appropriate analogy. And I think
3 the Mayor is the chief executive officer of that \$3
4 billion company. And we do have a fiduciary
5 responsibility.

6 But when I read a plan that basically
7 says, we are depending on significant amounts of
8 unnamed amounts of money from the federal
9 government, from the state government, and private
10 investment, without being specific as to the levels
11 of that investment, without being specific as to the
12 source of that money, I find it difficult to
13 understand how the United States of America, for
14 example, engaged in a war at this point, has
15 Afghanistan and Philadelphia's NTI program on the
16 top of their agenda.

17 I would think that what's going on in
18 the Middle East now would take precedent, both from
19 a brain-power standpoint and from a financial
20 standpoint.

21 Obviously the money we are spending to
22 have our troops there, to have our forces there, to
23 reinvest in keeping companies afloat, airline
24 industry and tourism industry and other things, I
25 think that perhaps money for the federal government,

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2 substantial sums of money for NTI in Philadelphia,
3 might not yet be on the radar screen, if it ever
4 gets there.

5 The state, as we have mentioned here
6 before, is talking about wrestling with the
7 difficult issue of substantial new funding for the
8 Philadelphia public schools.

9 At the same time, I don't suspect that
10 the Philadelphia's Neighborhood Transformation
11 Initiative is high or anywhere on the radar screen
12 in Harrisburg for funding, considering the fact that
13 we will probably be coming back here not too soon in
14 the future, too long into the future, suggesting
15 that we expand our Convention Center, which I think
16 we need to do.

17 So there are certain priorities that
18 other governments will establish as it relates to
19 what we request from them for these kinds of needs.

20 And, thirdly, the private investment --
21 I think you have talked about it in a roundabout way
22 with Councilman Ortiz -- there has to be substantial
23 changes in the way we build housing in Philadelphia
24 from a cost standpoint, or the private investors
25 that this NTI plan envisions coming in are simply

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2 not going to come.

3 If the environment, if the cost of
4 building houses, if the red tape and permit process
5 and zoning process and all those land-acquisition
6 issues aren't resolved, and we know how they are
7 going to be resolved by having someone write them
8 down and show them to us so we can read them and
9 understand them, wouldn't that give you some pause
10 as a president of a bank, if a company or an entity
11 had come to you to ask to borrow that kind of money,
12 with all those variable factors unanswered?

13 Would that not make you pause?

14 MR. PIZZI: I think the issues you
15 raised are legitimate concerns. And I can --

16 COUNCILMAN KENNEY: I don't mean to
17 interrupt you.

18 I want you to give me the answer that
19 you would give me based on a business decision.
20 Look, none of us in this room, including yourself,
21 the Council President, and every member of this
22 Council is in favor of blight. No one is in favor
23 of blight.

24 All of us want to see blight eliminated
25 and land put to use that makes sense. All of us do.

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2 The problem is getting from telling us to vote for
3 it, and giving us the leeway we need to understand
4 it, to document it, and to make sure that what is
5 said is going to be done is in fact carried out.

6 But from a business standpoint, as the
7 president of that bank, would you loan that \$250
8 million with those variables unattended to?

9 MR. PIZZI: All business is done based
10 on relationships, based on trust.

11 COUNCILMAN KENNEY: Based on documents,
12 too.

13 MR. PIZZI: Well, first based on trust.
14 That's how business is done. It is based on trust.
15 And then that's why we have lawyers, they make sure
16 the documents are right.

17 What there has to be is trust on both
18 sides. Until that's done, I don't care what facts,
19 nothing will get done.

20 COUNCILMAN KENNEY: I will be happy to
21 quote a long-time member of this Council who sat in
22 this very chair, respect here greatly, Councilwoman
23 Augusta Clarke, who said, "Trust me is what little
24 boys say to little girls."

25 I don't think she was expecting me to

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2 quote her, but I think it applies.

3 MR. PIZZI: There is no question about
4 that, Councilman. It is about relationships and
5 trusts. And what we have here is, you need to get
6 questions answered.

7 I think, though, in order to move --
8 like you said, we all want to improve our
9 neighborhoods. There is no one in this body, in
10 this chamber, who would disagree with that.

11 I think what we have to do, though, is
12 to put a date targeted out there that we are going
13 to work to get this done by, provided these issues
14 are answered.

15 COUNCILMAN KENNEY: The only thing on
16 the table right, now, Charlie, with all due respect,
17 is a request for a \$250 million borrowing, with none
18 of the details.

19 The servicing agreement is not something
20 that is going to be approved by us. The servicing
21 agreement, basically, as I understand it, will allow
22 one entity, the Administration of the City of
23 Philadelphia, to award contracts, to monitor work,
24 and to make sure that the work gets done.

25 And the reason I raise the other

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2 variables that are still out there, federal, state,
3 local investment, is \$250 million is a spit in the
4 ocean for the problems that we face in this city.
5 We all acknowledge that.

6 So if the other areas of those fundings,
7 the funding is not forthcoming, what happens to the
8 250? Where does it go? How is it utilized?

9 I mean, there are specific questions
10 that we, as Board members of the Board of Directors
11 of this, company need to ask.

12 And that is, when we take down the
13 14,000 properties, how much time between the taking
14 down of the properties and the redevelopment is
15 there? What's the time frame there?

16 How are those properties maintained?
17 Are they fenced? Are they cleaned?

18 Frank DiCicco will tell you, he has
19 cleaned vacant lots in his district maybe 6, 7, 10,
20 12 times. They have become short dumping sites
21 immediately after demolition. That's a specific
22 issue.

23 The collapsing of the housing agencies,
24 the alphabet agencies, RDA, PHA, PCDC, all those
25 agencies, what happens to those agencies when it is

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2 collapsed into one? What is the governance scheme
3 of the agency it is collapsed in? What are the
4 powers of that agency that's going to be the
5 superagency for housing development in the city?

6 What are the specifics of the land bank?
7 How does the land bank work? Who sits on the bank?
8 Who decides which elements of the city has property
9 available to it so that they can give to or offer to
10 developers?

11 Question, after question, after
12 question. And the only thing that's before us
13 today -- or not even before us today, it is
14 somewhere in the legislative netherworld -- is a
15 request for \$250 million bond authorization.

16 Now, if I look at that and I add to that
17 what we may have to contribute to the schools, what
18 we are contributing to the stadiums, what we may
19 have to contribute to our Convention Center
20 expansion, what we may have to save in order to
21 stave off what I believe now is a \$25 million
22 shortfall before September 11 on our wage tax
23 projections, a flat line on our sales tax
24 projections prior to September 11, I as a fiduciary,
25 responsible person on this Board of Directors needs

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2 to have the leeway to say, "Wait a minute. Let's
3 figure out the details of this plan before we cut
4 loose this money. Because, guess what? We may not
5 be able to afford it."

6 I will give you a good example,
7 something I read the other day that I should have
8 known about it, but it shocked me.

9 Our debt service payments on the stadium
10 deal is based very much on rental car tax. Nobody
11 is renting cars at the airport because of September
12 11. Our rental car tax numbers are in the toilet.

13 God forbid, God forbid, that the U.S.
14 government decides to the FAA to remove rental car
15 facilities from airports' main property and move
16 them off site.

17 We could forget the rental car tax
18 because those companies will be in Tinicum, and they
19 won't be paying the tax.

20 So all of these things that happen as a
21 result of things that are unforeseen to us leads me
22 to at least want to say, let's just figure out the
23 details of this, and not just give me the -- I know
24 you are not making that argument, because you made
25 very cogent arguments in a lot of areas, taxes,

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2 schools, and other things -- but some people who are
3 advocating that we are slow or that we are not doing
4 our job or that we are holding the Mayor back is
5 simply saying, vote for this site unseen and trust
6 me.

7 Well, there is a level of trust and then
8 there is a level of documentation and a level of law
9 and a level of regulations. And we need both the
10 trust and the documentation, the trust and what the
11 plan is.

12 And until we get the plan, I am not a
13 responsible person by voting for a \$250 million bond
14 issue.

15 I mean, that's where we are. And that's
16 where I am at, anyway. I don't know if that's where
17 we are; that's where I am at.

18 MR. PIZZI: Well, the only thing I
19 would -- listen, I think that's a very cogent
20 statement you made.

21 It is very hard, you know, to take you
22 to task on anything you said. I think it is very
23 well thought out. It is not only looking at the
24 cost today, but in the future.

25 And yet on top of that, Councilman, I

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2 have to tell you, I would love to see you eliminate
3 expenses, which is more scary when you look at what
4 has to happen if you want to cut taxes.

5 COUNCILMAN KENNEY: Somebody's ox gets
6 gorged. And that's a hard political decision to
7 make. Don't expect it before 2003, either.

8 MR. PIZZI: That's why I thought I would
9 start early.

10 I would just say to you that if we can
11 play a role, any role, in facilitating this, we
12 stand ready to do so.

13 COUNCILMAN KENNEY: Let me make one
14 suggestion on the role you can play. Because I
15 think your membership doesn't understand the clout
16 that they have.

17 I really believe that if business --
18 Council, all of us who have been in Council for a
19 while, have been to community meetings.

20 And I will go to a community meeting in
21 South Philadelphia or Port Richmond or West Philly,
22 and I will have people wag their finger in my face
23 and tell me if they don't get this street sign done
24 or this situation straightened out on their corner,
25 I am going to throw you out of office.

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2 Well, you guys have to take the same
3 tactics. That unless the taxes go down, unless the
4 budget gets cuts, unless the expenses go down,
5 unless the schools get fixed, we are going to throw
6 you out of office or we are going to move. And I
7 think you guys have more clout than you realize.

8 Because you are the major employers in
9 our city. And you make our city run by providing
10 those jobs you talked about.

11 And I am telling you, if you got in
12 there to our offices and to the Mayor's Office and
13 slammed your fist on the table and demanded that
14 kind of action, I think you would get it.

15 MR. PIZZI: I think our new chairman
16 will take you up on your challenge.

17 COUNCILMAN KENNEY: Look forward to it.

18 PRESIDENT Verna: Thank you.

19 The Chair at this time recognizes
20 Councilman DiCicco.

21 COUNCILMAN DiCICCO: I really don't know
22 if I have anything else to say.

23 PRESIDENT Verna: It is a hard act to
24 follow.

25 COUNCILMAN DiCICCO: Except I will

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2 comment on your last statement about when we go to
3 community groups and ask for services. I said I may
4 be the only Councilperson who gets removed in office
5 for providing a basic city service of cleaning
6 streets in South Philadelphia. But that we will
7 have to wait for.

8 I do have one other comment, though, I
9 will make, which is towards the end of Jim's
10 statement.

11 And I agree that you have probably more
12 clout than -- maybe you realize it, but you may not
13 want to use it because you are always in a
14 sensitive, tenuous situation, where you don't want
15 to be fighting with an Administration, when you are
16 also trying to get something out of the
17 Administration.

18 But I think there is a gentle way of
19 doing it, as opposed to a hostile way of doing it.

20 And this morning by mistake I showed up
21 at your breakfast meeting with the Small Business
22 Association because it was a scheduling mistake on
23 my part.

24 And I mentioned the fact that there are
25 a couple of bills that I have done, primarily with

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2 tax abatements and exemptions, that have proven to
3 be very successful in attracting people and
4 developers here.

5 But there are other bills that I would
6 like to do which we just can't seem to get done
7 because of what I am told are constitutionality
8 issues.

9 One of the bills I was ready to
10 introduce and I pulled it back had to do with
11 offering first-time home buyers in the City of
12 Philadelphia, whether they are existing city
13 residents or nonPhiladelphia residents who want to
14 move in, maybe a five-year wage tax abatement as an
15 incentive to move in.

16 And I am told that you can't do that
17 because of constitutional legislation or statutes
18 say that we are not allowed to do that under the
19 Uniformity Act.

20 We need your help at the state level, as
21 well, in terms of some of the tax bills and
22 legislation that we would like to do.

23 We have done those which we can do
24 within the power under the City Charter to do, but
25 we need to go beyond that.

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2 And I think the Chamber could be very
3 helpful. Because sometimes when we speak, as you
4 know, as Philadelphians from this body, people in
5 Harrisburg are not always listening to us.

6 And they see it probably in a lot
7 different light than either we present it or we
8 would like for them to see it.

9 So just as a suggestion, I would like to
10 sit down and talk to you guys going forward, some of
11 the ideas I have which may be helpful to all people.

12 My developer hat, as one of my
13 colleagues says, is on. I think it should be on.

14 Because it is not us versus them -- and
15 I said this the other day -- we have to do this
16 together.

17 MR. PIZZI: If you have developers, it
18 means you also have people who want to --

19 COUNCILMAN DiCICCO: You have jobs.

20 So I don't point my finger at developers
21 and say, these are people -- because they are
22 developers, there is this notion that because they
23 are developers, these are people who are of wealth
24 and lots of means, and that they should
25 automatically give some return back to the

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2 community.

3 Which they do, in a lot of different
4 shapes and sizes, which most people don't even
5 recognize.

6 MR. PIZZI: Councilman, your bill
7 changing over --

8 COUNCILMAN DiCICCO: Converted
9 buildings?

10 MR. PIZZI: -- converted office
11 buildings, you can see the benefit of that. We have
12 so many more people paying taxes now who live in the
13 city. It is incredible.

14 I mean, and that's the kind of
15 forward-thinking we are going to have to continue to
16 do.

17 So, I mean --

18 COUNCILMAN DiCICCO: Because I think
19 what that does it actually fits in at some point
20 into the blight plan, whatever that plan ultimately
21 turns out to be.

22 MR. PIZZI: Because we have been able to
23 expand the households downtown.

24 COUNCILMAN DiCICCO: Doing the market
25 rate housing. In addition to building new homes and

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2 as I said before, the matter of private investment.

3 And that's what 541 is about, about the
4 business community, investing in it, community
5 development corporations, and about government
6 giving them the consensus to do that.

7 I think, interestingly enough, if we
8 were to even begin to discuss the issues of schools
9 in the context of private investment, some people
10 would have to realize and admit that the way you
11 increase private investment in public schools is by
12 building more houses.

13 But getting past private investment, and
14 actually beginning to focus just on the public
15 investment, you are not only the head of the Chamber
16 of Commerce for several years, but a former Commerce
17 Director.

18 If you could, for some of my colleagues
19 and other people who may be in attendance, sort of
20 demystify some of the major development project
21 process that goes on by addressing two things.

22 One, your impression as Commerce
23 Director during the '80s, the investment of downtown
24 versus neighborhoods, versus now; and, two, how a
25 major project development deal is actually done.

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2 MR. PIZZI: Well, when I was Commerce
3 Director, that was really the last time we increased
4 jobs in the city. We increased them by 40,000. We
5 had 40,000 new jobs in the city from 1983 to 1987.

6 And at that time it was equally directed
7 between neighborhood development and downtown
8 development. There was not one project that was
9 more important.

10 But what happens with a downtown
11 project, or any major project in the city, now --
12 and I want to report one other thing.

13 When you talked about neighborhood
14 development, you know, people talk about Manayunk.
15 And if you go to Manayunk, and you see all that,
16 well, the original investment was made back in the
17 early '80s in Manayunk.

18 I mean, sidewalks, streets, lighting,
19 fixtures, investment into restaurants and loans,
20 that all happened in 1980.

21 It took it ten years to really become
22 the Manayunk of the new generation that we all know
23 today, but it started then.

24 But a development project takes place
25 because there is a market for it. And in order for

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2 a market to be for it, there has to be buyers,
3 whether there are residential users or whether there
4 are retail users.

5 Franklin Mills was done back in the '80s
6 because of the great buying power of the Northeast
7 and because it was on the axis of 95, where people
8 could come from New Jersey, all the way up to the
9 northern part of Pennsylvania.

10 And why some development doesn't take
11 place is because the households aren't making the
12 incomes necessary to either buy products or to move
13 in the housing.

14 And that's the reason why we call it
15 "market responsiveness."

16 You are not going to find a developer
17 saying, "Oh, gees, I want to go into a section of
18 the city that the poverty level is really high."
19 Well, there is nobody who can buy their product or
20 services.

21 So we can only attract those developers
22 to areas that are doing well. And you can't be
23 competitive unless we lower our tax rate. Because
24 until we do that, we are not going to have the
25 activity in the neighborhoods that we have done

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2 before.

3 The only other way we have been able to
4 attract people are through tracts of land. And
5 hopefully the city and state's zones that they have
6 committed, the Keystone Opportunity Zones.

7 But even with Keystone Opportunity
8 Zones, if they are not in an environment that
9 provides for good, quality workers, you are not
10 going to get them.

11 So that's really the, I would say,
12 simplistic reason for why some developments go
13 forward.

14 And on the project and the process, I
15 think the city has done, and continues to do, a
16 great job in streamlining the process once a
17 development project is identified.

18 Never had a complaint that the city
19 moved too slow.

20 COUNCILMAN GOODE: Thank you.

21 PRESIDENT VERNA: Thank you very much,
22 Mr. Pizzi. We really appreciate your coming in to
23 testify.

24 MR. PIZZI: Thank you. Thank you for
25 this opportunity.

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2 PRESIDENT Verna: Thank you.

3 Our next witness is Mark Allen Hughes.

4 Good afternoon and welcome.

5 MARK ALLEN HUGHES: Good afternoon,
6 Madam President. I appreciate the opportunity,
7 somewhat impromptu, to participate in these
8 hearings.

9 And actually let me begin by apologizing
10 and saying that, as I believe you know, I have a
11 class of students waiting for me at 2 o'clock. And
12 if I am not there in about five or ten minutes, they
13 will all start wandering off.

14 So I just wanted to take the
15 opportunity, though, to state very briefly how
16 important these set of hearings are and how
17 important this issue remains in front of the city,
18 and make a couple of quick observations regarding
19 NTI specifically.

20 And before I do that, let me say by way
21 of preface that I think it is important, as one
22 begins to design an initiative like this, that one
23 have a theory of the problem.

24 And I think that some thought,
25 reflection, discussion about a theory of the problem

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2 might well lead one to investigate questions like,
3 why do people leave the city.

4 And a question like that, quite
5 naturally, leads one to very broad subjects like
6 education, taxation, and so on.

7 And these are certainly at the top of
8 any list that helps to account for why we have had,
9 in effect, 50 years of depopulation.

10 But an argument that many people, and
11 that I am persuaded by, have made, is that, after a
12 half a century of depopulation, and in spite of the
13 fact that the fundamental causes of that
14 depopulation are certainly taxation, are certainly
15 education, are certainly crime, are certainly a
16 whole set of changes that have led to
17 suburbanization, in spite of that fact, that
18 derelict property and abandonment and vacant land
19 and buildings are now sufficiently large in
20 Philadelphia, sufficient scale in Philadelphia, that
21 they have become a problem in their own right.

22 And I think that the only way to make
23 sense of both the policy possibilities here and the
24 funding possibilities is to take in fact that
25 somewhat narrower view of the problem and to say

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2 that, yes, we recognize that there are fundamental
3 causes.

4 But after a half a century of
5 depopulation, derelict property has now become a
6 problem in its own right that we need to address
7 directly.

8 Recognizing that by addressing it
9 directly, we may not, in fact we certainly will not,
10 address in the short run schools and crime and a
11 whole host of other problems.

12 But I think it is important to realize,
13 and certainly I believe, that we are never going to
14 be able to get any traction on those other problems
15 until we address the problem of abandonment and
16 blight itself directly.

17 And I think that that is the best
18 argument for a blight plan.

19 Now, having kind of tried to narrow and
20 set up the target to facilitate shooting, give us a
21 target that's at hand, I think the questions in
22 particular that Councilperson Kenney has raised, and
23 the whole set of questions regarding the Mayor's
24 specific initiative, let me just say briefly, those
25 questions are answerable.

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2 It is almost as if there has been a
3 debate about whether or not such questions are even
4 answerable and about the propriety of asking them at
5 this stage.

6 And I would like to say that, in fact,
7 those questions are very important to ask and are
8 very important to answer before acting.

9 On the other hand -- and I think this is
10 something of a cross-roads issue for this body -- I
11 find it quite compelling arguments regarding the
12 fiduciary and political responsibilities of Council
13 on this. I think I find it quite compelling.

14 And I would be the last person to advise
15 this body on, you know, the local politics of any
16 particular issue. I am a student, not a teacher, of
17 that, certainly in this room.

18 But, I think it might be time perhaps to
19 consider a somewhat alternative strategy here.
20 Which is, that if the Mayor cannot or will not
21 provide you with reassurance at the front end in the
22 form of a plan that makes you comfortable in meeting
23 your responsibilities, then perhaps you might
24 consider amending that plan in a way that grants you
25 oversight responsibilities on the back end.

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2 Recognizing the difficulty of competing
3 in the marketplace of ideas, with a Mayor's Office
4 that can speak with one voice and a Council that by
5 design has many voices in it, recognizing the
6 possibilities for getting cornered into a situation
7 that you find it quite difficult to make some
8 decisions and resolve a bunch of tensions in a plan
9 you have never seen and haven't been shown, that you
10 might want to consider this other alternative.

11 That is, an attempt to, in effect, fight
12 something with something, and to amend NTI in a way
13 that can allow you to meet your responsibilities at
14 the back end of the process.

15 And to begin a set of arguments that are
16 not about the plan, because -- and this is something
17 of an irony, right, for me to offer this advice.
18 Because I have certainly been arguing about the plan
19 for quite a long time. And I think these questions
20 are answerable.

21 But, if they won't be answered, then
22 perhaps an alternative strategy is to simply amend
23 the plan and make it possible for you to stay in the
24 game after the release of the money.

25 Now, I will tell you that, certainly in

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2 my own kind of research into the blight problem and
3 what might be done to address it, that the presence
4 of many hands is a big part of the problem.

5 And certainly a large number of those
6 many hands in the current way we deal with land
7 acquisition and transfer are the hands of Council.

8 And that in a streamlined process that
9 was rational and agreed upon by all, it might be
10 possible to remove those hands in a way that might
11 remove lots of people from the decision-making
12 process.

13 But I don't think we are going to have
14 an opportunity, at least from the NTI folks, to see
15 such a plan and to vote on it.

16 And, therefore, again let me just close,
17 and leave some time perhaps for anyone to ask any
18 questions that you might have, is that you might
19 want to think about this alternative strategy and
20 build for yourselves a role along, you know -- 90
21 percent, in spite of what many have suggested, 90
22 percent of what's necessary to deal with this
23 problem is available, certainly when it comes to
24 legislation and regulation.

25 The RDA, I believe, is in a position to

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2 do much of what needs to be done. And, again, in my
3 view, very briefly, should be the center around
4 which the many fragmented public agencies that are
5 now involved in this issue should be consolidated.

6 But that's simply an example of the way
7 much of what we need to do is already at hand.
8 VPRC, for example, which is a place in which Council
9 has a very important role.

10 And you might think about amending that
11 function in such a way that you can continue to meet
12 your responsibilities after NTI is funded, if in
13 fact it ever is.

14 So, thank you.

15 PRESIDENT VERNA: Thank you so much.

16 The Chair recognizes Councilman Nutter.
17 Councilman, I just want to remind you that Mr.
18 Hughes said he has a class at 2 o'clock. It is now
19 2 o'clock. So I would ask the Council Members to
20 try to be as brief as possible.

21 COUNCILMAN NUTTER: Thank you, Madam
22 President. It takes me five minutes to get my
23 question together. I am only playing. Thank you.

24 Professor, I appreciate your comments.
25 And your suggestion of an alternative strategy, one,

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2 I think is something that we will have to, at the
3 conclusion of these hearings, kind of grapple with.
4 And I think there are a variety of ideas floating
5 around.

6 You have put out into the public space
7 some of your own thoughts and ideas, so I appreciate
8 your being here today.

9 What I am struck by, and I think what we
10 are grappling with -- and if you listen to your
11 testimony and then previous testimony -- I began to
12 think about other major projects that have come
13 through the body.

14 And the most recent one, which was at
15 times contentious, but I think it was fairly clear
16 what we were ultimately going to do, I wrote down a
17 series of items to which we would, I think, like a
18 fair amount of information.

19 And when you look at what the program is
20 in the briefing book, which is a part of the service
21 agreement, on Page 4, and it has a listing of ten
22 different items that compose what is called "the
23 program."

24 And I think what we are ultimately
25 searching for is the where and the when, by whom, in

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2 what time frame, in what neighborhood, who is in
3 charge, what's the budget, what's the role of City
4 Council, what's the role of the local elected
5 official, how much will these items cost, and what
6 the contractual agreement and responsibilities are.

7 And we never had to wonder about those
8 things as related to the stadium projects. We
9 learned more about that than we ever wanted to know.
10 But there was never any question about those items.

11 Now, we debated and discussed the
12 components of those various items, but there was no
13 search, mad search, for information. It was
14 delivered to us on a regular basis, some early, some
15 at midnight, but at least you got the information.

16 And I think part of the problem here is
17 that at the moment there do not seem to be concrete
18 answers that match up with the ten items that are
19 listed in the program that would answer those
20 questions and give people the comfort level that
21 leads to the trust that was discussed earlier, but
22 also, you know, as I think President Kennedy used to
23 say, "Trust everyone, but cut the cards anyway." We
24 would still like to see the documents.

25 And that, so when you talk about this

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2 alternative framework or idea, it may be something
3 that should be pursued.

4 As Councilman Kenney said earlier,
5 everyone wants to eliminate blight. And I don't
6 think anyone particularly wants to stand in the way.
7 I think primarily we would just like to know what's
8 going on.

9 And as we move toward getting something
10 completed, there have to be a series of checks and
11 balances set up. That is the whole reason to have
12 an executive and a legislative branch.

13 We don't necessarily work for each
14 other. We do work with each other. But we are also
15 supposed to watch what the other one is doing.
16 There are no free rides or free checks in this
17 particular place.

18 So I appreciate your perspective. And
19 any subsequent advice, analysis, suggestions that
20 you might have, if you could get them to our Chair
21 and our President, I think that would be very
22 helpful.

23 MR. HUGHES: Thank you. I would be
24 happy to do that.

25 You know, when he was asked about the

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2 that very assurance, I am not sure how you
3 responsibly act.

4 COUNCILMAN NUTTER: Thank you.

5 PRESIDENT VERNA: The Chair recognizes
6 Councilman Goode.

7 COUNCILMAN GOODE: I will be extremely
8 quick.

9 I want to get away from the plan,
10 because I am fine with passing your plan, if that's
11 what we would consider. But what I want to ask two
12 very simple questions.

13 One, how long have you been doing policy
14 work on blight, and why did you choose the issue of
15 blight to do policy work on?

16 MR. HUGHES: Well, let's see. In some
17 ways I have been working on Metropolitan settlement
18 patterns and where people live and work and why
19 throughout my career for about 20 years.

20 The reason why I chose to turn up the
21 volume on blight, per se -- and that really started
22 about three years ago with -- it really started
23 publicly about three years ago with an op/ed opinion
24 piece from 1998. And there has been many, many,
25 many opinion pieces since then.

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2 But that decision was really informed by
3 a considered opinion by myself and many others that
4 depopulation was the most important issue facing the
5 city, but for a very qualified reason.

6 Which is that, after a half a century of
7 decline, that the alternative to managing decline
8 was to leave it unmanaged.

9 And that we could simply not afford to
10 do that anymore because we need to drain the
11 swimming pool. We are treading water and slowly
12 sinking.

13 And damaged property, and the fact that
14 the city becomes both formally for folks like you
15 and I believe informally for people who live and
16 work in the city, a growing sense that the city is
17 simply ungovernable.

18 And one of the things that most animates
19 that feeling, that sense, and those real structural
20 difficulties is the fact that we have built the city
21 for two and a half to 3 million people, remember a
22 city of 2 million people, now find the city of a
23 million and a half, that's what they tell us, if
24 that's even true.

25 And that there is a reason why it feels

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2 like a fourth to a third of the city is missing, and
3 in some neighborhoods like half of the city is
4 missing, usually because it is, and that it is
5 impossible to get traction on so many other issues
6 until you have got control over what has always been
7 the key input in the growth of all American cities,
8 which was the control of its land.

9 From boosterism, you know, when they
10 used to do those fake bird's eye aerial views of
11 Midwestern boom towns and showing 5,000 people
12 living where there was nothing but Buffalo in order
13 to generate development activity, we know how to
14 manage growth. We have never learned how to manage
15 decline.

16 And we have suffered in this city more
17 than anyplace else in the United States in the last
18 half century because of that inability to talk about
19 how do you manage decline?

20 It is not going to get anybody happy, it
21 is not going to get anybody excited. But until we
22 get traction on this, we are losing the ability to
23 address a whole host of other questions, accept
24 things that allow us to go somewhere else, to other
25 capitals and at other levels of government and ask

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2 for subsidy.

3 But until we gain control of our land, I
4 think prospects are dim with regard to our ability
5 to deal with many other things.

6 COUNCILMAN GOODE: So we have to do a
7 blight plan?

8 MR. HUGHES: I believe we have to do a
9 blight plan.

10 I believe that the alternative to doing
11 a blight plan is not managing decline and continuing
12 to decline.

13 COUNCILMAN GOODE: Thank you.

14 Thank you, Madam President.

15 PRESIDENT VERNA: Thank you.

16 The Chair recognizes Councilman Ortiz.

17 COUNCILMAN ORTIZ: Go ahead. That's
18 fine.

19 MR. HUGHES: I apologize for my
20 schedule.

21 COUNCILMAN ORTIZ: I read your op/ed
22 pieces. I happen to agree with many of the plans
23 that you propose.

24 I do agree with you that we need to
25 manage land and be able to put the priorities in

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2 place. Because it is not just demolition, but it is
3 what goes beyond that and what are you going to do
4 afterwards.

5 And if you do not have -- and I begin
6 again with the public school system. And you don't
7 have a plan of job creation, and you are never going
8 to have a return of a middle class, and you are not
9 going to keep a middle class in the city unless you
10 are able to control the cost of building houses and
11 building new homes.

12 Not subsidized homes, but homes for a
13 working class, a middle class, and an upper middle
14 class that will be attracted to move into the cities
15 and to other areas of the city.

16 Until we are able to combine all of
17 these elements into a plan, then you don't have a
18 plan, because they all have to work with conjunction
19 almost, and almost simultaneously. You cannot have
20 one without the other.

21 And you cannot try to rebuild while
22 having a school system that has been vulcanized.
23 And West Philadelphia has one school system, and
24 South Philadelphia has another school system, and
25 Northwest Philadelphia has another school system.

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2 You will never be able to get to the
3 point of structuring a school system in which people
4 will feel comfortable sending their kids there.

5 And unless we get to that point, we are
6 not going to have what you consider a blight plan.

7 Because everybody is against blight. I
8 have never heard anyone say, "You know, I'm really
9 for blight. I think blight really contributes to
10 the city here."

11 MR. HUGHES: That's right.

12 COUNCILMAN ORTIZ: Everybody is against
13 blight.

14 It is how we get to the point of getting
15 the schools, getting the jobs, creating the
16 atmosphere, reinvestment and rebuilding in the city.
17 And I don't think we are there yet.

18 I don't think we have a message that
19 motivates us to get there yet. I haven't heard it.

20 So I happen to agree with you in several
21 areas. But we are all for a blight plan. The key
22 situation is, how do we mesh it all in.

23 MR. HUGHES: Right. I think that's
24 exactly right.

25 The only distinction that I would

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2 make -- it is actually completely consistent with
3 everything you just said -- is that, you know, the
4 best strategy is a strategy in which all of the
5 elements work in concert and hopefully creates some
6 actual positive synergies, and become more than
7 simply the sum of the parts.

8 I think it is possible, or perhaps I
9 would have to regretfully say, perhaps it was
10 possible a year ago, and it might still be possible
11 today, to have a coherent, focused blight plan that
12 does not address all the other problems -- and let's
13 talk about schools -- but that is consistent with
14 it, that is informed by a vision that adds up and
15 becomes a comprehensive vision of the city.

16 But I think it is possible to not wait,
17 to not let the best be the enemy of the good, and to
18 not wait until we begin to address these other
19 issues or even figure out how to address these other
20 issues, to act on land itself, to act on the blight.

21 In fact, I would go further, as I have,
22 and say that solving some of your land acquisition
23 and transfer problems, getting control again over
24 land, is only going to help deal with many of these
25 other issues.

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2 I think that -- and maybe this is just
3 an egg-headed view -- but one of the things that we
4 have lost in this last year is the chance to talk
5 about some of the most interesting policy choices
6 that are implicit, if not buried, in NTI.

7 For example, there is a very real
8 tension between demolition and construction,
9 demolition and development. Right?

10 There are a lot of very well-founded
11 hopes for development, I would say, and I share
12 those. But that I think it is important to add a
13 dimension of time. And those are over the horizon
14 hopes, I would argue.

15 I think that we have a long way to go
16 before we can build our way out of a depopulation
17 problem.

18 COUNCILMAN ORTIZ: But if you don't deal
19 with the aspect of the cost of development --

20 MR. HUGHES: Absolutely.

21 COUNCILMAN ORTIZ: I just mention that
22 we are spending a couple of billion dollars in terms
23 of stadiums.

24 And if the cost of building were not so
25 high, we would have a couple of hundred million

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2 dollars to spend on something else.

3 MR. HUGHES: I agree with you
4 completely.

5 I have also, you know, written on this
6 very -- I mean, in fact, I think that, you know,
7 that it is really not a -- there is not a -- what
8 was the word that was used? There is not a kind of
9 a -- this wasn't the word -- but there is not a
10 quality or a performance issue between the A rate
11 and the B rate. Right?

12 We are not talking about using
13 lower-quality workers and construction techniques;
14 we are talking about having a lower wage scale.

15 So it is to --

16 COUNCILMAN ORTIZ: A competitive wage
17 scale.

18 MR. HUGHES: A competitive wage scale
19 that's competitive in the more open markets outside
20 the city than inside.

21 Now, I agree with you completely that
22 addressing some of those issues up front is very
23 important. And we should do that from the
24 beginning.

25 I didn't mean to say that we shouldn't

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2 address those kinds of issues. Those kinds of
3 issues I would put on this side of the horizon, not
4 on the other side.

5 But I think we need to be prepared --
6 and this is another thing that implicates the
7 administrative apparatus, the who question -- we
8 need to be prepared with this so-called land bank to
9 build an entity that's got legs, political and
10 financial, that's got legs to hold this land for a
11 conceivably long time.

12 And to make sure that that held land is
13 not a negative externality, it is not a cost or a
14 nuisance to adjacent property owners and so on.

15 The story of -- and it is kind of a
16 story with a very sad ending now -- but the story of
17 Battery Park City in Lower Manhattan is the story of
18 the State Urban Development Corporation, a state
19 entity who held landfill for 30 years until the
20 market was sufficiently strong that everybody got
21 rich.

22 There is an opportunity here for civic
23 speculation in this land bank. And I think that,
24 you know, it would be at best risky and at worse a
25 great kind of urban-renewal-like mistake to talk too

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2 much about the big development pay-offs we are going
3 to get from fighting blight. Right? Because the
4 legacy of urban renewal is the legacy of those
5 promises on that.

6 COUNCILMAN ORTIZ: Never met.

7 MR. HUGHES: Never met.

8 Instead, what we need to do is think
9 that there are going to be some short-run costs and
10 short-run benefits, and they should accrue
11 immediately to the people that are directly affected
12 in the demolition and the consolidation of this
13 land.

14 And there is also going to be another
15 thing that has gotten completely unspoken, I think,
16 in this debate is the issue of relocation.

17 And relocation, I would -- you know,
18 have gone, I guess, so far, it is ink, is to say
19 that to a large degree the benefits, certainly the
20 short-run benefits, of a blight plan are derived
21 from relocation.

22 Now, we can talk, you know,
23 unfortunately we have to talk quite a long time,
24 about that.

25 But there are, you know, people now

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2 living in the American dresden of some of our most
3 depopulated neighborhoods, should be the first
4 beneficiaries of a blight plan.

5 And it is possible to implement such a
6 plan in a way that improves the housing and
7 neighborhood quality for everybody from the first
8 day. It is possible to do that. But it has got to
9 derive from some tough choices about relocation and
10 consolidation of land and banking that land.

11 COUNCILMAN ORTIZ: Thank you. Madam
12 Chair.

13 PRESIDENT VERNA: Thank you.

14 The Chair recognizes Councilman Clarke.
15 I am sorry.

16 MR. HUGHES: I keep thinking you are
17 dismissing me.

18 COUNCILMAN CLARKE: Thank you, Madam
19 Chair. Good afternoon.

20 I came in kind of late, so I am not sure
21 if you covered this issue. One of the aspects of
22 the NTI program was the possibility of having a
23 private activity bond. Are you familiar with that?
24 And, if so, as it relates to the parameters of the
25 ability to implement that program, and what kind of

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2 neighborhoods? Can you kind of talk to me about
3 that?

4 MR. HUGHES: Well, I know a little bit
5 about private activity bonds. And that, as I
6 understand it, essentially such, a bond, such a
7 financing mechanism, allows you to disburse the
8 proceeds of the bond to private entities. Usually
9 it is used for commercial activities, commercial
10 development activities and so on that. Is that the
11 idea?

12 COUNCILMAN CLARKE: I am asking you
13 about the NTI proposal that was put forth. Are you
14 familiar with what --

15 MR. HUGHES: Yes. And I think, for
16 example, let me say this: That the private activity
17 bonding financing scheme, and the things that the
18 programming that that financing scheme attempts to
19 finance, are an illustration of what I would
20 consider to be a major miscalculation in policy
21 terms by the Mayor's Office in its design of NTI.

22 In that, in an attempt to be overly
23 comprehensive and an attempt to address many, many,
24 many economic and community development issues at
25 once, in one plan, when really what you are doing is

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2 capitalizing 20 years of the demolition budget into
3 the new bond issue of the \$250 million, and hoping
4 for the balance in a variety of other funding
5 streams to be kind of coordinated, that that's both
6 a gambit in planning terms, but also I think comes
7 at a real cost of diffusing the message and the
8 vision in policy terms.

9 COUNCILMAN CLARKE: Let me go back to my
10 question. Are you familiar with what the private
11 activity bonds were proposed to do?

12 MR. HUGHES: In NTI?

13 COUNCILMAN CLARKE: Yes.

14 MR. HUGHES: Did you not like my --

15 COUNCILMAN CLARKE: You didn't answer
16 the question. You started out, you said it was an
17 attempt to address other concerns.

18 MR. HUGHES: That was after. That was
19 what I kind of went up.

20 The narrower answer was that it is
21 designed to finance some commercial revitalization
22 activities.

23 COUNCILMAN CLARKE: Solely? Is that
24 your understanding of the proposal?

25 MR. HUGHES: That's my understanding of

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2 the proposal, yes.

3 COUNCILMAN CLARKE: And you read it all?

4 MR. HUGHES: I don't think I have read
5 all of it, no.

6 I am actually am not here to defend the
7 NTI plan.

8 COUNCILMAN CLARKE: Just answer the
9 question.

10 MR. HUGHES: No. And that's why. No, I
11 have not read all of the hundreds and hundreds of
12 pages transmitted. Nope. Nope.

13 The ones that, for example, the web
14 pages that were pulled off of the OHCD web site that
15 were talking about five-year-old housing plans, you
16 know, kind of basically lifting the names of
17 existing programs from OHCD and repackaging them
18 into the Housing Investment Strategy, the back end
19 of the NTI, no, I did not reread those issues.

20 COUNCILMAN CLARKE: Okay. And I asked
21 you that question for a reason.

22 A big part of the discussion is centered
23 around blight. The one thing that kind of caught my
24 eye about this particular proposal is that it
25 addressed the issues that I have heard concerns

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2 raised by members of Council and members throughout
3 the City of Philadelphia in prior years about the
4 inability to spend federal money in certain
5 communities because they weren't HUD eligible,
6 weren't CDBG eligible.

7 Some of the members here consistently
8 expressed their concern because they weren't in the
9 targeted area under the HUD guidelines, and we
10 weren't in the position to spend that money,
11 although some of those areas were quickly becoming
12 distressed or were having some fraying around the
13 edges.

14 And it was my understanding that that
15 particular financing mechanism would hopefully be in
16 a position to address some of those areas that prior
17 to this date we have been unable to, at least in
18 terms of government, be able to assist and maintain
19 some of the fabric of those communities.

20 MR. HUGHES: That would be a very subtle
21 use, instrument of that. And given my understanding
22 about the CDBG guidelines --

23 COUNCILMAN CLARKE: You say subtle.

24 MR. HUGHES: Subtle, S-U-B-T-L-E.

25 Because you could, I guess, circle

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2 around behind a problem and try to come into it that
3 way. So, I mean, that would be a subtle instrument
4 that you could maybe use to address that real
5 concern.

6 COUNCILMAN CLARKE: I don't understand
7 the reference to subtle.

8 MR. HUGHES: I am saying that it seems
9 like it might be an overly complex solution to the
10 problem that you state.

11 COUNCILMAN CLARKE: So what do you think
12 is the problem in some of those neighborhoods?

13 MR. HUGHES: Well, that is a very big
14 question.

15 On the question that you stated about
16 some of the boundary problems with the eligibility
17 designation areas?

18 COUNCILMAN CLARKE: Yes.

19 How do we, government, impose ourselves
20 into a process that will allow us to assist those
21 communities to both stabilize, and even in areas
22 which we consider very good neighborhoods, to
23 continue to enhance those existing.

24 MR. HUGHES: That's back up to a very
25 big and interesting question. I mean, that's a

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2 question that in the answering calls for a blight
3 plan. And I would have to detail an entire blight
4 plan to answer the question.

5 COUNCILMAN CLARKE: These are not what
6 we would traditionally call blighted communities, as
7 indicated by a couple of colleagues here.

8 MR. HUGHES: That is correct. Then it
9 would call for an even bigger plan. It would call
10 for an entire community development plan, the city's
11 comprehensive plan. And I can't give you all that.

12 But on the specific question, on the
13 specific question that I understood you to be
14 asking, about some of the boundary problems that
15 arise from the eligibility of certain federal
16 funding programs, I would simply suggest that it
17 might be kind of a list subtle, more direct approach
18 to list that and all other barriers that are
19 confounding the city's attempts to save and
20 revitalize some of these neighborhoods, and address
21 the boundary issues.

22 COUNCILMAN CLARKE: So we should change
23 the HUD regulations?

24 MR. HUGHES: You can -- I think you
25 probably --

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2 COUNCILMAN CLARKE: These guidelines
3 are, unfortunately, not set by us.

4 Because I think if we had the
5 wherewithal, we would change the boundaries and some
6 of the guidelines surrounding where we could spend
7 money.

8 MR. HUGHES: I think you would find that
9 Secretary Martinez is a very sympathetic ear in
10 removing from your, you know, from your yolk all of
11 the things that are kind of reigning in and
12 constricting your -- I mean, just as this
13 Administration has done with its Office of Faith
14 Based and Community Initiatives, five audits, one of
15 which was of HUD, that was looking at a long list of
16 detailed barriers that keep faith-based
17 organizations from community development and other
18 activities, I would respectfully suggest that you
19 would find in the Secretary a very sympathetic
20 audience for the discussion of specific regulatory
21 barriers that are keeping you from doing what you
22 want to do.

23 (Councilwoman Blackwell assumes the
24 Chair).

25 COUNCILMAN CLARKE: Let me understand.

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2 Do you think that we, Philadelphia, would be the
3 only one that would get that designation from HUD?

4 MR. HUGHES: That often happens.

5 COUNCILMAN CLARKE: You understand if
6 they did that, it would probably have to be on a
7 national scale?

8 MR. HUGHES: Not if it is a
9 demonstration. No. This happens all the time.

10 COUNCILMAN CLARKE: Do you think so?
11 All right.

12 MR. HUGHES: And, in fact, I have been a
13 small part of several demonstrations that let you do
14 exactly the kind of thing that you and I in this
15 colloquy are talking about. That lets you, in
16 effect, experiment for the benefit of the country on
17 the returns to removing certain kinds of onerous
18 regulatory or other kinds of barriers.

19 And if there was a list of ten things
20 that matter, I am optimistic -- and in fact I would
21 even suggest that rather than going in-debting
22 yourselves to try to work around such barriers, the
23 front door might be better.

24 COUNCILMAN CLARKE: With respect to the
25 pilot program that you talked about changing some of

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2 the existing guidelines, we actually had one of
3 those in the City of Philadelphia, it is called the
4 Home Ownership Zone.

5 And we actually got a 20 percent waiver
6 of the number of homes that were built in that small
7 Home Ownership Zone that amounted to around 30
8 houses.

9 We have not been able to get HUD to
10 agree to extend our ability to add additional
11 percentages to that number.

12 I guess I am just not as optimistic,
13 given the history of our ability to change HUD
14 guidelines, you know, particularly now. You are
15 talking about potentially on a national scale, or at
16 least on a city scale, as optimistic as you are.

17 And it would be great if Secretary
18 Martinez would be willing to look at the entire city
19 and allow us to distribute our funds a little more
20 liberally.

21 But at the end of the day, you are still
22 only talking about approximately \$100 million coming
23 from HUD. Which we already consider not enough for
24 where we currently spend it.

25 So I am just a little concerned if we

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2 stress that pot a little further, it really
3 wouldn't --

4 MR. HUGHES: It is amazing what Chicago
5 has actually been able to do.

6 I mean, the CHA and the exactly the
7 specific regulatory relief that they sought in
8 negotiations, extended negotiations, with both HUD
9 and, actually, they brought the White House Domestic
10 Policy Council into those negotiations.

11 The relief that they sought and were
12 granted for a set of a long list of regulatory
13 barriers that is, you know, I think perhaps
14 instructive here.

15 I mean, Chicago is in the midst of --
16 and no one is proposing this -- but Chicago is in
17 the midst of relocating 70,000 public housing
18 residents as it completely reinvents the CHA.

19 And there are dozens and dozens of
20 regulatory relief issues that they had to get
21 permission for.

22 You are right, there is a process, and
23 it can be onerous on the local government side.

24 But I think that when you go in -- and
25 this is not to criticize any past efforts that have

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2 not worked -- but what the Chicago experience
3 demonstrates is that when you go in with a plan that
4 makes sense, and you stick to it in the negotiation,
5 and you go in, and, in effect, in the front door,
6 that at least in that example they got what they
7 needed.

8 COUNCILMAN CLARKE: I am familiar with
9 the public housing initiative. My understanding, it
10 is probably around 15 years in running.

11 I am a little concerned in terms of
12 time, that I don't think that realistically we need
13 to enter into a process that could take us
14 potentially 15 years from now. Our clock has been
15 ticking a little longer.

16 MR. HUGHES: I should correct --

17 COUNCILMAN CLARKE: I remember the
18 Cabrini Green.

19 MR. HUGHES: No. No. That is
20 different. I am sorry, I am not being very clear.

21 There is a control policy at Cabrini
22 Green and so on, and a deseg ruling, that's much
23 older.

24 I am actually talking about something
25 that happened just a couple of years ago that was

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2 called Moving to Work. And it is a different -- in
3 fact, it is a national program that Chicago
4 aggressively participated in. The program still
5 exists.

6 It is designed to generate the most
7 innovative and flexible possible locally generated
8 plans in the country.

9 And it did not take 15 years to do what
10 I am referring to in CHA.

11 COUNCILMAN CLARKE: I mean, we are
12 actually here in the City of Philadelphia actually
13 embarked on a substantial demolition, relocation
14 strategy associated with public housing, rebuilding.
15 So I think we are actually a part of what you are
16 talking about.

17 But I am just concerned that our ability
18 to be creative and to be able to assist communities
19 outside of the traditional HUD-regulated areas, if
20 we don't do something sooner than later, then, you
21 know, our ability to negotiate 40, 50 houses at a
22 time will just leave us in a position where we will
23 be extremely behind. I think we need it on a larger
24 scale.

25 MR. HUGHES: I agree with you.

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2 COUNCILMAN CLARKE: Thank you, Madam
3 Chair.

4 COUNCILWOMAN BLACKWELL: Councilman
5 Kenney.

6 COUNCILMAN KENNEY: Just one issue. I
7 know Councilman Clarke raised the issue of private
8 activity bonds. And perhaps you don't have a strong
9 opinion of them. I think that's one of the flaws of
10 the plan.

11 I mean, if we can't create an
12 environment through the implementation of this plan
13 which will allow for private investment from the
14 private sector, without the city borrowing at higher
15 interest rates its own money, paying the debt
16 service with its own money, to create an environment
17 of private investment, the whole concept of the
18 blight initiative and redevelopment is to create a
19 tax environment, a neighborhood strength
20 environment, a school improvement environment, so
21 that we don't need private activity bonds. Private
22 sector will step in and invest.

23 That's what I understood as one of the
24 cornerstones of the second phase.

25 First phase is easy. First phase, you

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2 take \$250 million and you knock down 14,000
3 properties.

4 The second phase is maintaining those
5 properties, assembling those properties, parceling
6 those properties out for development, and creating
7 an environment that allows for private investment.

8 And for me, private activity bonds in a
9 certain way, although it is a unique, interesting
10 way of doing things, is kind of a signal of defeat
11 that somehow we can't create an environment in the
12 city that will allow for private investment; we have
13 to borrow money at higher interest rates, take the
14 sparse \$250 million that we have to go around as it
15 is, and pay debt service on higher interest rates in
16 order to incentivize the private sector to invest.

17 If we can't create an environment that
18 allows the private sector to step in and want to
19 invest, we might as well not pursue this proposal.

20 Because that's the end result, as I see
21 it, to NTI, is that the city puts in resources,
22 creates an environment that the private sector wants
23 to step into. And that's, as I understood, the
24 vision of this to be.

25 Private activity bonds to me is just

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2 simply the government borrowing money at a higher
3 interest rate to do private-sector work that the
4 private sector should be doing.

5 MR. HUGHES: That's an even less subtle
6 response.

7 COUNCILWOMAN BLACKWELL: Councilman
8 Clarke, are you done speaking?

9 COUNCILMAN CLARKE: I just wanted to
10 respond. That's why I had asked Mr. Hughes if he
11 read a particular aspect on some of the potential of
12 private activity.

13 And I agree with Councilman Kenney, in
14 that this should in fact create private investment
15 in the community.

16 And one aspect of at least what my
17 understanding of this particular program was, to do
18 just that. In positions where you do not have
19 HUD-eligible or CDBG-eligible areas, this private
20 activity bond could essentially acquire properties
21 and put properties back on the private-sector
22 market, potentially at a profit to the City of
23 Philadelphia, or whatever community development
24 corporation was involved, or whatever entity was
25 involved.

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2 Whereas now, we simply sit by and allow
3 the community to deteriorate because it is not a HUD
4 eligible area, because we don't have that aggressive
5 CDC or OHCD or the Redevelopment Authority going out
6 and putting properties back online, back on the tax
7 roles, in the private activity bonds, as a result of
8 the ability to go beyond the traditional parameters
9 will allow us to do that.

10 And that's one aspect of that particular
11 private activity bond. So I agree with Councilman
12 Kenney, that that's in fact what we should be doing.

13 MR. HUGHES: That's not quite the way I
14 heard it. But, anyway, it is not my job to
15 arbitrate.

16 But particular instruments, folded into
17 a coherent plan, would be an interesting and
18 productive conversation. But I don't think we have
19 the context for that conversation.

20 COUNCILMAN CLARKE: Thank you.

21 Thank you, Madam Chair.

22 MR. HUGHES: Thank you. Excuse me.

23 Thank you very much.

24 COUNCILWOMAN BLACKWELL: Councilman
25 Nutter.

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2 COUNCILMAN NUTTER: Not for him. Thank
3 you.

4 COUNCILWOMAN BLACKWELL: Thank you very
5 much. Thank you.

6 COUNCILMAN NUTTER: I was listening to
7 all of the exchanges going on.

8 And, actually, Councilman Clarke's
9 question of Mr. Hughes sent me on a little bit of an
10 information search.

11 And what I have not been able to find in
12 the materials that we received, I guess, earlier
13 this year was a complete budget with kind of a
14 sources and use of funds for the \$250 million broken
15 out in the three categories.

16 Councilman Clarke mentioned one of them,
17 which is the tax-exempt private activity bonds.
18 There is also the tax-exempt governmental purpose
19 bonds. And then there is expected to be a series of
20 taxable bonds.

21 So I just kind of have a general
22 question. Which is, does anybody have a chart or a
23 document among us that indicates the amounts of
24 these three different bond series?

25 (President Verna resumes the Chair.)

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2 PRESIDENT Verna: It is in the book.

3 COUNCILMAN Nutter: Because I cannot
4 find that.

5 PRESIDENT Verna: I believe the private
6 activities fund is \$45 million, and that would take
7 effect in 2004.

8 COUNCILMAN Nutter: All right. Okay.
9 Do we all have this? Okay. I will track mine down.
10 Thank you.

11 PRESIDENT Verna: Professor, thank you
12 again. We appreciate your coming in. I am sure
13 your students also appreciate your coming in.

14 Our next witness Mr. Mondesire. Good
15 afternoon and welcome.

16 JEROME MONDESIRE: Good afternoon. My
17 name is Jerome Mondesire, and I have the privilege
18 to serve as the President of the Philadelphia Branch
19 of the NAACP.

20 I want to thank the Council President
21 and the members of this body for taking a few
22 minutes to listen to our testimony about this very
23 important issue.

24 We have testimony that we gave your
25 staff, and so I won't try to read it. I would just

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2 rather paraphrase it, because I know there are some
3 other people waiting to testify.

4 We have been involved in Philadelphia
5 since 1921. And a lot of you don't know that the
6 NAACP has moved to another front.

7 Two years ago we formed the Next
8 Generation Community Development Corporation,
9 because we believed that the final battlefront of
10 the civil rights struggle will be in the economics
11 field.

12 That we have already secured the place
13 at the lunch counter for folks to sit, but the
14 question now is, do they have a cup of coffee.

15 We have already secured the place for
16 people to sit on the bus. The issue now is, who
17 drives the bus, who makes the bus, and who decides
18 the roads where the bus travels.

19 So our economic development corporation
20 has been in existence for two years. And we have
21 been running a Welfare To Work training program and
22 an entrepreneurial student program after school for
23 high school students.

24 The third phase of that program has been
25 economic development, especially of abandoned

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2 were told that there was no money there for
3 redevelopment.

4 We then went to OHCD and was told there
5 was no money there, also.

6 Later on we found -- John Kromer to my
7 face told me there was no money. And Eva Gladstein
8 told me there was no money in the Empowerment Zone.
9 But I want to get to that as my final point.

10 We then turned to the Redevelopment
11 Authority to begin the process to turn the property
12 over to us.

13 Under the laws of Pennsylvania, Madam
14 President -- I am sure you know and some of the
15 Council Members also know -- if they don't own the
16 property outright, we as a nonprofit, tax-exempt
17 organization have to put up an escrow fund to hold
18 the city harmless.

19 So in this case a building that had been
20 vacant for 21 years, an old bar, and it had been
21 improperly used for apartment dwellings for about 30
22 years, we had to put up \$21,560 as an escrow fund.

23 And we talked to the executives at
24 Redevelopment Authority, and they made it clear
25 there was no way around it.

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2 We then had to go to the permits at L &
3 I, to file a permit. It cost \$940 to put up a
4 permit fee to redevelop an abandoned building.

5 And then we had to get a zoning
6 variance. And to get it expedited, that cost \$700.

7 So almost 25,000 of a roughly estimated
8 budget for 120 to 125 thousand dollar redevelopment
9 fund has been used in ways that don't put brick and
10 mortar, don't put electric lights, don't put new
11 plumbing into an abandoned building.

12 And this is what we wanted to talk to
13 you about. NTI needs to be filled in by this
14 agency, by this institution, City Council, we are
15 begging you, we are hoping that you will fill in the
16 blanks; that you will create the super agency to
17 bring all these alphabet-soup groups together and
18 make it responsible to you as well as the
19 Administration.

20 You know, I can't talk about the big
21 picture that the Professor Hughes did in terms of
22 the overall blight and land management.

23 But I want to make it real clear to you
24 that we develop, we deal with a lot of other CDCs
25 also. And we share the same kinds of problems,

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2 whether they be church-based groups or civil-rights
3 groups or neighborhood groups.

4 We have to find the money, deal with all
5 the agencies, and wait sometimes for years to get
6 the property.

7 Let me just make it real clear. As of
8 right now, even though we have begun to redevelop
9 1619, we have expended almost \$50,000, the process
10 to turn the deed over to us, which we began, as I
11 said 18 months ago, hasn't been completed. Hasn't
12 been completed. So I put up the \$21,000, but I
13 don't have a deed.

14 And it is not because I think that they
15 are doing anything bad to me. It is the way it
16 works. It doesn't work well. It works to almost
17 make you want to abandon your belief that you can do
18 something.

19 And so we are still waiting. We hope to
20 have the deed to 1619 in about 45 days.

21 But let me also make it clear to the
22 Council, in the meantime, there are certain funding
23 sources that we can't go to because we don't have
24 that deed.

25 So what we are saying to you is, please

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2 fill in the blanks of NTI, write the super agency,
3 create it yourselves. If the Administration is not
4 going to do it, then don't wait for them. Do it.

5 There are bright people in this room. I
6 am looking at one of them right now. You have been
7 in this city for a long time. You can do it.
8 Something has to be done to move this process along.

9 And we are not here to beat up on
10 anybody. We are not here to pick at anybody. We
11 are urging you to take this bull by the horns.

12 I think as Professor Hughes said it
13 better than I can, these questions that are
14 answerable, we hope the City Council will answer
15 them.

16 We just gave you one story about one
17 little small group. But I think it is indicative of
18 what's wrong with the overall system. It doesn't
19 work well as it currently stands, and we need to
20 change it desperately.

21 Thank you very much.

22 PRESIDENT VERNA: Are there any
23 questions from members of the committee? Thank you
24 again for coming in.

25 May I just say you were very fortunate

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2 you didn't have to go through sheriff's sale for
3 that property.

4 Mr. Rick Sawyer.

5 PRESIDENT Verna: Good afternoon.

6 RICK SAUER: Good afternoon.

7 PRESIDENT Verna: Please identify
8 yourself for the record and proceed with your
9 testimony.

10 MR. SAUER: Good afternoon, Madam Chair,
11 Madam President, and members of City Council.

12 My name is Rick Sauer, and I am the
13 Executive Director of the Philadelphia Association
14 of Community Development Corporations, which is the
15 citywide association of 78 CDCs and other
16 organizations working to revitalize the city's
17 neighborhoods and rebuild its communities.

18 We recognize that there are multiple
19 factors that impact on the families or individuals
20 decision whether to remain in the city, a particular
21 neighborhood, move to another neighborhood, move out
22 of the city, or in an ideal situation make
23 Philadelphia their new home.

24 And these include what's been mentioned
25 previously by a number of other speakers, quality of

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2 life issues in our neighborhoods, the public school
3 system, job and housing opportunities, crime, taxes,
4 auto insurance rates, access to services, et cetera.

5 At the same time, not all Philadelphians
6 have the access to resources to leave their current
7 neighborhood in search of improved living
8 environment, and particularly lower-income
9 households that reside here.

10 I think what we have heard is that it is
11 clear we need a comprehensive and integrated
12 approach to addressing all these issues, if we hope
13 to reverse the city's declining population trend,
14 increase the self-sufficiency of households living
15 here, and improve the quality of life in our
16 neighborhoods.

17 For example, studies have shown that
18 children who do not live in a stable home are less
19 likely to perform well in school, be less prepared
20 to obtain gainful employment, and are more likely to
21 be involved in criminal activities.

22 Likewise, it is difficult for parents to
23 obtain and keep a job and meet the other basic needs
24 of their family without an affordable, decent roof
25 over their head and other supports to address their

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2 needs.

3 So, yes, we do agree that we need to
4 strengthen the local school system. But we also
5 need to provide quality after-school opportunities
6 to engage youth, work force development programs and
7 job creation for adults, child care for the children
8 and expand the city's supply of quality affordable
9 housing.

10 Now, there has been an issue raised here
11 today about whether all this should be done in the
12 context of NTI or not.

13 And I don't think it is possible to
14 address everything in the context of NTI, but it
15 does need to be an integrated approach overall.

16 So if NTI is trying to address some
17 specific issues, let's move forward with that. But
18 we need to tie it to addressing other things like
19 the school system, if we are going to address this
20 larger population issue overall.

21 At the same time, we need to retain
22 existing and attract new middle-income families to
23 the city to add to the tax base and strengthen the
24 income mix of our neighborhoods.

25 However, such a strategy needs to be

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2 private investment by residents, businesses and
3 others to further strengthen the areas.

4 However, such an effort needs to be
5 carried out in a way that balances the needs of
6 existing residents and potential new residents at
7 all income levels.

8 While there are many issues that could
9 be addressed, I would like to address today, I am
10 going to confine my remaining remarks to three key
11 issues.

12 The first of all is the role of CDCs in
13 neighborhood revitalization in NTI. Even with all
14 the obstacles faced by organizations working to
15 revitalize neighborhoods, CDCs have built their
16 capacity to undertake a comprehensive approach to
17 neighborhood revitalization, including neighborhood
18 planning, vacant land management, housing
19 preservation, development and counseling, economic
20 and work force development, facilities development,
21 and social service provision.

22 These groups are uniquely positioned to
23 partner with and leverage resources from the public,
24 private, and philanthropic sectors.

25 As mentioned at Monday's hearing, CDCs

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2 have been doing this for a number of years. They
3 have a long-term commitment to working in our
4 neighborhoods and working with residents to rebuild
5 the physical environment, but also to develop the
6 human capital and self-sufficiency of the residents.

7 The involvement of CDCs is critical to
8 successful comprehensive neighborhood
9 revitalization.

10 With adequate resources and improvements
11 in systems, they can accomplish even a lot more than
12 they have in the past.

13 The second of the three issues I wanted
14 to address specifically is the development system.
15 And we just had a good example of that with the last
16 speaker.

17 I believe that if Philadelphia is going
18 to be successful at spurring population growth, we
19 need to take some significant steps to improving the
20 existing development system here. We have to make
21 it more user-friendly and more streamlined.

22 Too much time is spent right now on
23 dealing with various obstacles that come up; whether
24 it is land acquisition problems, whether it is
25 trying to navigate the city's bureaucracy, or

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2 whether it is dealing with the high cost of
3 development here.

4 I think we need to acknowledge that NTI
5 does take an attempt to address a number of these
6 obstacles, and that effort of reform needs to be
7 strongly supported.

8 Successful implementation, while
9 certainly not guaranteed, would attract more outside
10 private investment, as well as enable groups such as
11 CDCs that have been dealing with this current broken
12 system for a long time, to accomplish a lot more
13 with the limited resources that are available.

14 I wanted to comment on one other issue
15 relating to this that's come up in the hearing
16 today, and that is the whole issue of subsidizing
17 development and using private-sector resources to
18 spur private-sector investment.

19 Even if you look at the 16,000 housing
20 unit goal that's part of NTI -- and there is a
21 component of that that's more market rate, market
22 oriented development, let's call it -- the plan
23 calls for the city to demolish housing, assemble
24 land, do site improvements on land, grant tax
25 abatements even for, quote, market-rate development.

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2 So we are talking about investing a
3 significant amount of public resources in order to
4 encourage private-sector investment. So let's not
5 say that we are not putting any subsidies towards
6 this housing.

7 Likewise, in order to spur the reduction
8 of affordable housing for lower-income households,
9 we need public-sector investment, as well.

10 And it so happens, due to the lower
11 income of those families, we need to invest a larger
12 amount of money per unit.

13 Certainly a key to addressing this
14 problem is reducing the cost of development. But at
15 the same time, for the foreseeable future, we are
16 going to have to continue to invest these public
17 resources to get that result.

18 The final issue I want to address is the
19 property acquisition system. We have heard from
20 numerous people about the need to streamline and
21 expedite the process.

22 There is also a specific need currently
23 for new funding to support acquisition for
24 development activities currently in the pipeline.

25 There has been a failure in the current

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2 fiscal year to allocate any new resources to support
3 acquisition for new development projects. And as a
4 result of this process, the development pipeline is
5 grinding to a halt.

6 We are losing out on the opportunities
7 to leverage millions of dollars in resources from
8 other noncity sources, whether it is federal
9 low-income-housing tax credits, funding from the
10 Pennsylvania Housing Finance Agency, funding from
11 the Federal Home Loan Bank of Pittsburgh, Section
12 202 funds from HUD, funding from financial
13 institutions and foundations.

14 Without site control, it was mentioned
15 before, you cannot secure most of these resources.
16 So we need the city to step up to the plate and
17 provide funding in the very near future to enable
18 the acquisition process to start moving forward, so
19 that we can get some things built to continue that
20 neighborhood redevelopment process.

21 Otherwise, we are going to be looking at
22 a long period of time without redevelopment
23 activities taking place, we are going to be looking
24 at risking a great loss in developing capacity, and
25 particularly among the CDC sector.

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2 So we urge Council to act on that
3 particular issue.

4 We are certainly glad that City Council
5 is supporting a more open public dialogue on this
6 important issue through these hearings.

7 While we certainly voiced concerns in
8 the past about how the Administration's proposed
9 Neighborhood Transformation Initiative was developed
10 or is being developed, and how it will likely play
11 out, we also believe that it contains many key
12 components that are critical to advancing
13 neighborhood revitalization.

14 So we urge City Council to work with the
15 Administration and with neighborhood stakeholders to
16 strengthen and finalize details in the NTI plan and
17 improve funding so we can implement the program in
18 the near future.

19 I think, as we said before, we need to
20 more this process forward now. The future of our
21 neighborhoods and city depends on it.

22 Thank you.

23 PRESIDENT VERNA: Thank you very much.

24 Are there any questions from members of
25 the committee?

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2 Thank you so much for coming in to
3 testify.

4 Andrew Toy. Hello. Welcome back. How
5 does it feel being back home?

6 ANDREW TOY: Scary.

7 Good afternoon, Council President Verna
8 and Councilmen and women. I am just going to read
9 off of what I wrote here.

10 The Administration's NTI program
11 proposes to spend hundreds of millions of dollars to
12 be mortgaged against our future funds.

13 This investment, and that is what it
14 should be seen as, needs to pay long-term dividends
15 and look beyond short-term solutions. For example,
16 yearly cleanings of certain city lots by the city.

17 There has been much focus on demolitions
18 and lot cleanings, but these are just the back end
19 of the problem of private disinvestments and
20 population loss in the city.

21 The assumption that Philadelphia, with
22 an infrastructure built to accommodate well over 2
23 million people, will continue to shrink or stay at
24 1.5 million is defeatist. I think we should all
25 cringe when we hear the words "managed decline."

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2 the key factors in luring immigrants and others to
3 the city and should be considered investments in
4 blight removal as well.

5 The other opportunity is availability of
6 housing stock, which we obviously have. One of the
7 major impediments to new investment in restoring
8 properties is the difficult and time-consuming
9 vacant property acquisition process, as was
10 discussed earlier.

11 Certainly a land bank will help to
12 create some inventory. However, the driving force
13 in most development is private investment.

14 We can encourage private investment by
15 expediting the sheriff's sale foreclosure process.
16 Today properties often sit a decade or more
17 abandoned and tax delinquent, unless a private
18 investors puts down an \$800 deposit to get the city
19 to act upon the property.

20 As an example, Pennsylvania's
21 Cartographic Modeling Lab took Revenue Department
22 statistics from, I believe, the Year 2000 and found
23 that almost 40,000 properties in the city have ten
24 or more years of real estate tax delinquencies.
25 This is unacceptable.

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2 PRESIDENT Verna: Aren't we creating our
3 own blight when we allow that to happen?

4 MR. TOY: Yes. Absolutely.

5 PRESIDENT Verna: Case closed.

6 MR. TOY: By the time the city moves
7 many properties to sheriff's sale, they are often
8 more blighted and of little value, sometimes needing
9 demolition, as we have seen.

10 The city has in fact failed to fulfill
11 its duty to proceed on sheriff's sales
12 expeditiously, as stated in the 1992 State Act 135,
13 which required that, quote, Cities of the
14 first-class, meaning Philadelphia, shall proceed on
15 tax claims after one year of delinquency unless the
16 owner makes a payment agreement or proves hardship
17 to the city.

18 The longstanding excuse has been the
19 lack of adequate funding and staffing to
20 significantly ramp up you the numbers of sales. And
21 there are thousands of tax delinquent properties
22 that can fit this definition.

23 Investing NTI monies into pushing
24 additional properties through the sheriff's sale
25 process to homeowners and developers should be a

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2 priority.

3 One other tool that could be used as an
4 incentive is to prevent blight, rather than
5 band-aiding the problem, is to move towards a
6 land-based real estate tax assessment.

7 Simply put, the emphasis of this tax
8 would be to not penalize taxpayers who improve their
9 properties, while imposing relatively higher taxes
10 than today on vacant, underutilized properties.

11 Ultimately for comprehensive blight
12 removal investment to be successful, it must create
13 opportunities for long-term private investment and
14 must view the city's building stock and
15 infrastructure as assets, not continuing
16 liabilities.

17 PRESIDENT VERNA: Thank you.

18 The Chair recognizes Councilman Goode.

19 COUNCILMAN GOODE: Thank you, Madam
20 President.

21 Good afternoon, Mr. Toy. It is good to
22 have another one of my old colleagues here.

23 At the Commerce Department, when we were
24 there together, you were what I would characterize
25 as the land guy.

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2 Can you please explain what role land
3 plays in economic development, and where your role,
4 the Commerce Department, fit into development
5 projects?

6 MR. TOY: Yes. As some people would
7 say, land is king. Land is the first step, site
8 control is the first step. In order to do
9 development, you need to have site control.

10 If you cannot get site control, your
11 development is not going anywhere.

12 And the other things about development
13 in the economic development arena is that you have
14 to have a shorter time frame. A year is not
15 acceptable.

16 If someone requests a property for a
17 development, they are not going to be able to wait a
18 year. A developer, a businessperson, they need to
19 move on it much more quickly than that.

20 Right now, the sheriff's sales process,
21 or the condemnation process, takes approximately a
22 year.

23 And so if you wait until the person
24 comes to the door to start the process, they are not
25 ready, the property won't be ready for them within

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2 their time frame.

3 COUNCILMAN GOODE: In terms of your role
4 at Commerce, what was your job in terms of doing
5 development deals, so to speak?

6 MR. TOY: Well, in terms of my role, I
7 would say we were coordinating the process and
8 trying to push forward and prioritize those
9 properties that developers or businesses needed.

10 And, also, the other side of it is
11 explaining the process. Because a lot of people are
12 very unfamiliar with the vacant property process.

13 So there is a lot of education that
14 needs to go on in terms of developers and homeowners
15 as to how to get involved in the process of
16 acquiring a property.

17 If we made it easier, we could
18 definitely encourage people to get involved.

19 COUNCILMAN GOODE: Now, NTI has been
20 described as mostly residential development. There
21 is a small economic development portion to it. I
22 would prefer that it was a lot larger, but it is
23 what it is at this current time.

24 In order to facilitate that part of the
25 planning, your successor at the Commerce Department

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2 put together a list of properties, a target list of
3 properties, for the \$20 million.

4 In your former capacity, would you be
5 able to identify the properties for those \$20
6 million to go after? Is that something that you
7 would be prepared to do?

8 MR. TOY: To a certain extent, yes.
9 Because being out in the world there, you do
10 identify properties that look like prime targets in
11 terms of --

12 COUNCILMAN GOODE: So, in other words,
13 you were well-equipped, as are other people, to
14 identify where development is most likely to take
15 place and where the best opportunities for
16 development are over the next, say, five years or
17 so?

18 MR. TOY: Yes; with input from the
19 private sector. Because ultimately they are the
20 ones that are going to put the investment down.

21 So sometimes we as city employees or
22 people in the public sector didn't decide for them
23 that this is the best site for you. We have got to
24 hear what they have to say, as well.

25 So it is a two-sided -- the information

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2 has to flow two ways. We can't always tell them
3 that you should locate in X neighborhood because we
4 think it is a good thing. It really has to come
5 both ways.

6 COUNCILMAN GOODE: Simply put, since you
7 continue along that line, we chase the money people.

8 MR. TOY: Correct. Money talks.

9 COUNCILMAN GOODE: Thank you, Madam
10 President.

11 PRESIDENT VERNA: Thank you.

12 Any other questions of this witness?

13 Thank you very much, Mr. Toy.

14 MR. TOY: Thank you.

15 PRESIDENT VERNA: Our next witness is
16 Mr. Katz. Good afternoon and welcome.

17 SAM KATZ: Thank you, Madam President.
18 Nice to be here.

19 I didn't prepare written testimony, but
20 I just thought I would make a few comments, tell you
21 something about what -- my name is Sam Katz. I am
22 the Chief Executive Officer of Greater Philadelphia
23 First, GPF.

24 GPF is a civic organization comprised of
25 the executives of 50 for-profit and nonprofit

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2 Goode just said, that the history of unsuccessful
3 housing investments is accompanied by a lack of
4 connection to economic development.

5 And that history goes back over 50 years
6 in this country, where attention was given to
7 financing the acquisition of housing and home
8 ownership, the improvement of housing.

9 But in neighborhoods where those
10 investments were most heavily concentrated, the
11 absence of an economic development strategy tied to
12 jobs and sustaining ownership or rental housing
13 ultimately caused the demise of that housing.

14 It seems to me today that Philadelphia
15 still needs a more focused economic development
16 strategy. And as a region where Greater
17 Philadelphia First has tried to focus its attention,
18 is to look down the road over the next 10 to 20
19 years and identify assets around which economic
20 growth and economic development can occur.

21 And given the changes in the world, in
22 the economy in general, where we have tried to give
23 particular attention is in industries and jobs and
24 businesses that require knowledge, that require
25 educated or smart workers, that will produce high

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2 incomes, that will create spin-offs in procurement
3 and spending that will sustain an economy through
4 not just the next 5 or 10 years, but for the next
5 100.

6 If you look back at the last ten, when
7 the Rendell Administration took office and
8 Philadelphia was confronted with serious fiscal
9 problems, and many of the city's assets had
10 relocated to the suburbs, the Rendell Administration
11 needed to grow and not simply cut its way out of
12 fiscal disaster.

13 And it arrived at a strategy predicated
14 on recognizing the city's then best asset, which was
15 tourism and hospitality, the construction of a new
16 Convention Center, and the fact that the Betsy Ross
17 House wasn't going to move to Malvern.

18 At the center of that strategy was an
19 anticipated development of the river as a center for
20 gaming. And riverboat gambling was very much a part
21 of the fiscal recovery of the city, which of course
22 never materialized.

23 Ten years later, the investment in arts
24 and culture, sports and entertainment, tourism and
25 hospitality has created an economy or an economic

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2 character for the city which is designed to make
3 Philadelphia a great place to visit.

4 We think that the combination of
5 higher-education institutions, which like the Betsy
6 Ross House are not relocating to the suburbs, the
7 fact that there is a tremendous investment both in
8 the city and the region in financial services and
9 information technology, in healthcare and medical
10 service delivery and life sciences, and of course in
11 education in general, provides the same framework
12 for the next 10 or 20 or 50 years that tourism and
13 hospitality provided for the last 10.

14 So we are bullish about the region, and
15 we are optimistic that the city can get its act
16 together and play a meaningful role in the economic
17 future of the region.

18 But there are some things that I guess I
19 would like to just suggest are going to be central
20 to making the city more competitive.

21 First and foremost is recognizing that
22 for a long time our suburban neighbors have been
23 eating our lunch. And that unless and until we are
24 prepared to recognize that the ways that we have
25 done business in the past will not sustain us in the

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2 future, we will likely continue to lose.

3 We recently polled residents in the
4 region. And I am sure that the results of this poll
5 would not surprise anyone.

6 But when you disaggregate the data
7 between suburban and city, what residents say about
8 their view of the potential for the city to be more
9 competitive is the following: First 25 percent
10 think that the quality of public schools have gotten
11 better, but 44 think that schools are continuing to
12 deteriorate, versus only 19 percent of the suburban
13 residents who feel that schools are getting worse;
14 64 percent of city residents say uncompetitive taxes
15 dissuade people and companies from moving to the
16 region or staying in the city; 60 percent think that
17 the crime and public safety dissuade people from
18 stay in the city.

19 So the continued issues of crime,
20 schools, and taxes, something that I spent a lot of
21 time talking about in 1999, remain concerns for the
22 future economy of the city.

23 In addition, we applaud the fact that
24 the Administration is now supporting and has just
25 recently started an innovative economic development

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2 initiative.

3 There is a tremendous opportunity around
4 life sciences, where Penn and Temple and Drexel and
5 Fox Chase, and other universities in this region are
6 going to be producing cures, medicines, devices that
7 will sustain and prolong life and improve the
8 quality of life.

9 And the jobs that are going to be
10 created around those industries are not just going
11 to hire Ph.D.s, but lab technicians and all kinds of
12 other skills that the public school system needs to
13 spend more time training for.

14 We also would applaud the efforts of
15 this Council to try to raise immigration as an
16 issue. Because clearly the growth in Chicago and
17 Los Angeles and in Boston and in New York City, the
18 growth of the consumer marketplace, as well as the
19 growth of employment, have in part been fueled by
20 immigration.

21 We support and applaud efforts to retain
22 more of Philadelphia area college student graduates.
23 My children don't think Philadelphia is cool. I
24 don't happen to agree with them, but then I wouldn't
25 know cool if it bit me.

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2 But, on the other hand, we are a great
3 place to raise a family, and we are a great place to
4 grow a family and grow a business. And so if we can
5 do a better job of selling Philadelphia to its
6 already recruited pool of smart workers, the college
7 students and graduate students of today, I think we
8 can do a better job.

9 Last but not least, city government
10 needs to recognize that being customer-friendly,
11 coordinating and reducing the number of city
12 agencies that do similar jobs, delivering services
13 more efficiently are all part and parcel of a
14 strategy to reduce the cost of government and to
15 reduce tax rates.

16 Ultimately, unless and until
17 Philadelphia removes high wage taxes, high earnings
18 and net profit taxes on businesses, people will use
19 that as an excuse to get out of Dodge.

20 And with all the assets and all of the
21 strengths and all of the attractiveness that
22 Philadelphia can offer particularly young workers,
23 who are starting businesses and who will be the
24 foundation of businesses in the future, and to
25 attempt to capturing the lion's share of the

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2 start-up opportunities that the intellectual pool
3 that's at our universities will create, worrying
4 less about whether we can get Boeing to locate a
5 corporate headquarters, and making sure that more of
6 our businesses that are here stay here and don't
7 move out of the city, the sooner we can do that and
8 attack the major impediment to that, which is the
9 wage tax, the more likely a Neighborhood
10 Transformation Initiative will be successful.

11 I appreciate the opportunity to appear
12 before you today. And, again, I commend you for
13 your efforts to recognize what I think is one of the
14 city's most important issues, which is the future of
15 its population.

16 PRESIDENT Verna: Thank you so much.

17 The Chair recognizes Councilman Goode.

18 COUNCILMAN GOODE: Thank you, Madam
19 President.

20 Good afternoon, Mr. Katz.

21 You reference in your testimony the fact
22 that the previous Administration made significant
23 investments in the hospitality and tourism industry.

24 I think that post September 11, there
25 are those that would be worried about those massive

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2 investments in terms of hundreds of millions of
3 dollars, yet it was the right decision at the time
4 because of its vision.

5 Last year you came to Council, you
6 testified on behalf of stadiums. And who knows
7 what's going to happen in terms of sports and
8 entertainment in the future.

9 And people at some point may
10 second-guess that decision years down the road.

11 My question to you, as someone who has
12 expertise in financing major economic development
13 initiatives or major development initiatives,
14 period, is, when you consider a major development
15 and the vision for major development, what
16 percentage is, quote, unquote, are art and what
17 percentage is science?

18 MR. KATZ: First of all, I wanted to
19 address one of your points, which is that I think
20 there are those of us -- and I would include
21 myself -- who started to wonder about the wisdom of
22 the almost exclusive focus on tourism and
23 hospitality as a focal point for Philadelphia
24 economic development investment long before
25 September 11.

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2 In fact, you know, at some point it
3 seems to me -- and I would say it is properly '97,
4 '98 when cities like Boston and Austin and New York
5 and Chicago and San Diego and Seattle and others
6 were really catapulting their economies on the backs
7 of science and technology, that the birthplace of
8 science and technology seemed not to be paying
9 attention to that as a potential for growth in the
10 city.

11 And not only for growth in the
12 high-profile, high-wage jobs, but also in all of the
13 support positions that go along with it.

14 And we put all of our eggs in one
15 basket, the culmination of which was the advent of a
16 convention, national convention, which I think is
17 something the city should be very proud of.

18 But there was a diversification strategy
19 that needed to take place in the second Rendell
20 Administration that I think was missed.

21 COUNCILMAN GOODE: I have to make one
22 point, though. The two major attractions in
23 attracting a national convention, I would say, was
24 Convention Center and the First Union Center, which
25 was not the Rendell Administration.

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2 MR. KATZ: Actually, I think there were
3 three qualities or three physical assets. Clearly,
4 hotel rooms. Absent a number of hotel rooms, you
5 wouldn't even have been qualified.

6 But I don't want to dispute that. And I
7 am not looking, by the way, to criticize the Rendell
8 Administration or avoid recognizing the Goode
9 Administration. Both of them clearly made a
10 significant commitment to the infrastructure that
11 made possible the convention.

12 But my point is that we have these
13 universities, they were doing stuff. We have these
14 science institutions, they were doing things. And
15 the disconnect between them and the city's economic
16 strategy has been going on for a long time.

17 Now, I think it is starting to change.
18 Governor Ridge and the legislature recently created
19 Greenhouses for Life Sciences. There is a
20 tremendous amount of venture capital that's flowing
21 into the city and the state to fund start-ups in IT
22 and life-science companies. And I think there is a
23 lot of great opportunity there.

24 I think all deal-making is an art.
25 There is no science involved. The science is in the

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2 execution, but deal-making is art. And I think
3 Philadelphia has a great track record, going back 50
4 years, of being a great deal-making city.

5 But there are different kinds of deals
6 now that need to be made, different kinds of
7 partners on the other side of these deals, not just
8 real estate developers.

9 Somebody said land is king. Land isn't
10 king anymore. In the 21st Century, brain power is
11 king and workers are king.

12 And the great asset that can distinguish
13 a city or a region from another city or a region is
14 its capacity to deliver to employers workers.
15 Because employers have proven they can go anywhere.

16 You can have 200 acres of land in a
17 place with all kinds of tax incentives, and the
18 county across the line will do the same thing.

19 So what matters, in my opinion, is
20 intellectual capital and intellectual resources and
21 the capacity to deliver those.

22 COUNCILMAN GOODE: Thank you.

23 Thank you, Madam President.

24 PRESIDENT VERNA: You are welcome.

25 The Chair recognizes Councilman Ortiz.

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2 COUNCILMAN ORTIZ: How are you doing,
3 Sam?

4 MR. KATZ: Good, Councilman.

5 COUNCILMAN ORTIZ: This weekend I had
6 for dinner my niece, and she is at Wharton. And she
7 is from New York.

8 And she said to me, "You know, I have
9 been here now a year, year and a half, at the
10 University. And I reside over here at 1515 Locust
11 Street. And most of my classmates who go to Wharton
12 live there. Most of them are from outside the
13 city."

14 She says, "Angel, I don't have a car. I
15 live in New York. But when I want to do some
16 shopping, I can't find a place here in Center City
17 to do it."

18 And, strangely enough, she was at the
19 sports store on 17th Street and Locust. "I found
20 that I had to go to New York, really, to find some
21 stuff. Because I can't go to King of Prussia
22 because I don't have a car. And, yet, I would love
23 to stay here. But there is an atmosphere or a
24 culture within Philadelphia that really hits at you
25 after you are here a few years that is not conducive

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2 to bringing in that generation of people that you
3 are talking about."

4 So we have people that are getting the
5 training at universities like Wharton, and who might
6 want to stay here.

7 In fact, I wanted her to come and
8 testify, you know, and express her feelings to this
9 Council.

10 But, see, there is a certain political
11 setting that controls the city. And, you know, I
12 wrote as you were saying, how do we become
13 competitive? You mentioned crime and taxes.

14 Crime is going down. Taxes, we really
15 haven't raised taxes in this city the last 12 years,
16 except for the liquor tax.

17 The taxes that we have had have
18 remained. And the wage tax have gone slowly down,
19 maybe too slow for some.

20 But the net profit tax has not, but
21 there are other aspects that detain and prevent
22 people, the young generation, from coming here.

23 And I think development, as we have been
24 talking here about the aspect of development, and
25 the cost of development within the City of

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2 Philadelphia, is extremely high.

3 So I think if you take a look at it, I
4 was going to ask you, my question is, how do we
5 become competitive, besides eliminating the wage
6 tax?

7 MR. KATZ: Well, Councilman, I think you
8 have to decide what you want to be competitive for,
9 what are you trying to accomplish.

10 And when we decided that we wanted to
11 become competitive as a tourist destination, going
12 back 20 years, we started with a Convention Center.

13 We did a better job I think of marketing
14 the historic exhibits that were here. We recognized
15 the need for more hotel rooms, and the city invested
16 a tremendous amount of money through Section 108 HUD
17 funding to provide subordinated financing to
18 developers.

19 We increased our investment in tourism
20 and marketing both at the state and at the city
21 level. We knew what we were trying to accomplish.

22 What are we trying to accomplish today
23 as a city? We are not trying to become the center
24 of manufacturing, I don't think.

25 We are not trying to become a

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2 transportation center, to the extent that we once
3 were, although I think can we be a player in
4 transportation.

5 We were for a time, it seems to me,
6 trying to resuscitate the port and the construction
7 of ships. And that may still provide some
8 opportunities, particularly if Fast Ship gets off
9 the ground.

10 But what we are, what we have, are these
11 other assets, these universities, Drexel and Penn
12 and Temple and St. Joe's and La Salle and all these
13 schools, University of Pharmacy, University of
14 Sciences, and Philadelphia University, they are not
15 going anywhere.

16 And they are producing for the 21st
17 Century what factories used to produce for the 20th.

18 So I think it goes right to your point.
19 How do we keep them here? How do we keep those
20 people here?

21 Austin has a great music scene, and they
22 sell the heck out of it. And you can hear rhythm
23 and blues, you can hear Latino music, rock, any kind
24 of night club.

25 I understand there is an issue that the

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2 city is now taking with Senator Fumo to create
3 something now called PhilaCity, which is to try to
4 market the city to young people, to people like your
5 niece at the Wharton school. Those are things that
6 take time to develop.

7 But ultimately what will keep your niece
8 and what will keep young people in the city are
9 great jobs and a thickness to the labor market.

10 Why do people like the silicon valley?
11 Because if your job doesn't work out with Hewlett
12 Packard, there are 25 other employers there, at
13 least you did know until recently, that you could
14 get a job there.

15 We have a thickness of labor market
16 characteristics around life sciences. And we can do
17 a much better job of trying to recruit and retain
18 people for those kinds of industries.

19 But I think the answer to your question
20 about, how Philadelphia gets competitive, it isn't
21 just wage taxes, it is the cost of doing business
22 here.

23 It is the cost of getting a permit. It
24 is the cost of electricity. It is the cost of gas.
25 It is the cost of the SEPTA passes, all of it.

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2 big problem associated with the tax burden on the
3 existing residences is the simple reality that so
4 many people have left these various communities.
5 And we are now burdened with being taxed for a city,
6 particularly as it relates to infrastructure, that
7 was probably built for 2 and a half, 3 million
8 people.

9 As it relates to schools, we have this
10 formula where our real estate taxes fund a
11 substantial portion of our schools. So obviously we
12 are underfunded as a result of not being able to get
13 revenue from all people that have left and the land
14 that is currently vacant.

15 And my understanding, based on talking
16 to, actually, police at the highest level, they talk
17 about crime and conditions and communities breed
18 crime more often than not.

19 And deteriorated communities tends to be
20 a higher level of crime as it relates to, you know,
21 the policing and the comp stats.

22 And the train of thought is that, if we
23 somehow invest in communities, in areas where there
24 is opportunities to increase housing, increase
25 commercial development, decrease our inability to

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2 collect revenues from currently vacant land,
3 therefore, increasing our coffers, both at the
4 wage-tax level -- because, as you know, resident
5 wage tax, people pay a higher rate, as opposed to
6 nonresidents -- increasing our School District
7 coffers, because we now collect real estate from
8 currently vacant land, neighborhoods that are stable
9 and are not targets of people that like to create
10 crime, do you agree with that train of thought?

11 I understand that's not the entire
12 reason why we have some of these problems.

13 MR. KATZ: No. I agree. And I think
14 that your point about quality of life is a good one.

15 And would add that, interestingly
16 enough, probably 80-some percent of suburban and the
17 region's residents think that this is a good place
18 to be, this region. 64 percent of the city's
19 residents think this is a good place to be.

20 But there is a 20 percent spread between
21 the two outlooks.

22 And I agree with you. But I don't think
23 that government is generally a great investor. I
24 think when government is making the decisions about
25 where to invest and what to invest in, absent a

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2 private partner, or, better, absent a private leader
3 about investment, that the investment decision tends
4 to either not to be sustainable or not to be very
5 good.

6 No criticism intended of any particular
7 government. But it isn't government's historic
8 track record in investment that has been
9 particularly good.

10 So to the extent that there are -- that
11 you used the word "stabilization," and I think
12 that's a good word, but stabilization isn't just
13 physical; it is economic, it is social, it is
14 educational.

15 That there are a lot of parties that
16 needs to be at a table, including private parties,
17 with real private dollars, making decisions about
18 investment.

19 Because simply creating a better
20 environment in which to invest will not assure that
21 you will get investment, if you have haven't
22 identified a partner who has told you that if X, Y,
23 and Z occurs in a place, their dollars, their
24 energy, and their resources will flow into it.

25 COUNCILMAN CLARKE: And that can happen

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2 as a result of a planning process, a clearly thought
3 out planning process for communities, in partnership
4 with potential investors?

5 MR. KATZ: Yes.

6 And I think it is obvious in
7 Philadelphia that one size doesn't fit all. That
8 there are different neighborhoods that have
9 different views about what it will take to stabilize
10 them.

11 And, you know, that's, I think -- and
12 then obviously a high level of concern about having
13 a seat at the table, when those decisions about how
14 to stabilize them and where the investment is going
15 to be made is undertaken.

16 COUNCILMAN CLARKE: Okay. You mention
17 government investing.

18 There are a couple of programs where
19 government has made the decision to invest,
20 essentially, in downtown areas.

21 We recently -- and, actually, I guess I
22 don't know when the legislation happened, it was a
23 conversion abatement bill that was put in place that
24 was, essentially, a government investment, where
25 there were conversions of former commercial

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2 properties into real estate properties, and it
3 spurred a lot of development opportunities.

4 We actually do have some tax increment
5 finance projects that are online.

6 I was actually just talking to
7 Councilman Nutter about the old UDAG program, where
8 we actually, I believe, invested UDAG in a couple of
9 instances.

10 And I am just concerned that, you know,
11 in the past we have not hesitated, frankly speaking,
12 to invest in Center City with government-financed
13 programs, because that's what they are, in addition
14 to 108 programs, invested in Center City, and
15 without necessarily a clearly thought-out plan,
16 which was some criticism associated with some of the
17 Council hearings.

18 We were able to do that, and we did have
19 a substantial number of successes. And I am just
20 concerned that now, when we are talking about
21 investing using government investment to spur
22 private investment in neighborhoods, there is this
23 apprehension.

24 And I just want to get a sense, do you
25 think that that's fair?

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2 MR. KATZ: I think your observation is
3 not accurate, actually.

4 I don't think you can have a TIF unless
5 you have a private investment. Because a TIF is a
6 freezing of a tax base based on somebody making --

7 COUNCILMAN CLARKE: I didn't say you
8 could have it without private investment. I am
9 saying it is a subsidy.

10 MR. KATZ: If I misunderstood your
11 question, I apologize. But I thought what you were
12 saying was -- in Center City we invested public
13 funds without a corollary private --

14 COUNCILMAN CLARKE: No.

15 MR. KATZ: That's all I am saying.

16 I am not arguing about a plan. I think
17 the planning is important. Although I would argue,
18 in Center City, the function of Center City as a
19 combination commercial, retail, cultural, and
20 residential community was established a long time
21 ago.

22 You might argue about whether the plan
23 for 13th and Locust should be X or Y. But where
24 uses will occur and what the function of streets are
25 and the function of parks and neighborhoods are has

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2 been, I think, actually was planned in Center City.
3 Maybe it needs to be updated, I am not going to
4 argue that.

5 But where the only investor in a project
6 is the government, with a couple of exceptions --
7 and I wouldn't argue that, for example, public
8 housing is an exception.

9 Where the only investor in a project,
10 and particularly a transformation project, is a
11 government, the chances of sustaining the
12 transformation are probably not that good. That's
13 all I am saying.

14 COUNCILMAN CLARKE: I agree a hundred
15 percent. Okay.

16 Thank you, Madam Chair.

17 PRESIDENT VERNA: Thank you.

18 The Chair recognizes Councilman Kenney.

19 COUNCILMAN KENNEY: Thank you, Madam
20 President. Mr. Katz, how are you doing.

21 If you had to rank the reasons why, in
22 your opinion, through your analysis and through your
23 experience, the reasons why from first top five
24 reasons why people have decided to move their
25 families out of the city into the surrounding

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2 suburbs and New Jersey, how would you rank them?

3 MR. KATZ: Well, I think it probably
4 depends on when they left.

5 COUNCILMAN KENNEY: What if they have
6 left in the last ten years.

7 MR. KATZ: In the last ten years, I
8 would say at the earlier part of the decade, I would
9 say the number one concern was safety.

10 And while I think we have definitely a
11 better safety record today, I would probably suggest
12 that people are still leaving because, in their
13 particular spot, they don't feel safe.

14 Or, number two, because they don't feel
15 safe where their children go to school.

16 And I would say, number three,
17 particularly for young families, in addition to not
18 feeling safe in many cases, they don't feel that
19 their kids are going to get the best possible
20 education, or they can't afford the choices that are
21 available to them.

22 Number four, I would say, they have left
23 because they had a long commute to a job that
24 relocated or got a job in a place that required a
25 longer commute.

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2 And while I would not argue that people
3 tend to leave because of taxes, that taxes becomes a
4 reason but not the principal reason.

5 I would say businesses would leave for
6 tax reasons more than the individual.

7 COUNCILMAN KENNEY: Attributing to the
8 commute problem?

9 MR. KATZ: Yes.

10 And I think that, unfortunately, you
11 know, we were not aggressive in some parts of the
12 last two decades in trying to get more of the
13 business opportunities that we might have gotten
14 here.

15 You know, Philadelphia still doesn't
16 have a business marketing strategy and/or much
17 money, that I know of.

18 COUNCILMAN KENNEY: We are taking
19 advantage of the new economy, which is now the old
20 economy. The new economy is about 20 years old now,
21 I think. So we are a little behind the curve, but
22 better late than never, I guess.

23 MR. KATZ: We may be behind the curve in
24 some respects, Councilman. But I think you
25 obviously recognize the base assets to be a player

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2 in the new economy are here. And they are more so
3 in Philadelphia than they are in the suburbs.

4 And increasingly -- here is the
5 opportunity. And, Councilman Goode, I think you
6 probably would recognize this.

7 As people move further and further out,
8 as you tear up more and more farmland in Exton and
9 in Lancaster and in northern Bucks County, the costs
10 of sprawl imposed on the taxpayers in those
11 communities will make the city, if the city's
12 economic development program and tax competitiveness
13 are together, a much more attractive competitor than
14 it has ever been.

15 Because it isn't just the city that
16 people are running away from. It is also the inner
17 suburbs that they are now running away from.

18 And one of the things that you found in
19 this study, this survey, was that ten years ago the
20 most important issue was safety regionally.

21 This year the most important issue was
22 sprawl and congestion. Because people who went out
23 to the suburbs for a better quality of life are
24 spending 45 minutes on 202, and that's no day at the
25 beach.

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2 COUNCILMAN KENNEY: Let me put it a
3 different way.

4 Hypothetically over the last ten years
5 or so, if we had paid attention to fixing schools,
6 fixing our tax structure, creating a better
7 environment on the crime scene -- which is something
8 we probably have done to a large degree, which has
9 cost us a lot of money doing it -- perhaps dealt
10 with in some ways auto insurance issues vis-a-vis
11 the suburbs and the city, blight may have taken care
12 of itself?

13 MR. KATZ: I think you can look in New
14 York and see evidence of how exactly those
15 strategies have paid off for the city.

16 COUNCILMAN KENNEY: One of the issues
17 that I have raised in the past, and have kind of put
18 on kind of a sub radar screen these days because of
19 September 11, is the issue of immigration and
20 replacement people.

21 I mean, New York City, with a 15 percent
22 domestic out migration rate over the past decade,
23 and a 9 percent net increase in population, is an
24 amazing figure.

25 And that 9 percent net increase in

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2 population created, recreated, neighborhoods like
3 Brooklyn, the Bronx, and Queens, and other parts of
4 New York that we are trying to deal with in this
5 whole process of NTI deliberations.

6 Hindsight being 20/20, if we had all
7 those factors in place in the last decade, 15 years,
8 we may not need a blight program, we might have had
9 one already in creating an environment that fosters
10 retention of residents' jobs and attraction of new
11 residents.

12 MR. KATZ: Before you came in,
13 Councilman, I made the point that I thought the
14 attention to immigration was a critical component.

15 COUNCILMAN KENNEY: Tough these days. I
16 got heckled on my immigration policy a couple of
17 Sundays ago at, believe it or not, the Columbus Day
18 Parade. Which kind of surprised me.

19 Because I turned to the guy who was
20 heckling me and said, "Well, who do you think all
21 these people in this parade are? I mean, they are
22 all immigrants, or former immigrants or relatives of
23 immigrants and offspring of immigrants.

24 We have had a more difficult time in
25 promoting that, obviously, for obvious reasons.

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2 MR. KATZ: This may not be the right
3 time.

4 COUNCILMAN KENNEY: I don't think so.

5 Let me ask you a question. I know you
6 are familiar with the city's financial situation,
7 both as a candidate for public office and as a
8 person who is involved in public finance.

9 We have embarked on a number of major
10 projects in the city in the last four, five, six
11 years, stadiums being one of the more high-profile
12 once.

13 But we are also contemplating beginning
14 now the planning and engineering for the potential
15 expansion of the Convention Center.

16 Our schools are obviously a financial
17 issue, both from an economic development and
18 retention standpoint, but also from a city's
19 financial standpoint.

20 We need to probably pony up significant
21 amounts of more money for the schools vis-a-vis
22 Harrisburg's desires.

23 We may face down the road investment
24 needs for hospitality and tourism, as the federal
25 government has begun to prop up the airlines and

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2 some of the other industries affected by September
3 11.

4 We here see that similar problem with
5 three, four, five hotels in our city that are really
6 in desperate shape and may need some assistance in
7 some way or another, whether that is investment in
8 advertising and promotion or whether it is direct
9 subsidy or whether it is forgiveness, something to
10 keep that pillar of our economy going while we work
11 ourselves out of this problem.

12 Obviously you testified the need, I
13 think you have alluded to at least, the need to
14 maybe accelerate the reduction of taxes. Because
15 the way we were doing it so far has not been
16 effective in retaining jobs or people.

17 And some of the concerns that we are
18 reading lately about the downward projections on
19 wage taxes and sales tax flat-lining and some other
20 issues that really since September 11 have put us in
21 a very precarious situation in the short term and
22 potentially in the long term.

23 Do you believe that there may be a need
24 for us to wait a little bit to kind of see how this
25 shakes out economically in the city prior to the

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2 investment and borrowing of \$250 million of
3 additional taxpayers' dollars, taxpayer-supported
4 borrowing?

5 MR. KATZ: Gee, I didn't think that's
6 where your question was going.

7 Well, first of all, it is a lot easier
8 to be here as a civic executive than it would be to
9 be in your situation or the Mayor's situation to
10 make those decisions. And so I would urge you to
11 take my response with a grain of salt.

12 The first part I would say is that when
13 everybody else is being cautious, victory goes to
14 the aggressive.

15 And that's not -- that's counter to the
16 Philadelphia way of doing business. But I would
17 tell you that rather than wait and see, I would take
18 bold action.

19 Because Philadelphia always strikes me
20 that we are on the verge of realizing this great
21 potential. But I am 52, and I have been hearing
22 about it for 52 years.

23 COUNCILMAN KENNEY: This city embraces
24 the status quo with vigor.

25 MR. KATZ: So that means to me that

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2 there is a time -- you are 52, aren't you?

3 COUNCILMAN CLARKE: No.

4 MR. KATZ: I heard you laughing awfully
5 loudly over there, Darryl.

6 There is a time when you sort of say,
7 let's say we have this great opportunity now to rise
8 above.

9 And because I do think that the things
10 that are happening at the universities, they are
11 getting their act together and they are becoming
12 much more aggressive in their recruitment, you have
13 got this incredible infrastructure of arts and
14 culture and community assets that very few
15 communities outside of the older, established
16 Bostons, New Yorks, and Chicagos have. Probably
17 Durham will never have the kind of cultural
18 facilities that we have.

19 Now is the time to attack the things
20 that are killing us.

21 COUNCILMAN KENNEY: But the things that
22 are killing us, as you mentioned in my first part of
23 the question, no one mentioned, you didn't mention
24 blight.

25 You mentioned schools and taxes and

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2 reverse commutes and crime and employment retention
3 issues. And a lot of it centers around taxes and
4 the condition of our schools.

5 I mean, of the top five things I asked
6 you about, you didn't mention blight, per se. Not
7 that we shouldn't try to correct our blight problem.

8 However, if we are going to be
9 aggressive, with limited resources, I would suspect,
10 at least from your initial answer, that there are
11 four or five areas we should be more aggressive on
12 using our limited resources.

13 MR. KATZ: When one family decides to
14 move out of a house or one landlord decides to stop
15 investing in a building, and that begins the process
16 of disinvestment, what drove that family away wasn't
17 blight. What drove that landlord to disinvest
18 wasn't blight.

19 Blight is the outcome of what occurs
20 when people don't have jobs, when their kids can't
21 get an education, and when their parents don't feel
22 safe.

23 And, to me, I think the blight
24 initiative is, based on all the information that I
25 have seen about where the city will be in 50 years

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2 if we don't do something, it is a natural response
3 to want to put up walls around places where blight
4 might be stopped.

5 And I think that's probably, you know,
6 to its credit, what the blight initiative or the
7 Neighborhood Transformation Initiative is trying to
8 do.

9 It is the other side of that. So now
10 you have done that. Where is the deal?

11 COUNCILMAN KENNEY: As Mark Allen used
12 to say, the other side of the horizon after the
13 demolition.

14 MR. KATZ: The question about Center
15 City wasn't, let's clear that block between Market
16 and Filbert and 12th and 11th and hope that somebody
17 shows up with a good idea. There was somebody there
18 ready to do a deal. And that's my --

19 COUNCILMAN KENNEY: But from my
20 perspective, I have no problem with investment in
21 Center City.

22 Because I believe that when you watch
23 people get off of the El and the subway and the
24 various transit routes in our city who are coming
25 from neighborhoods in Northwest, West, South,

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2 Northeast Philadelphia, are coming to a major
3 economic engine that needs to be primed and
4 effective and productive, where those people living
5 in those won't have a chance to maintain a quality
6 of life or pay their mortgage or improve their home
7 because they won't have a job in Center City.

8 In fairness to Ed Rendell, I know he
9 always used to get batted around by being Slick
10 Eddie from Center City, which I think was unfair in
11 many ways because the Center City economic engine is
12 perhaps the most important.

13 If you look at the level of taxes that
14 are generated -- I know people in Northeast
15 Philadelphia always tell me, "Why do we pay more
16 taxes up here than anyplace in the city?" Not true.

17 People in Chestnut Hill say, "We pay
18 more taxes than anyplace in the city." Maybe after
19 this last property tax assessment, that might be
20 true.

21 But in Center City, Spring Garden to
22 South, River to River, is really where the economic
23 engine in the city is.

24 So from a perspective of keeping that
25 healthy, I don't really have a problem with that at

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2 all.

3 My major concern is that we have limited
4 resources. Should we be concentrating on the things
5 that are truly driving the people out of the city?

6 Albeit we will agree that fixing
7 blighted neighborhoods is a moral responsibility
8 that we have. However, we didn't fulfill that moral
9 responsibility unless we have the resources
10 necessary to do it.

11 And without the other things that have
12 not been done in the past 20, 25 years, we are
13 continuing, going to continue, to lose people who
14 are paying taxes to surrounding communities, thus
15 further shrinking our base of tax-paying supporters
16 and increasing our base of people who use services.

17 MR. KATZ: In response to your first
18 question, obviously you are not going to have to
19 wait a whole lot longer to find out what the likely
20 outcome is going to be on financing the schools.
21 That report is due at the end of this month.

22 And it is clear that, you know, when the
23 plan -- when the problem was put on the table over
24 the next five years, it was 1 billion 500 million
25 dollar accumulated operating deficit of the school

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2 district, if we didn't do anything for five years.

3 And clearly you are not going to be able
4 to operate if you accumulate that kind of deficit.

5 And the expectation is that that plan,
6 that that problem might be solved one-third city,
7 two-thirds state, which is going to be a political
8 stretch for both interests.

9 So your question is, well, wait to see
10 what the bill is going to be for that before we
11 commit ourselves to 20 or 25 million dollars a year
12 in debt service on the blight initiative. We are
13 not going to have to wait too much longer.

14 COUNCILMAN KENNEY: We could wait at
15 least until December.

16 MR. KATZ: You are going to see very
17 shortly, I think, a very sizable financial
18 obligation which, whether the state is willing to
19 fund or not, politically its ability to fund it, I
20 think, is going to be limited.

21 COUNCILMAN KENNEY: From what your
22 knowledge of the NTI program is, which is I would
23 assume --

24 MR. KATZ: It is not that good, to tell
25 you the truth.

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2 COUNCILMAN KENNEY: It is probably the
3 same as ours.

4 MR. KATZ: Not for the same reason.

5 COUNCILMAN KENNEY: There are elements
6 of that plan, as I talked with Mr. Pizzi before, who
7 testified earlier, that require and suppose certain
8 levels of additional funding, matching dollars,
9 other types of new revenue that would be coming from
10 the federal, state, and from private investment
11 sources.

12 Obviously \$250,000,000 is not sufficient
13 on itself, in itself, to take care of the problems
14 of blight in the neighborhoods that are affected
15 more intensely and those who are starting to be
16 eaten around the edges.

17 So those additional federal dollars
18 coming from federal and state sources especially are
19 going to be critical in making this whole plan work.

20 As I expressed to Charlie when he was
21 giving his testimony in favor of some type of NTI,
22 some type of approval, is that, you know, a nation
23 at war doesn't necessarily have Philadelphia's
24 Neighborhood Transformation Initiative on its radar
25 screen.

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2 And a state that's wrestling with
3 two-thirds/one-third politically difficult decisions
4 on school funding certainly doesn't have
5 Philadelphia's NTI program on their radar screen.

6 And unless we fix some of the tax
7 structure and cost of building replacement housing
8 and market rate housing in Philadelphia through
9 private investment, the \$250 million won't go very
10 far on its own.

11 What's your opinion?

12 MR. KATZ: Well, the \$250 million, as I
13 understand it -- and my knowledge is limited not
14 because of the facts being available, but just it
15 hasn't been a focal point for Greater Philadelphia
16 First.

17 COUNCILMAN KENNEY: They are not
18 available, trust me. They are not available today.

19 MR. KATZ: I trust you.

20 The fact is that \$250 million, spread
21 out over a city of this size, with the diversity of
22 neighborhoods and interests, is obviously going to
23 have a modest impact on every place that it is
24 spent.

25 What hopefully emerges from your process

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2 in Council is that there is going to be a vision of
3 what comes after the removal of the abandon houses
4 and the clearing of streets that are subject to
5 blight.

6 And that vision is going to be critical
7 to giving the city both the political capacity to go
8 after these other dollars, as well as to be
9 persuasive to federal, state, and private funders
10 that there is something to be invested in here.

11 And I think if there is a weakness now,
12 that's it. I mean, I don't think there is a vision
13 out there of, well, here is what we are going to
14 look like, and this is how we can get there, and
15 this is the first step.

16 Because there is going to be a
17 downpayment to get there, there is no question about
18 it.

19 COUNCILMAN KENNEY: What's your opinion
20 relative to the investment strategies of placing a
21 large amount of money, most of the money, in one or
22 two particular blighted areas, or using some of the
23 dollars to stabilize currently stable and productive
24 neighborhoods that may be kind of rotting around the
25 edges?

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2 MR. KATZ: Well, as a strategy, I think
3 that's the only way to do this.

4 As a political matter, given the fact
5 that there are ten districts, it may not be
6 possible.

7 COUNCILMAN KENNEY: Which is the best
8 way to do it first?

9 MR. KATZ: Concentrate on the places
10 where you can make success, where you can assure and
11 sustain the success, where you can provide models of
12 success, where you can induce private investment,
13 where you can make people feel like it is safe to
14 come back, and then go to the next place.

15 And I don't know if you can do that in
16 Philadelphia. And I understand why that might not
17 be possible.

18 But at the end of the day, trying to
19 spread \$250 million over the city is going to be a
20 drop in the bucket for most places.

21 COUNCILMAN KENNEY: And I would ask you
22 the same question I asked Mr. Pizzi, because of your
23 business acumen and your business experience.

24 If you were the president of a bank, and
25 this was a private entity coming to you for approval

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2 on a \$250 million loan, with the amount of
3 information that's available to you or to us today,
4 would you approve the loan?

5 MR. KATZ: I don't really know the
6 answer to that, Jim. And I don't mean to punt.

7 But the question is, if I was making an
8 investment in a company that had 14 products that it
9 was trying to start its business with, I would think
10 the prospect of succeeding in any one product would
11 be pretty small.

12 COUNCILMAN KENNEY: That's a fair
13 answer. Thank you.

14 PRESIDENT VERNA: You are welcome.

15 The Chair recognizes Councilman Goode.

16 COUNCILMAN GOODE: Thank you, Madam
17 President. I still love my job.

18 You gave me an opportunity to ask Mr.
19 Katz the question again, which he didn't answer.
20 You see, I let him off the hook. It was a great
21 answer to the question.

22 The question was, when you are talking
23 about major development initiatives, major
24 development, when you are one of the chief players
25 in that, and from your experience, what percentage

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2 is art and what percentage is science?

3 MR. KATZ: Well, first of all, there is
4 many pieces to a deal.

5 (Councilwoman Blackwell assumes the
6 Chair).

7 MR. KATZ: But the vision is all art.
8 Constructing a vision of where you can take a
9 community, where you can take a business, where you
10 can take a block is about art.

11 Making the deal work, meaning you have
12 got economics, meaning you have got cash flow, or
13 you have got coverage ratios, or you have got any
14 one of those things, is science.

15 So everything is 50/50, I suppose, at
16 the end of the day. Because if the business plan
17 and the business economics and the coverage and cash
18 flow don't work, the deal doesn't work.

19 COUNCILMAN GOODE: Let's leave it at
20 50/50.

21 And let's say the 50 percent art has
22 been done in terms of, there's been a vision that
23 has been put out there, that it has been sold to a
24 certain extent that we have to do something, whether
25 it is a larger scale, whether it is in the future or

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2 whatever, let's get into the science of it. I will
3 probably say some things I shouldn't say.

4 But we talked about where you get the
5 most bang for the buck in terms of development. You
6 said that we should use the technology resources of
7 the universities and other institutions that we
8 have, and that's part of your vision.

9 If we were to actually go in and, as
10 part of this Neighborhood Transformation Initiative,
11 decide to do our major concentration of development
12 around universities, University of Pennsylvania,
13 around Temple University, where there is a
14 connection, Market Street El going down, Broad
15 Street Subway going up, connections of Market
16 Street, Broad Street, so many other economic
17 development assets connected to that, what would be
18 the -- is that or is that not the best prospect for
19 success in terms of economic development
20 concentration, if we were to decide we are going to
21 go beyond that 50 percent vision and begin to work
22 on the science of it?

23 MR. KATZ: Well, I think what made
24 Philadelphia neighborhoods strong in the early part
25 of the 20th Century were anchors. Whether it was

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2 Stetson Hat in Fishtown or Frankford Arsenal or the
3 Defense Depot or the Airport or the University.
4 There was some anchor, hospital, there was something
5 there.

6 Why is Penn having a lot of success with
7 employer-assisted housing? Because there are a lot
8 of people --

9 COUNCILMAN GOODE: What I am asking is,
10 if you know you have the economic development vision
11 and you understood the science of it, also, what are
12 the development anchors currently in 2001
13 Philadelphia?

14 Where would you go for the most bang for
15 the buck in terms of economic development anchors?

16 MR. KATZ: Well, I think you obviously
17 already answered the question in part by identifying
18 the major economic development anchors in the city,
19 at least the universities. They are not the only
20 ones, but they are major ones.

21 COUNCILMAN GOODE: There is 30th Street
22 in between, there is the river.

23 MR. KATZ: Let's take an example of, I
24 was talking to somebody yesterday about Parkside.

25 You know, maybe Parkside, which is a

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2 little bit off the track from Drexel and Penn, but
3 equidistant from them and St. Joe's and maybe a
4 place that the University of Sciences would have
5 interest, and the zoo, and the Fairmount Park
6 Commission, maybe there is an incubator opportunity
7 there not for one university, but for four.

8 COUNCILMAN GOODE: There is some nexus
9 there, you would agree?

10 MR. KATZ: Yes.

11 That's where you get away from, well, it
12 is not just Broad and Columbia, Broad and Cecil B.
13 Moore, it is, you know, there are other places where
14 maybe Frankford Hospital and Temple, in a
15 neighborhood between that North Philadelphia
16 community and --

17 COUNCILMAN GOODE: If somehow privately
18 the Mayor had convened the president of Penn,
19 President of Temple, Chamber of Commerce, the best
20 minds in terms of academics, development, so forth,
21 do you think they would be able to identify what
22 that development nexus is?

23 And do you think that whatever portion
24 of \$250 million, if applied there, given the vision
25 and opportunity, should be applied there right now

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2 at this point?

3 MR. KATZ: I don't know that that hasn't
4 happened. I am not aware of it, but I don't know
5 that it hasn't happened.

6 But I would say if it happened, and if a
7 sizable chunk of seed capital was available to
8 kick-start that, that something would happen there.
9 Yes, I would say yes.

10 I just don't know. Maybe that has
11 happened.

12 COUNCILMAN GOODE: I will skip the next
13 question. Thank you.

14 COUNCILWOMAN BLACKWELL: Councilman
15 Clarke.

16 COUNCILMAN CLARKE: Thank you, Madam
17 Chair.

18 Mr. Katz, I just wanted to clarify our
19 discussion.

20 MR. KATZ: You really are 52?

21 COUNCILMAN CLARKE: Never believe what
22 you read in the newspapers.

23 With respect to the development in
24 neighborhoods, in having had opportunities to work
25 with community groups over the years and economic

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2 development specialist both in and out of
3 government, it is clearly my understanding that the
4 best strategy should be pursuant to a development
5 plan, be it residential or commercial development.

6 And I just wanted to clarify in no way
7 do I think, given that I am probably the
8 Councilperson who is going to have the most
9 opportunities to develop -- and I would like to
10 characterize them as "opportunities," because I am
11 this sunshiney kind of guy -- is that I would be
12 opposed to any whole-scale demolition without a
13 plan, without a strategy, without a realistic
14 potential for investment.

15 I actually had kind of been through that
16 before in my prior life as a staff person at a
17 particular location on Cecil B. Moore Avenue.

18 And, by the way, we did clear a block in
19 Center City, in all due respect to the last
20 Administration, and invested government money. We
21 did do that, and it has not been developed.

22 But I just want you to have a sense
23 where I am coming from as it relates to our ability
24 out there.

25 I agree with Councilman Goode. And

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2 there has already been evidence of that, and in the
3 near future you will be hearing a couple of great
4 things about some private-sector investment around
5 Temple University, one of them actually without any
6 a distance from any government entity.

7 I believe that if you look east of Broad
8 south of Temple University, you will see land that
9 has been cleared to the tune of possibly 10-square
10 blocks to give you all kinds of opportunities.

11 So I like the attempt to do that type of
12 development with that type of strategy. But I just
13 want you to be clear that I don't agree with just
14 going out and demolishing properties, with no
15 strategies, with no plan, without real participation
16 from community groups.

17 And if that's what this is all about,
18 then I would be opposed to it.

19 MR. KATZ: I am not saying it is.

20 All I am suggesting is, yes, there are
21 some vacant properties that have been acquired and
22 where demolition occurred in North Philadelphia and
23 in Center City.

24 And in both cases I am aware of the
25 developer that was identified at the outset, or

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2 shortly after the decision was made, that the
3 developer has failed to perform. That happens. I
4 mean, that's going to happen.

5 You know you have the same problem on
6 Penn's Landing. That happens. Factors change in
7 the life of the developer, the economics change,
8 whatever.

9 But it is rare that the occasion should
10 be made that a healthy, substantial, municipal
11 investment, in the hopes that something good might
12 happen later, that would be, I think, a mistake.

13 COUNCILMAN CLARKE: One other point.

14 The reference to the \$250 million under
15 the NTI program, I got at least two briefings. And
16 my understanding is that the 250 was hopefully to be
17 leveraged with additional resources, both private
18 and government, both state and federal and
19 municipal, that would ultimately end up being close
20 to a \$2 billion program.

21 So I don't think there is anybody's
22 sense that \$250 million will even remotely resolve
23 the problems associated with the entire City of
24 Philadelphia.

25 And I don't even believe the \$2 billion

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2 will, to be honest with you. But I don't think
3 anybody thinks \$250 million is intended to resolve
4 the problems associated with the entire city.

5 I am done.

6 COUNCILWOMAN BLACKWELL: Thank you very
7 much.

8 Are there any other questions for Mr.
9 Katz?

10 Thank you very much.

11 MR. KATZ: I appreciate your patience
12 with me.

13 COUNCILWOMAN BLACKWELL: The next
14 witness is Carlos Peraza.

15 I believe he left his testimony, and we
16 will give it to the stenographer.

17 Christine Verrier, she left her
18 testimony. And, again, we will give that to the
19 stenographer.

20 Michael Cunningham.

21 MICHAEL CUNNINGHAM: My name is Michael
22 Cunningham. I am a member of St. Helena's Catholic
23 Church at 5th and Godfrey in Olney. And I am also a
24 member of the EPOP team at the church. I have lived
25 in East Oak Lane for 25 years.

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2 And could I allow my fellow committee
3 member introduce herself.

4 MARIA ANTONIA: My name is Maria
5 Antonia, and I represent the Incarnation, I am a
6 member of EPOP. We have like about 90 0 members at
7 Incarnation. We have so many cultures. They have
8 service like in six languages.

9 And what we want to say about blight is,
10 we seeing people moving out of the city. We would
11 like the people to stay. We would like to see
12 changes.

13 Where we live, I come from Guatemala and
14 came here like 23 years ago, living in the
15 neighborhood of Olney for 17 years. And I been
16 seeing so many changes.

17 I would like to see the streets clean.
18 I would like to see enforcement. You can see
19 like -- you passing 5th Street, that's the main
20 street, and is distressed.

21 We would like to see maybe some trash
22 pickup twice a week, and also daily clean-up.

23 Mike.

24 MR. CUNNINGHAM: I would just like to
25 emphasize that we are community members. And we

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2 live in Olney, and we are very active in the EPOP.

3 For those of you who don't our
4 organization, EPOP is a citywide organization. It
5 has member institutions in Roxborough, Frankford,
6 Kensington, Manayunk, and throughout South
7 Philadelphia.

8 In fact, we have worked with many of the
9 Councilmen and women in this room.

10 EPOP represents about 35,000 people
11 throughout the City of Philadelphia. And we have
12 been working on blight issues on a citywide basis to
13 make sure that community members voices are heard.

14 And that when the Mayor's Transformation
15 Initiative goes to a vote, that you guys really
16 listen to what we have to say.

17 What I will say is this: Olney is one
18 of the few neighborhoods that has grown in the past
19 ten years. If you look at our city, the only two
20 neighborhoods that have increased in population are
21 Olney and East Oak Lane.

22 We have immigrants. We have people from
23 every background you can think of. People come from
24 New York, people come from Haiti, they come from
25 Korea, they come from Logan, they come from North

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2 Philadelphia because they love Olney and they think
3 it is a great neighborhood and they think it is
4 worth investing in.

5 At the same time, while we love it, the
6 number of abandoned houses has increased just within
7 the past month from 109 abandoned houses to 125.
8 You can just imagine at the rate of increase what
9 that means for our neighborhood if it continues.

10 Most of this increase in abandoned
11 housing is due to predatory lending. And just,
12 basically, the institution is taking advantage of
13 community members in Olney and East Oak Lane who
14 maybe don't know enough.

15 I will tell you this, if city services
16 are not improved, trash pick-up increased, and if
17 abandoned houses are not bought up by investors --
18 or are not bought by families, and they are
19 continued to be bought up by investors who have no
20 interest in our neighborhood, well, with all due
21 respect, people are going to continue moving out of
22 the neighborhood.

23 And so, really, the last thing, I guess,
24 I would like to say is that we at EPOP Incarnation
25 at St. Helena's have done our own blight plan. We

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2 have worked for well over a year.

3 And this plan is very similar to the
4 plan that EPOP has done citywide in terms of what we
5 would like.

6 We believe that the city needs to help
7 us with acquisition of -- many of the blocks in our
8 neighborhood have one or two abandoned houses.

9 And we need in this plan to make sure
10 that we fix up those houses to make sure there are
11 no three abandoned houses on the block in our
12 neighborhood.

13 So, basically, we would like to let you
14 know that we would like our voices to be heard. And
15 furthermore, we would like to let City Council know
16 that if you are really interested in stopping
17 blight, if you really want to stop blight, if you
18 really want to put vibrant, diverse neighborhoods
19 like the neighborhoods you mentioned, the Mexican
20 neighborhoods in Chicago and the Dominican Republic
21 neighborhoods in New York, and if you want to really
22 have neighborhoods where families can raise their
23 kids, then you really have to look at Olney as a
24 prime example.

25 Because people are moving there. They

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2 love Olney, and they want to live there. But if you
3 do not invest in Olney, with all due respect, nobody
4 wants to live in a parking lot in North
5 Philadelphia. It is just not going to happen.

6 So with that as a closing note, I would
7 like to ask you all to really consider investing in
8 neighborhoods where people live, investing in
9 neighborhoods that you know are kind of on the brink
10 and need some support. And that's where we stand.

11 MS. ANTONIA: Another concern is about
12 safety. Poor lighting, especially the alleyways,
13 and you do not feel like you can walk there. So
14 what we like is to see some changes in our
15 neighborhood.

16 We wouldn't like to be moving. Before I
17 live in Kensington. And when we moving, it was nice
18 neighborhood, then it start changing, and we keep
19 moving.

20 We are not going to be doing that. We
21 want to stay and we want to improve our
22 neighborhood.

23 COUNCILWOMAN BLACKWELL: Thank you very
24 much.

25 MR. CUNNINGHAM: We will be passing out

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2 a plan so everyone can talk about and see for
3 themselves what we have put together. And,
4 hopefully, we ask for your support.

5 Thank you for your time.

6 COUNCILWOMAN BLACKWELL: Thank you very
7 much. Councilwoman Tasco has something to say.

8 COUNCILWOMAN TASCO: Yes. I would like
9 to thank you for coming down to testify today. And
10 to say that I was listening on my squawk box.

11 To say that Olney is a great
12 neighborhood, it is quite diverse, and presents a
13 patchwork quilt of the wonderful people who live in
14 the City of Philadelphia.

15 And it is a neighborhood that does need
16 stabilization. And if we don't concentrate on
17 neighborhoods like Olney and support initiatives
18 over there to stem the blight, rehabbing, and just,
19 as they talked about, the delivery of service, which
20 has nothing to do with NTI.

21 A lot of the issues that are raised in
22 the Olney area just has to deal with enforcement of
23 the Zoning Code and enforcement of L & I codes, just
24 basic day-to-day needs that are required to maintain
25 a community.

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2 So with that, in terms of enforcement,
3 and certainly dealing with the trash, if we don't
4 look at neighborhoods like Olney and Feltonville,
5 then the blight is just going to get worse and
6 worse.

7 And those people who live in those
8 communities, some of whom are leaving, we want them
9 to stay. And if they call the city for services,
10 they want the city to respond.

11 And that is one of the major complaints
12 in the community, is the lack of response to just
13 day-to-day city services.

14 So they are here because they have a
15 plan for the Olney area. We have been supportive of
16 their plan and want to help them work to, you know,
17 implement the plan.

18 And I appreciate their involvement in
19 the community.

20 (Council President Verna resumes the
21 Chair.)

22 MR. CUNNINGHAM: Thank you, Councilwoman
23 Tasco.

24 I would like to point out that
25 Councilwoman Tasco has been working with us for

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2 quite a while. She has recently helped to get trash
3 cans up and down 5th Street, which is starting to
4 improve the cleanliness of the street.

5 I would like to add Council President
6 Verna, thank you very much for helping us here. We
7 really appreciate it.

8 I would like to also ask that, I agree
9 with Councilwoman Tasco wholeheartedly, that we have
10 to work on some of the little issues in terms of L &
11 I support and police support.

12 Together we all have to make sure that
13 housing and housing rehab is done in Olney.

14 Thank you.

15 PRESIDENT VERNA: The Chair recognizes
16 Councilman Kenney.

17 COUNCILMAN KENNEY: Thank you, Madam
18 President.

19 I want the people testifying to
20 understand, and all those who are in the audience
21 waiting to testify, and those who have criticized
22 this Council and its President and leadership for
23 not moving forward without any delay in passing this
24 \$250 million bond ordinance, that unless and until
25 we get involved in this and have the ability to

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2 contribute and to write and to amend, there is no
3 guarantee that your neighborhood or any other
4 neighborhood in this city will get anything.

5 And the thing that I am frustrated with
6 about the criticism, some of it coming from the
7 media and some of it coming from the Administration,
8 is that unless we do our job here, there is no
9 guarantee that at the end of this process
10 Councilwoman Tasco's district or Councilwoman
11 Blackwell's district or Councilman Clarke's district
12 is going to have any specific program that we are
13 going to be able to track and monitor and make sure
14 it gets done right.

15 So in some ways I think -- not in some.
16 In many ways I think we are doing our job by slowing
17 this process down a little bit; not forever, but
18 until we have an opportunity to deal with the
19 problems you have raised in your testimony and the
20 other complaints coming from various neighborhoods
21 around the city.

22 For us to simply without strings say,
23 here is \$250 million, we are out of the process now,
24 you will be back here in a year complaining that
25 nothing got done in your neighborhood and we should

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2 have stood up and done something about that.

3 So thank you for your testimony.

4 MR. CUNNINGHAM: That's right. Thank
5 you.

6 PRESIDENT VERNA: Thank you both very
7 much for coming in. We appreciate it. Claudia
8 Sherrod.

9 Claudia, thank you so much for your
10 patience. I appreciate your coming in to testify.

11 CLAUDIA SHERROD: Thank you for the
12 opportunity to come in and testify.

13 I am the President of the Point Breeze
14 Community Development Coalition and South
15 Philadelphia H.O.M.E.S., and I would like to read my
16 testimony.

17 The Neighborhood Transition Initiative
18 has given Point Breeze the drive to move forward and
19 plan for the change we feel will make our community
20 more secure.

21 Through the Neighborhood Initiative, we
22 look to gain quality, affordable housing and a
23 better quality of life for our residents.

24 We realize that the money the Mayor
25 proposes is not simply for reconstruction, but also

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2 for tearing down buildings.

3 Our concern is what is being torn down
4 versus what is targeted for reconstruction.

5 At one time we were told by the leaders
6 of the NTI, Ms. Patricia Smith, Esquire, and Mr. Ray
7 Jones, that the community would be involved with
8 this plan to the extent that a joint decision would
9 be made concerning houses targeted for demolition.

10 That has not happened. And the houses
11 that should have been saved are now gone.

12 Most recently, one two-story house took
13 over a week to tear down. It is of our opinion that
14 it could have been saved. How do we take a
15 collaborative approach towards saving our community?

16 Our community needs to be reconstructed
17 and rebuilt. However, we need to be a physical part
18 of the process.

19 The quality of life for all the
20 residents is at stake. Whether rich or poor, we all
21 feel the effects of not being treated fairly through
22 this process. We have been standing in limbo.

23 The population loss will continue to go
24 on as long as we ignore the real issue, a
25 dilapidated community.

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2 Lack of funds for the low to moderate
3 income and no real planning geared at holding the
4 people in the city of brotherly love and sisterly
5 affect.

6 The commercial corridors are struggling
7 and the community CDCs are reaching out to get our
8 city's representatives' support.

9 The support the CDCs are looking for is
10 partnering with our elected officials as a community
11 development partnership designed to rebuild through
12 a comprehensive and collaborative effort.

13 We will be able to streamline and
14 improve the development system. We will create a
15 system capable of producing positive results.

16 The mirror effect from this approach
17 will heighten the positive exposure to our community
18 and send out positive messages to the surrounding
19 communities.

20 Positive approaches will open avenues of
21 hope and challenges that are presently not here.

22 The property acquisition. There is
23 definitely a need for new funding to support
24 acquisition for development projects in the
25 pipeline.

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2 The city's decision not to allocate new
3 funds for this purpose so far this Fiscal Year is
4 resulting in many lost development opportunities
5 which would have leveraged millions of dollars in
6 funding from noncity sources; such as, federal low
7 income housing tax credits, Penn Homes, and other
8 state funds, Section 202 HUD funds, as well as
9 funding from the Federal Home Loan Bank Acquisition.

10 The more the production system comes to
11 a halt, the more development capacity we risk
12 losing, and the longer it will take to regain
13 momentum for neighborhood revitalization.

14 The city should allocate new funds for
15 property acquisition as soon as possible. As we
16 move to a more lucrative environment, I pray, let us
17 do in harmony and justice for all.

18 Let us move quickly. Time is moving on,
19 and let us do what is right for the people in this
20 city.

21 That is my testimony. And I pray that
22 you take it seriously, because it is with great
23 concerns for a lot of people all over the City of
24 Philadelphia.

25 PRESIDENT VERNA: Thank you. Thank you

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2 very much.

3 And I certainly want to publicly thank
4 you for your involvement in the Point Breeze area.
5 You have done a marvelous job. And I look forward
6 to continuing to work with you so that we can reach
7 the goals that we have all set. Thank you so much.

8 Our next witness is Dee Phillips. And
9 Gloria Guard will be next, so perhaps she could
10 approach the table, also.

11 Good afternoon. Please identify
12 yourself for the record and proceed with your
13 testimony.

14 DEE PHILLIPS: Thank you, Council
15 President Verna and Council Members, for permitting
16 the Philadelphia Federation of Teachers to testify
17 today.

18 I am Dee Phillips, Vice-President of
19 Middle schools, and Assistant to the President, Ted
20 Kirsch.

21 Ted is in Washington today, and so is
22 Jerry Jordan, and both of them regret not being able
23 to be here.

24 If you were an employee considering a
25 new job in Philadelphia, you might begin your

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2 relocation research by visiting the National Board
3 of Realtors web site to help you select a new
4 neighborhood for you and your family.

5 Using the online Find a Neighborhood
6 feature, the very first question the realtor's web
7 site asked you is about the quality of schools you
8 want in the neighborhood where you live.

9 Whether or not you have school-aged
10 children, most people choose to live in communities
11 with good schools because the quality of education
12 is not only a tangible commodity, it reflects deeply
13 held values in American society.

14 The quality of educational opportunity
15 speaks to our principles, philosophy, and
16 aspirations as a community.

17 Unfortunately, if you were middle-income
18 parents looking for an urban neighborhood with good
19 schools, a low crime rate, and affordable housing in
20 the Philadelphia area, the National Board of
21 Realtors Neighborhood Locator would send you to
22 Collingswood, Audubon, and Haddon Heights, New
23 Jersey; to Bala Cynwyd, Lansdowne, and Cheltenham,
24 Pennsylvania; or to ten other suburban communities
25 before it would identify a single Philadelphia

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2 neighborhood where you might find what you are
3 looking for.

4 And then it says you would have only a
5 50 percent chance of finding all you seek in a
6 handful of Philadelphia neighborhoods.

7 Continuing your research on the
8 Internet, you would learn that Philadelphia has many
9 excellent schools, some of them like Masterman,
10 Carver, Greenfield, and Central ranked among the top
11 schools in the Commonwealth.

12 But more often you would find that
13 Philadelphia has the largest schools, housed in the
14 shabbiest old buildings, with overcrowded classrooms
15 and lower-than-average spending per pupil on
16 classroom instruction.

17 For more than 30 years, too many of our
18 excellent neighborhood public schools have been
19 permitted to decline.

20 We believe this is a major cause of
21 urban flight and why families who remain in
22 Philadelphia are nearly twice as likely as families
23 nationwide to take on the added expense of placing
24 their children in private schools.

25 This doesn't have to be the case. We

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2 could provide the same high-quality education in
3 Philadelphia that suburban districts provide, if we
4 had the same resources that suburban districts take
5 for granted.

6 First let me take a moment to dispel a
7 common myth, the myth that public education is
8 failing.

9 In the United States, 90 percent of all
10 children attend public schools. And 30 years of
11 research shows no significant difference in
12 achievement between comparable public and private
13 school students.

14 Furthermore, more students today are
15 completing high school than ever before. Student
16 achievement in math and science is up. More
17 students are taking advanced placement exams. And
18 SAT and ACT scores have been rising for a decade.

19 93 percent of all teachers of the United
20 States today have at least a Bachelor's Degree and
21 are certified, and serious crime at school is on the
22 decline.

23 Yet, as we look around us, we see
24 enormous challenges, along with the successes,
25 particularly in urban districts like ours.

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2 Sometimes the challenges facing urban
3 education seems so intractable we are inclined to
4 throw up our hands or reach for the quick fix or
5 gimmick.

6 Yet the solutions to our most entrenched
7 problems are well within our grasp, if we focus on
8 proven reforms.

9 First, every child must enter school
10 ready to learn. Second, school districts must
11 provide environments conducive for learning. And,
12 finally, policymakers must not only set high
13 standards of achievement statewide, but they also
14 must provide students and teachers with the same
15 resources provided in other districts to reach those
16 standards.

17 Too many children come to kindergarten
18 eager, but ill-prepared.

19 High-quality pre-school programs,
20 particularly for children living in poverty, have
21 demonstrated lasting benefits.

22 Children enrolled in good
23 early-education programs are less likely to be
24 placed in special education, retained in a grade,
25 require Welfare assistance, or give birth out of

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2 wedlock.

3 And they are significantly more likely
4 to graduate from high school, own a home and a
5 second car, and have higher monthly earnings.

6 Not only should kindergarten be
7 compulsory and fully funded by the state, but also
8 high-quality pre-school must be available from birth
9 to age 5.

10 Not only would children arrive in
11 kindergarten prepared to learn, but parents in
12 Philadelphia could go to work every day knowing that
13 their children were receiving high-quality child
14 care.

15 When children arrive at kindergarten, we
16 must provide them with a supportive environment
17 where learning can take place.

18 And there are two reforms both parents
19 and educators believe are crucial to success.

20 Number one, reducing class size in early
21 grades. And, number two, providing intensive
22 literacy programs that ensure every child is reading
23 fluently by age 9.

24 Reducing class size in kindergarten
25 through third grade is the most effective education

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2 reform. Teachers and parents have always believed
3 that students perform better in smaller classes; now
4 we can prove it.

5 A Tennessee study has been tracking the
6 progress of students in smaller classes since 1985.
7 And independent research has found that students in
8 classes of 13 to 17 students in kindergarten through
9 third grades outperform children in regular-size
10 classes.

11 Students who attended small classes in K
12 to 3 were more than a year ahead in math, reading,
13 and science by the 8th grade.

14 The improvements in testing continued
15 throughout their school years, even when they moved
16 to larger class size.

17 In each grade, minority students and
18 those attending innercity schools showed the
19 greatest gains from small classes.

20 Finally, students in small K to 3
21 classes were more likely to graduate on time and
22 take advanced placement courses in college
23 admissions exams.

24 Children in Philadelphia sit in classes
25 that are among the largest in the state and nation.

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2 Kindergarten through third grade classes in
3 Philadelphia have 30 students in a class, compared
4 with the national average of 24 and a state average
5 of 25 in elementary school.

6 The School District of Philadelphia has
7 attempted to improve the ratio of adults to students
8 in kindergarten and first grades through the
9 appointment of literacy intern teachers.

10 However, the program is funded with
11 special federal funds that could vanish. And while
12 helping to improve reading test scores, it is
13 unlikely to have a long-lasting effect that is shown
14 in Tennessee.

15 Here in Philadelphia, the University of
16 Pennsylvania Assisted School that opened this year,
17 through the cooperative efforts of Penn, the
18 Federation and the District, one of Pennsylvania's
19 first initiatives was to reduce class size and
20 augment school district funding with an additional
21 \$1,000 per pupil per year because Penn recognizes
22 that smaller classes would benefit children.

23 Smaller class sizes clearly are a form
24 that works and one that parents will leave the city
25 to obtain for their children.

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2 Next we must address the serious
3 problems created when children fail to master
4 reading and writing in elementary school.

5 Philadelphia is among the only school
6 districts in the state that has permitted the use of
7 hundreds of different reading programs.

8 This hurts our students, 30 percent of
9 who will move at least once during the school year,
10 and it hurts teachers who must be trained and
11 retrained in different programs when they are
12 transferred or a new principal takes over.

13 Through the Federation's advocacy during
14 contract talks last year, the district has this
15 month introduced a uniform curriculum and is moving
16 to adopt a few proven reading programs across the
17 city.

18 It is our belief that if we implement
19 proven, comprehensive, balanced literacy programs in
20 every elementary school now, we can ensure that
21 virtually every child will be reading proficiently
22 by the age of 9.

23 In 1998, the Federation took a bold step
24 in this direction by bringing in an internationally
25 acclaimed program called Reading Recovery to

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2 Philadelphia public schools.

3 Reading Recovery is an early
4 intervention that gets 75 percent of the
5 lowest-achieving first-grade students reading at
6 grade level within 20 weeks.

7 Since 1998, we have trained dozens of
8 new Reading Recovery teachers. And this year we
9 received more than \$1 million from the district to
10 put Reading Recovery into low-performing elementary
11 schools.

12 Further, Philadelphia must pioneer
13 intervention programs to help thousands of middle
14 and high school students who have not benefited from
15 recent reforms and who continue to struggle with
16 basic skills.

17 We know that students who cannot work at
18 grade level are likely to be frustrated, disruptive,
19 and ultimately leave school before graduation.

20 Intervention programs to help older
21 students master basic skills will improve their
22 self-esteem and, in turn, improve school climate.

23 In addition, parents want more support
24 to help their children meet rising expectations,
25 including, tutoring, mentoring, after-school

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2 activities linked to the curriculum, and mandatory
3 summer school; safe and orderly schools, with
4 consistent rules and effective alternative schools
5 for disruptive students; they want better
6 recruitment, mentoring, and training of new
7 teachers; and, meaningful, professional development
8 to help all teachers improve their skills throughout
9 their careers; and equal educational opportunities
10 and equitable education funding that ensures a good
11 education, no matter where a child lives or attends
12 school.

13 In Philadelphia, there are many examples
14 of schools that encourage parents to stay and send
15 their children to Philadelphia public schools.

16 We have excellent magnet school programs
17 at CAPA, Masterman and schools that are just
18 unrivaled anyplace else.

19 Expanding this magnet school program
20 would appeal to middle-class parents who want
21 learning opportunities tailored to their children's
22 individual needs and interests.

23 We must build our capacity to offer
24 advanced placement courses, which are crucial for
25 students who want to apply to top universities.

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2 Instead, with fragmentation of large
3 schools into small learning communities, we are
4 seeing the availability of such courses diminish
5 across the system.

6 Finally, we must be able to provide
7 technology, books and resources, well-stocked
8 libraries, and full art programs at every school to
9 give students the kind of well-rounded education
10 parents want for their children.

11 Of course, the only thing that stands in
12 the way of providing such programs is money.

13 Philadelphia public schools spend nearly
14 \$2,000 less per pupil in Philadelphia than in
15 neighboring districts. We have 11 extra children in
16 every classroom.

17 We short-change our students daily by
18 not providing sufficient textbooks, educational
19 materials, technology and enrichment opportunities
20 that other children take for granted.

21 These are the things that chase families
22 out of the city, erode our tax base, and decimate
23 our work force.

24 With so many challenges facing our
25 schools and our city, it's tempting to reach for the

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2 districts are not flocking to hire for-profit
3 management companies or charter schools. Nor is it
4 surprising that research shows that, given a choice,
5 parents choose quality public schools over vouchers
6 and privatization.

7 With a \$250 million school deficit
8 threatening the closure of our schools by March, we
9 have tough choices to make.

10 The Federation has long believed that
11 parents and educators want the same things: Free,
12 high-quality public schools accountable to parents
13 and taxpayers.

14 It is within our reach to make every
15 public school in Philadelphia rival any school
16 available in the suburbs. It is a tall order, but
17 only such a commitment will stop urban flight.

18 I thank you.

19 PRESIDENT Verna: Thank you.

20 The Chair recognizes Councilman Rizzo.

21 COUNCILMAN RIZZO: Thank you for being
22 here today.

23 I know you have covered this in your
24 testimony, but maybe you could elaborate on a
25 specific that I have.

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2 Last night I visited West Philadelphia
3 High School. And I was there for a meeting. And
4 one of the teachers I knew was very, very
5 disappointed because apparently recently those
6 reading scores that you mentioned came out.

7 And I don't know if the statistic is
8 correct, but he indicated at West Philadelphia High
9 School that 60 percent of the students tested were
10 very, very below the norm. 60 percent.

11 Could you elaborate on how that could be
12 fixed?

13 MS. PHILLIPS: Councilman Rizzo, we
14 think that children in middle and high schools who
15 don't have basic skills need strong remedial
16 programs that they are not getting.

17 We talked about smaller class size in
18 the K to 3 area, where we give kids a strong
19 foundation.

20 We think that in the middle and high
21 schools, at this time, more focus has to be on
22 remedial reading and proven reading programs for
23 kids who did not get it in the early grades.

24 And the Federation is pushing for those
25 kind of programs.

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2 COUNCILMAN RIZZO: Is the statistic that

3 I --

4 MS. PHILLIPS: The statistic is correct.

5 COUNCILMAN RIZZO: Could you clean that
6 up a bit for me, and explain exactly what the
7 results were? If you could be specific.

8 I am asking you to pull this from left
9 field. But I was told that the test scores had
10 recently been announced, that 60 percent of the
11 students at West Philadelphia High could not read,
12 they were below the norm.

13 Is that the best way to describe it?

14 MS. PHILLIPS: That's the best way to
15 describe it.

16 Now we have two tests by which we are
17 monitored. And one is the SAT 9 and one is the
18 state, the PSSA.

19 So your statistics are correct, and I
20 don't have the exact data.

21 COUNCILMAN RIZZO: 60 percent?

22 MS. PHILLIPS: It appears as though that
23 is correct.

24 And I don't have the exact data for you,
25 and I would have to research that.

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2 COUNCILMAN RIZZO: But that obviously is
3 accurate, as we can discuss today. But I walked out
4 of there very depressed.

5 MS. PHILLIPS: Yes. We all are.

6 COUNCILMAN RIZZO: And I said to myself,
7 could all the money in the world fix that problem?

8 I just didn't know which way to -- I was
9 at that point very disturbed by what I heard there.

10 MS. PHILLIPS: Well, there are numerous
11 factors that we can talk about that sort of point to
12 why our students are failing or are not making
13 progress in reading. And, again, one of them is
14 that they lack the basic skills.

15 We talk about the truancy. We talk
16 about the curriculum. We talk about meeting their
17 needs.

18 And that is something that, I think,
19 since this year is the first time in almost six
20 years that the district, the school district, has a
21 focused curriculum -- in the past we have had a
22 framework which did not speak to reaching those
23 children at various levels, reaching them to help
24 them get their basic skills.

25 COUNCILMAN RIZZO: Thank you. It is

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2 obviously troubling to you and troubling to everyone
3 in this room to hear that statistic.

4 MS. PHILLIPS: It is, yes. Thank you.

5 COUNCILMAN RIZZO: Thank you, Madam
6 Chair.

7 PRESIDENT VERNA: Thank you very much.

8 COUNCILWOMAN BLACKWELL: Council
9 President, I only wanted to note that West
10 Philadelphia is in the heart of my district, and I
11 live two blocks from there.

12 And we do have a new principal, who is
13 really going to do a great job, and also a new
14 vice-principal that we worked with a long time, Eric
15 Neidermeyer, a vice-principal, and Mr. Yancey,
16 principal.

17 And we really think that they are going
18 to do a great job for us there.

19 MS. PHILLIPS: We agree.

20 We see a difference. We see team
21 building in the school. We see new programs being
22 brought in. We see participation from the
23 community, which will be of great help in helping to
24 turn that around.

25 COUNCILWOMAN BLACKWELL: Absolutely.

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2 And we have already talked with them
3 about working with them in a collaborative way in
4 any way we can.

5 Thank you.

6 PRESIDENT VERNA: Thank you.

7 Please identify yourself for the record
8 and proceed with your testimony.

9 GLORIA GUARD: Hi, Madam President. I
10 am Gloria Guard, the Executive Director of People's
11 Emergency Center and also here with my hat on as the
12 Director of the People's Emergency Community
13 Development Corporation.

14 I have given you my written testimony,
15 and want to just hit the highlights. Because I know
16 that you have had a long day, and there are plenty
17 of more people behind me.

18 PRESIDENT VERNA: Thank you so much.

19 MS. GUARD: I realize that one of the
20 most important and major challenges facing Council
21 and the Administration is to determine how to best
22 allocate limited resources to address the alarming
23 problem of depopulation of the city.

24 Nonetheless, I will not attempt to speak
25 to the relative importance of various potential

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2 interventions.

3 I believe that the flight of people and
4 resources in a city like ours is both complex and
5 multi-faceted, and it requires a comprehensive,
6 coordinated approach.

7 There is no single simple magic bullet.

8 My testimony today is focused on the
9 Neighborhood Transformation Initiative. Not because
10 I feel that NTI is necessarily more important than
11 other interventions, but because I realize and think
12 that it is an essential part of the solution.

13 And it is particularly essential to West
14 Philadelphia, where PEC and PECCDC is, because we
15 are in a neighborhood that has been affected by
16 flight, but also has a tremendous amount of
17 potential for being restabilized.

18 And being so close to the University of
19 Pennsylvania, we have a tremendous amount of
20 potential of being a real center for economic
21 growth.

22 My understanding is that there will be a
23 more appropriate time in the future to come in on
24 the more detailed aspects of NTI, so my comments
25 today are relatively general.

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2 First, I wanted to support the intent of
3 NTI and its general goals. Which is, we support its
4 long-term commitment to having a strategy to
5 revitalize our neighborhoods, to ensure that that
6 strategy includes coordinated neighborhood and
7 citywide planning, eradicating blight, enforcing
8 codes, abating public nuisance, streamlining and
9 expediting the property acquisition and disposition
10 processes, simplifying the development financing
11 system, and attracting private market, the private
12 market factor into our communities.

13 I think these are the right goals and
14 that these goals should be able to generate
15 widespread public support.

16 Second I want to emphasize that a strong
17 partnership between the city and Community
18 Development Corporations, or CDCs, is critical to
19 successful implementation of the NTI.

20 Our city is truly a city of
21 neighborhoods, and our future is inextricably tied
22 to the health of those very neighborhoods.

23 CDCs have a long-term commitment to
24 working with community residents to rebuild the
25 physical, economic, and social fabric of our

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2 respective neighborhoods.

3 We have the capacity, as well as the
4 commitment, and we are able and uniquely positioned
5 to leverage the resources that are needed.

6 Third, the NTI has already been an
7 important catalyst for CDCs. There has been
8 momentum developed. I think we need to take
9 advantage of that.

10 For example, in our neighborhood, over a
11 year and a half ago we pulled together a
12 Neighborhood Transformation Initiative Advisory
13 Council, including everyone from block captains, to
14 the University of Pennsylvania, from the West
15 Powelton Concerned Community Council, to the City
16 Planning Commission; to people from Jannie
17 Blackwell's office and people who are greening
18 experts. And we started that process.

19 We went block by block identifying every
20 single vacant property and lot in our area.

21 This was a painstaking process. And
22 today we have a full report on the incidents of
23 blight and proposed blight elimination intervention
24 report that we can provide to you.

25 It shows that there is 175 vacant

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2 properties in our area. It assesses their physical
3 condition and proposes a specific blight elimination
4 treatment for each property, whether or not that be
5 demolition and encapsulation, lot clean-up, or
6 whatever.

7 The second phase of our process is the
8 neighborhood transformation phase, in which we will
9 plan re-uses for each of these blighted properties.

10 Although we are in the very early stages
11 of this, we have identified temporarily at least 30
12 new units of special-needs housing, 50 units of
13 homeownerships which would be for moderate-income
14 families, hopefully those working at nearby Penn or
15 Presbyterian Hospital, and 35 units of affordable
16 rental housing, among other plans.

17 So we have substantial momentum and a
18 lot of expectations block by block. We don't want
19 to lose that.

20 Fourth, I urge City Council to work with
21 the Administration and other neighborhood
22 stakeholders to finalize the details and improve
23 funding so that implementation can proceed in the
24 near future.

25 I don't know whether people realize how

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2 much of the state and federal money is going to
3 other parts of the region and missing Philadelphia,
4 while we have held our development pipeline in
5 abeyance.

6 Without precious acquisition funds, CDCs
7 cannot move forward. Without owning the property or
8 having site control, we can't even ask people for
9 money.

10 Foundation's years are calendar year.
11 We are pushing towards December. We will have lost
12 a good year for the ability to ask foundations for
13 money to put into developments.

14 Penn H.O.M.E.S. money from the state,
15 tax credit financing is going to other regions
16 because we don't have that threshold ability to
17 acquire properties. And until we have that, our
18 production system has ground to a halt.

19 Development opportunities are missed,
20 available resources have gone unleveraged, and
21 momentum has waned.

22 Finally, NTI must balance the needs of
23 existing residents and potential new residents at
24 all income levels.

25 And we are all worried about losing

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2 existing residents and gaining new residents. But
3 we can't forget to keep our neighborhoods safe for
4 our low-income residents who have no choice but to
5 remain.

6 We need to balance their quality of life
7 against any plan for neighborhood revitalization.

8 Again, thank you so much for the
9 opportunity to testify. I am confident that under
10 your leadership, Madam President, and in partnership
11 with the Administration, City Council will work to
12 implement NTI in a manner that will enable
13 Philadelphia to more fully realize its potential.

14 PRESIDENT VERNA: Thank you so very
15 much.

16 Are there any questions from members of
17 the committee?

18 The Chair recognizes Councilwoman
19 Blackwell.

20 COUNCILWOMAN BLACKWELL: Thank you,
21 Madam President.

22 I could not but take the opportunity to
23 again always thank Gloria Guard for all People's
24 Emergency Center and People's Emergency CDC does to
25 help people.

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2 I am so proud of the fact that they are
3 the oldest organization in our city. They are in my
4 district, and they do a fabulous job. Thank you.

5 MS. GUARD: Thank you.

6 PRESIDENT VERNA: Thank you very much.
7 Our next witness is Jeff Ordower from ACORN. Good
8 afternoon. Someone will distribute them.

9 Would you identify yourself for the
10 record, please.

11 THERESA MORRIS: Good afternoon, Council
12 President Verna and members of the Council. Thank
13 you for taking the opportunity to hear me.

14 I do have a handout that I am going to
15 read. It is very brief. But I would also like to
16 make a short statement following.

17 PRESIDENT VERNA: I'm sorry. Could you
18 identify yourself for the record, please.

19 MS. MORRIS: My name is Theresa Morris,
20 and I am with ACORN. And I have a statement that I
21 would like to read. And following the statement, I
22 have a brief personal statement I would like to make
23 to Council Members.

24 Again, my name is Theresa Morris, and I
25 am a member of the ACORN, 5,600-member family

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2 organization of Philadelphia.

3 The issue of blight and why people are
4 leaving Philadelphia is obviously complicated.
5 Education, job opportunities, and many other factors
6 play a role in people leaving Philadelphia.

7 However, there are some realities about
8 housing of Philadelphia that make the housing most
9 important issue for an anti-blight plan.

10 First, the foreclosure rate has gone up
11 2 and a half times over the past five years. This
12 is largely a result of homeowners taking out
13 predatory loans and not being able to repay them.

14 Second, there are tens of thousands of
15 houses which will go vacant in the near future if
16 the owners are not able to make needed repairs.

17 These homes are located in low- and
18 moderate-income neighborhoods.

19 Right now, many of these homeowners are
20 not getting work done, or are going to predatory
21 lenders.

22 What this means is that we can demolish
23 all the houses we want now. But unless we save the
24 houses we've still got, we will have the same
25 problem of vacancies again three years from now.

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2 Despite the efforts of ACORN and the
3 City Council, the city has no power to prosecute
4 predatory lenders. We need to treat the other side
5 of this problem.

6 As a result, the anti-blight program
7 needs to include substantial money for home repair.
8 Some of that money should be in the form of grants,
9 and other money in the form of city-backed loans.

10 Banks have been unwilling to lend money
11 in low- and moderate-income neighborhoods. And the
12 city should back those loans, particularly if the
13 banks relax their underwriting to give more loans to
14 more people.

15 Again, our city does not face a shortage
16 of affordable housing. What we do face is the
17 increasing number of vacant houses, block by block,
18 neighborhood by neighborhood.

19 We can demolish houses every year and
20 treat the symptoms, or we can encourage home repair
21 and treat the cause.

22 Thank you.

23 PRESIDENT VERNA: Thank you very much.
24 And I understand you want to make a very brief
25 statement?

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2 MS. MORRIS: Yes, ma'am.

3 PRESIDENT Verna: Please proceed.

4 MS. MORRIS: I currently live in North
5 Philadelphia. And I listened to Mr. Mondesire talk
6 about how much he has gone through and how much he
7 has spent to acquire deeds and titles to properties.

8 He has money to back him to do these
9 things. But these homeowners who are here in North
10 Philadelphia and other areas do not have the kind of
11 money that commercial building has to back them to
12 help them do remodeling and revitalization for their
13 neighborhoods.

14 So that's why we are asking City Council
15 to help the homeowner not only keep their homes, but
16 bring the homes up to standards which they enjoy
17 living and will remain here in the city.

18 I myself am trying to buy a piece of
19 property that I am currently living in. It was a
20 beautiful home in North Philadelphia, a beautifully
21 tree-lined block.

22 But if you look past the trees, you will
23 see abandoned houses. And in a minute the whole
24 block will be abandoned, because no one wants to
25 continue to live in those substandard conditions.

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2 But without those people, we end up with
3 empty lots.

4 Sure you can continue to tear down or we
5 can try to build up.

6 And I personally go through a trial
7 every day trying to acquire a loan from the bank.
8 The interest rates are too high, I don't have enough
9 backing.

10 And I too would like to have a grant to
11 help me fix up that home. It is a multi-family
12 dwelling. So not only am I trying to fix up this
13 home for myself, but I can bring a few other
14 families in with me.

15 And next to me I have four homes on one
16 side and two on the opposite side of me. To look
17 out my front window, I have three across the street.
18 This is just in one block at the 1900 block of Erie
19 Avenue.

20 It is a beautiful block. You don't find
21 many blocks today with trees that line the block.
22 And it makes it so beautiful.

23 But if we continue to tear down, we
24 won't be able to find a tree anywhere.

25 So Council Members and Madam President,

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2 we just ask that you think about allocating some of
3 that money to home grants for people to repair
4 rather than tear down.

5 PRESIDENT VERNA: Thank you.

6 JEFF ORDOWER: I am Jeff Ordower. I am
7 the Head Organizer of ACORN. And I just want to
8 add, based on the conversations that have been
9 happening earlier today, particularly what
10 Councilman Kenney was saying, if we want to look at
11 the most cost-effective way to spend a limited pot
12 of money, we need to leverage it.

13 And home repair, repairing existing
14 housing stock, is really the most effective way.
15 Because you can do that with a combination of grants
16 and loans.

17 \$250 million isn't enough to do
18 large-scale development that really needs to be
19 done.

20 Thank you.

21 PRESIDENT VERNA: Thank you.

22 Are there any questions or comments from
23 members of the committee?

24 Thank you both very much for your
25 patience. Thank you for coming in to testify.

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2 Our next witness is Melissa
3 Weiler-Gerber. And after Melissa will be Melinia
4 Page-Gaither.

5 Is Ms. Gaither here?

6 Sheldon Rich?

7 Please identify yourself for the record.

8 MELISSA WEILER-GERBER: My name is
9 Melissa Weiler-Gerber.

10 Members of City Council, interested
11 citizens of Philadelphia, and particularly Council
12 President Verna, thank you for the opportunity to
13 appear today to participate in a critical dialogue
14 about the health, growth, and vitality of our city.

15 As one who lives, works, and plays in
16 Philadelphia, I am deeply committed to this
17 conversation and to this city.

18 My name is Melissa Weiler-Gerber. I
19 work in Center City, just a few blocks from City
20 Hall, as the Executive Director of Women's Way the
21 national oldest and largest women's funding
22 federation.

23 For nearly 25 years, Women's Way has
24 been a pioneering cornerstone in this city, raising
25 funds and mobilizing community resources to assist a

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2 network of agencies providing advocacy and social
3 services to effect meaningful social change for
4 women and girls in our community.

5 Women's Way supports women and girls
6 throughout their lives. Funding agencies that
7 struggle with a diversity of compelling issues, such
8 as, domestic violence, rape, child abuse, aging,
9 reproductive health and freedom, job training,
10 discrimination, breast cancer, and affordable
11 housing.

12 We recently polled our member agencies
13 asking, if you could change one thing to improve the
14 lives of women, what would it be?

15 Although this poll was conducted to
16 assist Women's Way with program design, the answers
17 it yielded also may illuminate the broader
18 discussion in which we are engaged today.

19 Our agencies are concerned that Welfare
20 Reform has left many in this city without incentive
21 or ability to pursue an education or a meaningful
22 career, indefinitely relegating these citizens to
23 unsatisfying jobs and lifestyles.

24 They are concerned that healthcare and
25 insurance systems don't address adequately the needs

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2 of women, particularly older women and women for
3 whom English is not their primary language.

4 They are concerned about a lack of
5 affordable, safe housing for women and their
6 children in our city.

7 And a significant number of Women's Way
8 agencies listed as their number one concern the
9 physical safety of women.

10 Women's Way thanks City Council for its
11 leadership last year in conducting hearings about
12 the police department's treatment of sex crimes in
13 this city.

14 Two Women's Way agencies, the Women's
15 Law Project and Women Organized Against Rape took
16 the lead in testifying at those hearings and in
17 working with Commissioner Timoney to establish an
18 unprecedented partnership between a police
19 department and women and children's advocates.

20 Women's Way is proud to have supported
21 this critical work, but we suggest that there is
22 much more to be done to ensure the safety of women
23 and girls in our city.

24 Women and girls are too often the
25 victims of violence in their homes at the hands of

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2 persons they once trusted and perhaps loved. They
3 walk in fear on the streets of this city, knowing
4 that rape can happen at any time and that rapists do
5 not discriminate against women based on age, color,
6 religion, economic standing, shape, or size.

7 More foot patrols are needed to ensure
8 the safety of our neighborhoods, to learn the
9 nuances of relationships on each block, to be a
10 presence.

11 More and better quality counseling is
12 needed to assist women who have survived violent
13 encounters, with additional training for officers in
14 dealing with these situations.

15 Women's Way agencies have been working
16 in this area for a quarter of a century and will
17 continue to do so.

18 However, as our agency's work with the
19 police department has demonstrated, we can
20 accomplish so much more, ensuring the safety of so
21 many more women and girls, when the city is our
22 partner.

23 I must now switch hats. For not only do
24 I work within a few blocks of City Hall, I also live
25 a short walk away.

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2 Two and a half years ago my husband John
3 and I took the plunge and purchased a home in Center
4 City.

5 The purchase was the manifestation of a
6 shared commitment to city life and to living in this
7 city in particular.

8 Since then we have invested time,
9 energy, and funds into making our house a home,
10 first for us and now more completely for our
11 eight-month-old daughter, Bee.

12 For us, two key issues dictate our
13 comfort or discomfort on any given day with our
14 decision to live and raise a child in Center City.

15 The first ties back to the concerns
16 expressed by many Women's Way agencies, personal
17 safety.

18 We feel safest when we see a regular
19 patrolling of our neighborhood, when the Center City
20 District representatives are out and about keeping
21 the area safe and clean, when controlled strategic
22 leads to more foot traffic in the neighborhoods
23 where we live, work, eat, and shop.

24 Increased funding to enhance and expand
25 foot and car patrols and the service areas of those

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2 charged with keeping the city clean would be funds
3 wisely spent.

4 Continued funding of economic
5 development initiatives is also critical to
6 resuscitating and sustaining neighborhood safety and
7 vitality.

8 The second issue we deal with seems much
9 harder to address, the public education system.

10 Last year my husband and I extended an
11 invitation to a few like-minded, city-dwelling
12 couples to come to our house to speak with David
13 Hornbeck about the problems facing public education
14 in this city and this state.

15 The couples we invited told a few more
16 couples. And before we knew it, our living room was
17 teaming with young couples and families committed to
18 the city, but sorely concerned that the education
19 system their taxdollars are helping to fund will
20 not meet their expectations in time for their young
21 or yet-to-be-born kids to be educated within it.

22 For many young couples like us, there
23 comes the ultimate choice. Do I sell out now by
24 moving to the suburbs, where at least I can send my
25 kids to public school, or do I stay in the city and

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2 sell out later by sending my child to private
3 school?

4 We have opted for the latter, with heavy
5 hearts, since both my husband and I are
6 public-schooled and firm believes in a public school
7 education.

8 We hold out hope that in a few years,
9 when Bee is ready to head off to kindergarten, there
10 will be a public school in which we feel confident.
11 However, that hope is faint.

12 Realistically, our friends who have
13 opted to purchase homes in the city have done so
14 with the expectation that they will either privately
15 school their children or that they will move out of
16 the city when their children reach school age.

17 We are committed to being part of a
18 dialogue about changing the way public education is
19 funded, if that proves to be the solution.

20 However, it falls upon the city to find
21 a way to work with the state to reinvigorate this
22 public school system and to correct the disparities
23 that exist between an education in the city and an
24 education in the suburbs. Otherwise, continued
25 urban flight is all but guaranteed.

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2 In both my personal and professional
3 capacities, I have committed to working with city
4 leadership to make the city a better place for my
5 daughter and for all of Philadelphia's babies,
6 children, mothers, and families.

7 We live in an amazing city, with a
8 wealth of nonprofit or for-profit leadership that
9 can partner with city officials to improve life for
10 all who live here. We must seize this opportunity.

11 Thank you very much.

12 PRESIDENT Verna: Thank you very much.

13 Are there any questions from members of
14 the committee?

15 Thank you for your patience. And I do
16 thank you for coming in to testify.

17 Sheldon Rich? He left.

18 Gregory Jenkins.

19 GREGORY JENKINS: Good afternoon.

20 MR. JENKINS: Good afternoon. Thank
21 you.

22 PRESIDENT Verna: Please identify
23 yourself for the record, please.

24 MR. JENKINS: My name is Gregory
25 Jenkins. I am a private citizen. I live in Mt.

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2 Airy.

3 I have lived in South Philadelphia and
4 West Philadelphia. I have lived in Philadelphia my
5 entire life.

6 And I came down here because I wanted to
7 talk about what I have seen and the people I know,
8 and why people, why I see people, wanting to leave
9 this city.

10 And I think for families, the number one
11 reason is the public education system.

12 And I have been listening and I have
13 heard other people address the same points I wanted
14 to make.

15 I have also heard people talk about
16 taxes and the wage tax, the property tax, and the
17 cost of utilities.

18 But when you add those all up, they
19 don't come close to the price of a private
20 education.

21 And, yet, I see working families who
22 struggle to pay for a private education. And, to
23 me, that's proof that that's a primary decision that
24 parents and families have to make.

25 And a lot of people are making the

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2 decision that it is easier to go out to the suburbs
3 or to move to another city and get a better public
4 education.

5 I would put it to City Council that if
6 Philadelphia had a reputation for guaranteeing every
7 child a quality education, that people would be
8 flowing to this city, that that alone would be
9 enough to bring people here.

10 The second thing I wanted to talk
11 about -- it is not as important, but I think it is
12 significant -- and that is the fact of auto
13 insurance in this city is a very big disincentive.

14 Six years ago a former coworker of mine
15 told me he was a young man who was a new driver, and
16 he was living at home with his parents.

17 He told me that he calculated that by
18 moving to the suburbs, what he saved on auto
19 insurance would cover the cost of having his own
20 apartment. For a new driver, that's not unusual.

21 When I was a new driver, I was paying 15
22 percent of my net income for auto insurance.

23 Now, to me, this basically comes down to
24 enforcement of the laws. And I know that there is a
25 law on the books that people caught without

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2 insurance should have their cars seized. I don't
3 see that happening. From what I hear, it is not
4 happening.

5 I would also like to ask the people who
6 are present, how many people do you know who have
7 been hit in an auto accident and then the other
8 driver just drives off?

9 And that's treated like a minor offense
10 in this city. I think it is a 200, 250 dollar fine.
11 I think that's less than what the fine is for
12 abandoning a car.

13 And the reason people do that is because
14 they are driving without insurance.

15 I will make this brief. But before I
16 go, I would like to address something that
17 Councilman Ortiz said about his daughter -- I am
18 sorry, it was about his niece.

19 And the reason I want to comment on it
20 is because it echoes something that one of my best
21 friends said to me.

22 And she is my age, so she is not in the
23 same generation that he was talking about. But she
24 has lived for more than 15 years in Los Angeles.

25 And she told me that she could never

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2 move back to Philadelphia because it was too
3 close-minded a city. And I'm not sure how you
4 address a problem like that.

5 But, you know, I have been -- I have
6 worked in city government for 17 years. And one of
7 the things that I have heard that I find most
8 frustrating is when somebody says to you, "We don't
9 do it like that," and they think that's the end of
10 the conversation.

11 So I know that's an intangible thing,
12 but I wanted to sort of say that there is a
13 mentality there that contributes to making it hard
14 to get new businesses to start in this city and to
15 keeping our young people here.

16 Thank you.

17 PRESIDENT VERNA: Thank you.

18 I know you have been very patient. You
19 have been sitting in the audience for quite some
20 time. And we want you to know we appreciate your
21 patience and your coming in to testify.

22 Thank you so much.

23 MR. JENKINS: Thank you.

24 PRESIDENT VERNA: Our next witness is
25 Todd Kimmel.

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2 Good evening.

3 MR. KIMMEL: I will make it real brief.

4 PRESIDENT VERNA: Thank you.

5 TODD KIMMEL: It is late in the day.

6 Thank you to the folks that are still here and thank
7 you for putting this all together.

8 I just wanted to say first off, I love
9 Philadelphia so much, I really do, but I am also
10 moving.

11 I absolutely adore this town. I am
12 going to stay and work here. You will not find a
13 bigger booster for Philadelphia than me.

14 I have talked up this town. I have
15 dragged people into this town back here who moved
16 away. And I love the place.

17 PRESIDENT VERNA: May I ask why you are
18 leaving?

19 MR. KIMMEL: Number one is the schools.
20 It is as simple as that.

21 And my wife taught school in a middle
22 school in West Philly. She lasted ten weeks. Her
23 phone was cut, she was locked in her room twice with
24 a broken broom handle, she was hit.

25 And she is a good teacher, and she is a

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2 doll, and I love her. She was devoted.

3 The other teachers were amazed that she
4 was able to teach, she was teaching art, that she
5 was able to do the things that she was doing and get
6 the kids to do the work that they were doing.

7 Teachers had said to her, "You know, you
8 can just Xerox coloring books and have them color
9 for an hour, if they will do that." You know, but
10 she was teaching art, she left right in.

11 But after ten weeks, she finally gave
12 up. It was killing her. She stopped eating and,
13 you know, was losing weight, and her skin was
14 sallow. And this is a bright and beautiful gal.

15 Anyway, the main problem in Philadelphia
16 is the schools. And it is not just because I don't
17 want my kids to go to public school. The schools
18 are a problem.

19 And it is a problem then that all sorts
20 of bad things come from that. Because there is not
21 a good solid base that we are building off of.

22 The class sizes, as other people have
23 said already, are much too large.

24 And even all the trouble she would come
25 home and tell me about, we weren't blaming the kids,

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2 either. I mean, our friends were like, "Those
3 God-damned kids."

4 Yes, partly it is the kids, sure. You
5 know you want to give them a little smack, but you
6 are not going to. But you know what I mean.

7 But good parents. People would come,
8 our friends would say, "Well, it is the parents'
9 fault."

10 But my wife said that the parents would
11 come in. And often, as often as not or more often
12 than not, two-parent families. It is not always the
13 single-mom syndrome, even though there are
14 hard-working single moms doing their thing. So it
15 was not an easy-blame thing.

16 And those parents would sit there and
17 they would say, "My child does not talk this way at
18 home. My child does not do that at home." And my
19 wife would believe that, you know.

20 But in a class of 34, 35 kids in a room
21 with nothing to dampen the sound, and every desk
22 without a plastic on the bottom so that every single
23 desk goes, rrrrrr, when you move it.

24 And the kids, that many kids in one
25 class, even if she is a terrific teacher, which she

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2 is, you can't keep them, not when they are 12 or
3 however old they are in middle school, you can't
4 keep them focused when there is that many kids. And
5 it was mayhem, and it was a shame.

6 And it made we want to cry, the stories
7 that she would bring home.

8 So out of that, though, comes a general
9 disregard for other people and the community in
10 general.

11 I mean, if there is no effective
12 discipline in the school -- and there wasn't; there
13 was absolutely no effective discipline in that
14 school, and the kids knew that.

15 And if I was a 12-year-old in a school
16 that had no effective discipline at all, I would
17 have run rough-shot over the whole thing. Because
18 that's what you do when you are 12.

19 I amnot saying all the problems are
20 12-year-old problems. But his is an experience that
21 we had.

22 Anyway, the problem, as far as I am
23 concerned, the main problem, is, and the main thing
24 that we need help with, because it is not going --
25 you can't squeeze it out of anywhere else here. We

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2 need help from the state level, from the national
3 level. You all know this. I am just expressing it.
4 But the problem is the schools.

5 Kids in school, in smaller classes, you
6 could get them involved in civics and democracy and
7 understand what it means to be a Philadelphian, an
8 American.

9 I mean, here is an opportunity when
10 people are starting to talk about that kind of
11 thing. Well, apply that to kids so that they feel
12 that they have some worth in their neighborhood.

13 That they feel if there is a problem in
14 their neighborhood, they can get together and make
15 it happen, in conjunction with your Councilpeople,
16 and get involved with them.

17 There is a lot of sort of us versus them
18 in neighborhoods, people feeling there is no
19 connection, often, to their Councilpeople and to
20 Council and to City Hall.

21 But the basic things, like littering,
22 which drives me bananas, that should be covered in
23 school. That should be covered in elementary
24 school. That should be something that kids say to
25 each other, "Hey, we are not about that."

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2 And if they are not getting it from
3 their mom, they are getting it from their
4 classmates, and so there is peer pressure.

5 There is all this opportunity for
6 positive peer pressure that we are not seeing, and I
7 believe that that comes out of the school, if it is
8 not coming from home.

9 And people say, "Oh, they need moral
10 education." Well, that has this terrible bugaboo
11 that goes with it. You know, who is moral? Okay?
12 Whose morals?

13 But at the same time, if you present it
14 as sort of civic education, and get that started
15 from the very beginning, kids will feel involved.
16 And that's terribly important.

17 One other reason I am leaving
18 Philadelphia. I grew up, all my childhood years and
19 teenage years, on the campus of Cheyney State
20 College. And that was during the whole civil rights
21 era.

22 And I absolutely cringe every time, this
23 is not -- every time I hear the N word, I go
24 bananas. And it is used on the street constantly.
25 It is pouring out of cars. People use it while

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2 hollering at each other.

3 I don't mean white people addressing
4 black people. I mean black folks talking to each
5 other.

6 It is a cultural thing, but it is not a
7 cultural thing that I have gotten to. And I have
8 real trouble with that. And it just drives me
9 bananas.

10 And in other places besides
11 Philadelphia, that doesn't happen. Maybe a little
12 bit, but not in the level that it is happening here.
13 That is just a little thing.

14 I will leave you just with a last odd
15 bit, but an example. I mean, I could ramble about
16 city services not performing.

17 But an odd thing -- and I turn to you,
18 Councilman Kenney, to perhaps put the good word in
19 with our Police Commissioner, who I think is a
20 terrific guy -- white guys on motorcycles.

21 White guys on motorcycles are a problem
22 in Philadelphia because they have, often as not,
23 have straight drag pipes.

24 And you will not have that in the
25 suburbs. You will not have that in any other town

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2 but Philadelphia.

3 I don't know if your aware of this, but
4 that's against the law everywhere. And even places
5 like Harley Davidson recommend you not have straight
6 drag pipes, that you have a muffler.

7 But to spend two hours trying to get a
8 cranky baby to sleep, and then have a motorcycle
9 with straight drag pipes go tearing up the street,
10 shaking all the shutters and all the car alarms
11 going off, and then roaring right past the police,
12 and the police don't stop and write a ticket, gives
13 a general feel.

14 That is one of a thousand of a little
15 things. But it gives a general feel like, okay,
16 nobody has my back here. Nobody is looking out for
17 me.

18 And so that's just, again, one small
19 example. I wanted to leave you with that thought.
20 And thank you for putting this forum together.

21 PRESIDENT VERNA: Thank you.

22 Mr. Kimmel, where are you moving?

23 MR. KIMMEL: Believe it or not,
24 Burlington, of all places.

25 It is a small city. And if there is an

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2 abandoned car in front of my house, I bet if I call
3 up about it, it might get moved in less than one
4 month's time.

5 But I will continue to work at 3rd and
6 market. I am a historian. We have a space there.
7 We have a blast.

8 I love this town, but I need to breathe.
9 Thank you.

10 PRESIDENT Verna: Thank you very much.
11 John Chin.

12 JOHN CHIN: Madam President and City
13 Council members, thanks for keeping me company. If
14 I had known, maybe we can close up City Council and
15 go to Chinatown for dinner.

16 PRESIDENT Verna: That sounds good to
17 me.

18 MR. CHIN: All right. I think
19 everything that needs to be said has been said the
20 last two days, I guess.

21 One thing that I haven't heard today,
22 while sitting here listening to testimony, is the
23 fact that there are neighborhoods in the City of
24 Philadelphia that are growing.

25 And I want to point to the fact that

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2 Councilman Kenney had sort of raised that issue in
3 his report that he has done this past year.

4 He has referred to other cities like New
5 York and Boston, where immigration has brought
6 benefits to the cities in Boston and New York, and
7 to some extent here in Philadelphia.

8 I know in Chinatown, we have had a 20
9 percent increase in population just in our three
10 census tracts.

11 The City of Philadelphia overall has
12 seen a little over 50 percent increase in the Asian
13 population, and Pennsylvania has seen about 61
14 percent increase in Asian population.

15 So in Chinatown we really do believe
16 that public investment spurs private investment and
17 brings a return to the City of Philadelphia.

18 We practice it, and we plan future
19 developments that will also do the same thing for
20 the City of Philadelphia.

21 If you look at what Chinatown has in
22 terms of public services, there really are none.
23 And you have heard this in the past.

24 There is no health services, no youth
25 services, no senior citizen services, and there is

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2 no community center.

3 We are limited in the amount of space
4 that we have for growth. We are boxed in by
5 different developments on the southeast, north and
6 west sides.

7 But we have been fortunate that we have
8 been able to jump over the Vine Street Expressway.
9 And three years ago we developed 51 units of
10 home-ownership housing.

11 That was a \$7 million project. And on
12 an annual basis that brings over \$100,000 in real
13 estate taxes to the City of Philadelphia.

14 So the home funds that we do receive to
15 build affordable housing in Chinatown does have a
16 return for the city.

17 In addition to that, I think Chinatown
18 is unique in the fact that we're one of only two or
19 three neighborhoods in the City of Philadelphia that
20 provides a product to our constituents, which is
21 culturally-sensitive services and other needs.

22 PCDC, as a nonprofit organization, has a
23 five-year strategic plan to grow the community north
24 up to Spring Garden Street, and we have a vision for
25 the growth of the overall city.

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2 Chinatown North Phase Two, which is 11 housing
3 units, but has taken us four years. And we are not
4 at ground-breaking yet, but we are very close.

5 We have been working on the Chinatown
6 Community Center, which is our Phase Three project,
7 for a couple of years. And because there are no
8 acquisition dollars, that project has been stalled.

9 So these are the things we really need
10 to look at. We need to concentrate on the people
11 that remain in the City of Philadelphia and see how
12 we can help them, because they will help revitalize
13 and rebuild the neighborhoods and eventually rebuild
14 the city.

15 PRESIDENT VERNA: Thank you. I
16 appreciate your testimony.

17 Any questions or comments from members
18 of the committee?

19 Mr. Chin, thank you very much.

20 Our last witness, Jovida Hill.

21 JOVIDA HILL: Thank you, Councilwoman
22 Verna, for this opportunity.

23 What I am going to say, really, you have
24 heard several people just before me. And I will
25 just be reiterating and putting my two cents in.

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2 The loss of the city's population has
3 been tremendously devastating to our local economy
4 and to our city's tax base.

5 What is most telling is that young
6 people love the city until it is time for them to
7 have children. And when faced with the prospect of
8 enrolling them in poor schools, they opt out and
9 flee to the suburbs.

10 I love Philadelphia. I love our
11 wonderful cultural and educational institutions. I
12 love the vitality of many of our neighborhoods, the
13 magnificent architecture, and the revitalization of
14 Center City.

15 I love the convenience of the city, of
16 not being enslaved by my automobile. And I am a
17 life-long resident.

18 And over the course of four decades, I
19 have lived in several neighborhoods in the city. I
20 am a Philadelphia resident by choice.

21 Years ago my husband and I agonized over
22 staying or leaving. And our discussions always came
23 back to the schools, always. But we stayed anyway.

24 I raised two sons here. Both of them
25 graduated from Philadelphia public schools. And we

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2 consider ourselves quite lucky, they did very well.

3 But you heard Ms. Phillips earlier
4 today. And she mentioned some of our marvelous
5 magnet schools.

6 Well, I don't think an education should
7 be a matter of luck. I don't think it is right that
8 getting a quality education isn't guaranteed to
9 every single child.

10 By not delivering on this guarantee, our
11 politicians and civic leaders have let us down.

12 What is happening in our schools and
13 what is happening to our children should be a matter
14 of shared blame and shared shame.

15 I am offended that public dollars are
16 being spent to pay for a private, for-profit
17 corporation to audit our school system so that they
18 can recommend hiring themselves to privatize all or
19 a portion of our schools.

20 I am offended that prominent voices in
21 our community are rallying around privatization and
22 charter schools, even though they remain unproven
23 solutions to poor student performance.

24 I am offended that classroom teachers
25 are being forced to teach children how to take

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2 standardized tests, instead of engaging students and
3 challenging them with inquisitiveness, critical
4 thinking, and the pure joy of learning. All are
5 hallmarks of a good education.

6 I fear that we will be turning out a
7 generation of marvelous test-takers who have yet to
8 be educated.

9 I am offended that dedicated, caring
10 teachers -- and you heard the gentleman before me
11 talk about his wife -- are amongst the lowest paid
12 in the region.

13 They have to struggle daily in
14 dilapidated buildings with tainted water. They have
15 few textbooks, inadequate classroom materials, and
16 they are being scapegoated by a School Board and
17 city and state officials who have consistently
18 underfunded our most important institutions, which
19 remain our schools.

20 If City Council is really serious about
21 keeping people in the city, then City Council needs
22 to make school improvement its top priority.

23 It is no secret that study after study
24 shows that there is a definite correlation between
25 student performance and smaller class size.

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2 Of course the response is, "Well, where
3 would you find the money to reduce class size in a
4 financially-ailing school system that is already
5 operating at a deficit?"

6 Well, I challenge Council and the Mayor
7 to look at a totally new funding stream for
8 education.

9 If keeping residents in the city is
10 critical to the economic health of Philadelphia, why
11 not look at school improvement as a long-term
12 economic development program?

13 Use economic development dollars to
14 reduce class size, make teacher salaries more
15 competitive to attract the best and the brightest,
16 reinstitute residency requirements for teachers,
17 renovate deteriorating schools, build new ones,
18 invigorate the curriculum, upgrade textbooks,
19 install technology in the classroom, improve
20 in-service teacher training, institute after-school
21 remedial and enrichment programs.

22 In other words, adequately fund the
23 Philadelphia school system to create a world-class
24 education system that produces world-class students
25 and world-class citizens.

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2 Use local, state, and federal economic
3 development dollars to create a nationally
4 recognized school system that becomes so attractive
5 that people want to move here just so their kids can
6 go to the best public schools in the nation.

7 A highly educated work force is
8 attractive to employers who know they can fill jobs
9 with young people who are educated in our school
10 system. It becomes an additional incentive for
11 businesses looking to relocate here.

12 This, to me, gives us more of a return
13 than the urban blight proposal. That seems to me --
14 and I don't know much about it -- but it seems to me
15 it is more of a demolition project than a rebuilding
16 project.

17 It gives us more of a return than the
18 resources that go into building the tourism industry
19 that has turned our city's wage structure into that
20 of a service economy, which provides low-wage jobs
21 with high turnover and few benefits.

22 We need to position our city to attract
23 employers that can provide our young people with
24 careers, not jobs. And there is a distinction.

25 Looking at school improvement as an

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2 economic development project provides us with a far
3 better return than building new sports stadiums and
4 entertainment complexes.

5 If we do not find a way to adequately
6 fund our schools and make the necessary financial
7 sacrifices needed to improve the Philadelphia public
8 school system, we will have failed our children, and
9 that would be the biggest abuse of public trust that
10 I can imagine.

11 Thank you very much.

12 PRESIDENT VERNA: Thank you.

13 Any questions or comments from members
14 of the committee?

15 MS. HILL: Before I leave, I would also
16 like to add, I couldn't leave without taking this
17 opportunity to thank the City Council members who
18 voted against Bill 629.

19 I thank you so much. Thank you. And I
20 hope the Mayor vetoes it.

21 PRESIDENT VERNA: Thank you.

22 Is there anyone else to testify? Do we
23 have anyone else to testify?

24 Seeing none, this committee will stand
25 in recess until the call of the Chair.

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2 Thank you very much.
3 (Public Hearing adjourned at 5:30 p.m.)
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C E R T I F I C A T I O N

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia of Wednesday, October 17, 2001, were
reported fully and accurately by me, and that this
is a correct transcript of same.

RE: COMMITTEE OF THE WHOLE

DEBRA A. WHITEHEAD