

AMERICAN STREET INFILL DEVELOPMENT

Philadelphia, PA

June 23, 2011



Report by:



**Urban Land
Institute**

Philadelphia

Serving Eastern and Central
Pennsylvania, Southern New
Jersey, and Delaware

July 28 2011

Mr. William Proud
President
William Proud Masonry Restoration Company, Inc.
2610 North American Street
Philadelphia, Pennsylvania 19133

Dear Bill:

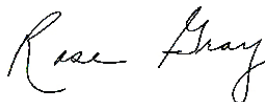
Enclosed is the report of the ULI Technical Assistance Program (TAP), which focused on the infill potential of your property, the William Proud Masonry Restoration Company, Inc. (WPM) site. Our colleagues and we thank you and your staff for working with us on the American Street Industrial Infill TAP on June 23, 2011.

Your specific request asked the Panel to evaluate the potential for infill development surrounding your existing industrial building and to further examine the results of the previously completed study by Infill Philadelphia and the Community Design Collaborative (CDC). The study site included your property; the existing WPM building including your offices, industrial, and storage space, the materials yard; and the adjacent vacant City-owned property across Third Street. The goal of the TAP was to determine the potential for infill commercial or industrial space that would fulfill a market need, as well as establish a community anchor in this Lower North Philadelphia neighborhood.

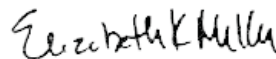
Our evaluation began with a guided site tour including the interiors of the WPM building, the materials yard, and the vacant portions of your existing site. We then conducted more than ten interviews with community stakeholders including government officials, the Philadelphia Industrial Development Corporation (PIDC), City agencies and members of the Philadelphia development community. During the afternoon, the Panel discussed the results of the stakeholder interviews, analyzed the ideas presented by the CDC plans, and presented a summary of findings and recommendations, focusing on the feasibility of developing small-scale industrial or artisanal spaces on site and recommendations for pursuing public-private partnerships and other city incentives. This report represents the objective professional opinion of our distinguished Panel. Please review the report and let us know any comments you may have. We offer to maintain an open dialogue with you, including a willingness to speak with elected officials who may question the conclusions reached by the Panel.

We are grateful to you as well as Gary Martin, Vice President of WPM who very ably assisted in the preparation of the TAP, participated in interviews, provided a tour of the property, and coordinated with ULI Philadelphia District Council staff. Thank you for interest in the ULI TAP program and your continued interest in this opportunity.

Sincerely,

A handwritten signature in black ink that reads 'Rose Gray'.

Rose V. Gray
Asociación Puertorriqueños en Marcha
Co-Chair, American Street TAP

A handwritten signature in black ink that reads 'Elizabeth K. Miller'.

Beth Miller
Community Design Collaborative
Co-Chair, American Street TAP

American Street Infill Development

Table of Contents

Cover Letter

Introduction/Background	4
Program Schedule and Objectives	6
Initial Assessment	7
Goals for the Site	9
What is an Incubator?	11
Market Opportunities	12
Building and Site Challenges	13
Operational Challenges	15
Opportunities	16
Panel Recommendations	19
Next Steps	20
Stakeholders Interviewed	22
Panelists	23

Introduction/Background

About ULI

The Urban Land Institute (ULI) was established in 1936 as a nonprofit educational and research institute and is supported by nearly 30,000 members representing all aspects of land use and development disciplines. ULI's mission is to provide responsible leadership in the use of land to enhance the total environment and to create and sustain thriving communities.

In 1947, ULI began providing advice to nonprofits and government agencies that needed help in planning and development. Its Advisory Services Panels bring together objective planners, developers, lenders, architects, and related professionals to evaluate a community's needs and make recommendations on implementation. The TAP is a smaller-scale, localized version of this important community outreach service. None of the professionals involved in this Panel receive monetary compensation for this work, and each one signs an agreement to avoid any conflict of interest.

About the Community Design Collaborative

The Community Design Collaborative is a community design center that provides *pro bono* preliminary design services to nonprofit organizations, offers unique volunteer opportunities for architects and other design professionals, and raises public awareness about the importance of design in community revitalization.

Founded by the AIA Philadelphia Chapter in 1991, today the Collaborative is an independent 501(c) 3 harnessing the urban energy of design professionals, community leaders and policy makers to strengthen neighborhoods through design. In 2010 alone, the Community Design Collaborative provided over \$900,000 and nearly 9,500 volunteer hours in *pro bono* design assistance throughout greater Philadelphia, helping 46 nonprofit and public agencies.

About Infill Philadelphia

This particular Technical Assistance Panel builds on the results of a previous study conducted by the Community Design Collaborative and its Infill Philadelphia program for the Infill American Street site. The prior study, held in July 2010, introduced a conceptual design for a neighborhood fabrication center. This design envisioned bringing small-scale, industrial users and artisans to the site that would utilize small garage, "incubator-style" spaces that would be constructed on the available open space on the site owned by WPM.

Infill Philadelphia was created by the Community Design Collaborative to help urban communities re-envision their neighborhoods, leverage existing assets, rethink the use of older spaces, and address the practical concerns of specific sites and the communities around them.

Launched in January 2007, Infill Philadelphia uses a design-centered approach that hinges on collaboration and promotes innovation, from start to finish. Guiding the approach is an intensive, interactive design challenge in which volunteer design firms work simultaneously to develop conceptual ideas for three sites selected by community-based organizations. The initiative brings together design practitioners, community development experts, policymakers, funders, and the media to address urban infill development—a significant neighborhood revitalization strategy for Philadelphia and older American cities. This unique initiative is being implemented in three phases, each addressing specific infill development challenges and opportunities in Philadelphia, including neighborhood commercial corridors, neighborhood fresh food access, and finally, the reuse of older industrial sites for a new generation of urban industry, which is the focus of this study.

For this particular Technical Assistance Program (TAP), ULI Philadelphia was charged with further analyzing the design presented by Infill Philadelphia and making recommendations on potential programming, development feasibility and marketing and financing strategies. The purpose of the TAP was to determine a more detailed program and composition of industrial or commercial uses that would bring the site to full, productive use while also making community connections. Finally, the Panel was charged with making recommendations to WPM as to how feasible development could be finalized and pursued.

About William Proud Masonry Restoration Company, Inc. (WPM)



This site is owned by the William Proud Masonry Restoration Company, Inc. (WPM) and is currently partially used with three existing buildings on a 0.75 acre industrial lot. The site contains offices, as well as equipment storage, with a portion of one of its buildings currently being leased for use as an art storage area. While more than half of the site is vacant, a section of this open area is currently being used as a materials yard for the unique brick, stone, and marble and other salvaged materials from

historic buildings at the heart of its business. WPM also owns an adjacent site across Third Street that was acquired from the City of Philadelphia. WPM wants to pursue a plan that brings the whole site into productive use while allowing their existing business to remain and flourish on site.

Specializing in historic restoration, WPM has been providing façade restoration and inspection services to the Philadelphia building community for more than 25 years. Previously located in Northeast Philadelphia, the company recently moved to 2600 American Street to take advantage of a location within proximity of downtown and their client base. Now located at the heart of a once-thriving industrial corridor, the owners would like to seize the opportunity to establish a neighborhood anchor and build on this area's emerging popularity as a center for Philadelphia's small-scale, industrial and artisanal trades.

Program Schedule and Objectives

On June 23, 2011, ULI Philadelphia members Rose V. Gray of Asociación Puertorriqueños en Marcha (APM) and Beth Miller of the Community Design Collaborative (CDC) led the American Street Technical Assistance Panel (TAP) in Philadelphia, PA. The purpose of this TAP was to assess the Infill Philadelphia American Street site located at 2610-22 North American Street to identify opportunities to reposition the partially vacant industrial site as an anchor in the neighborhood.

The identified site currently includes WPM and the Hispanic Association of Contractors and Enterprise (HACE). The TAP Panel met with both William Proud and Gary Martin from WPM, who conducted a tour of the site, giving panelists an in-depth look at the existing building, tenants, and needs and opportunities on the site.

After the tour, TAP panelists conducted interviews of community stakeholders including City officials, design professionals, key stakeholders and more. The participants represented the following organizations:

- City of Philadelphia
- EMC Practice
- Hispanic Association of Contractors and Enterprises
- Philadelphia City Planning Commission
- Philadelphia Industrial Development Corporation
- The Philadelphia Workforce Development Corporation
- SMP Architects
- The Reinvestment Fund
- University of Pennsylvania
- William Proud Masonry Restoration Company, Inc.



Following the stakeholder interviews, TAP panelists discussed the interview results, and analyzed the qualitative and quantitative information available. Based on their professional expertise, the panelists primarily focused their ideas and discussion on identifying the most appropriate solutions and potential uses of the American Street site and building. Each of these recommendations and action items are discussed in detail later in this report.



At the end of the session, the Panel presented the summary of findings and recommendations to William Proud and Gary Martin, and discussed opportunities and next steps moving forward.

Initial Assessment

Based on the tour and discussions with key stakeholders, the TAP Panel identified several initial assessments of the site and the current situation for the project. These assessments are identified below.

Successful, Existing Business

The initial assessment revealed that WPM had developed and maintained a successful and thriving business. Tours of the site revealed that the company had successfully rehabilitated and repurposed the existing building into offices and storage space for their use. In addition, discussions with the owners revealed that business was thriving; the close proximity to Center City clients had helped their efficiency and productivity. It was clear that the business had benefitted from the owner's entrepreneurial skills and resourcefulness; William Proud discussed how some materials needed for rehabilitations on site had been obtained through trade of restoration services. In addition, the ability to successfully install an art storage space highlighted Mr. Proud's ability to understand his market and pursue successful development and market opportunities even without a formal, extensive development plan.

Need for Deeper Analysis of Infill Philadelphia Study

Initial discussions revealed that there was significant need to further analyze the results of the Infill Philadelphia study – primarily, the need to more specifically define “incubator space” and its implication for programming, management, and financial feasibility. In addition, it will be important to further analyze the design of individual garages and discuss the feasibility of modular construction.

A more comprehensive explanation of the Panel's definition and thoughts on the proposed incubator use can be found later in this report on page 11.

Establishing Clear Goals

One of the main assessments was that the key stakeholders needed to clarify the goals for the site, especially according to their priority by William Proud as owner. Initial goals as received from the Infill Philadelphia plan and interviews with WPM management were understood as utilizing space, covering costs, and achieving community connectivity and job creation. Being very clear about goals would affect the type and scope of programming, as well as the development timeline. For example, the goals of community connectivity and job creation required further explanation. These initiatives would significantly affect both financial composition and programming of the site, particularly for a development to be pursued by a private owner. Detailing goals would help enumerate the market research, partners, and financial incentives needed for this type of project.

Other Opportunities Not in Infill Study

The TAP Panel's analysis of the site also determined that there were opportunities to pursue other uses not discussed in the Infill Philadelphia report. While the Infill Philadelphia report focused on the ability to construct "incubator style" garage spaces, panelists discussed the potential for other programming such as the expansion of WPM operations, or more effectively utilizing the surrounding building stock and restoring it for new tenants, rather than constructing new buildings. In addition, the Panel also discussed opportunities to pursue other community-oriented uses such as an entertainment space or a farmers' market.

Further details on additional suggested uses can be found later in this report on page 19.

Goals for the Site

Based on stakeholder interviews, tours of the site, and discussions with WPM management, the Panel suggested the following revised goals for the American Street Infill site. The Panel expanded on the initial goals of effectively utilizing space, covering costs and achieving community connectivity and job creation.

Effectively Utilize Space

The development plan pursued on this site should be the highest and best use of the available space. Depending on the scenario undertaken, space planning may allow for phased development or further expansion of WPM's operations. In addition, the space available in the current, existing structures should be analyzed for its feasibility of holding additional tenants or other uses for the most cost-effective program.



Cover Costs and Pursue Financially Feasible Plan

Since WPM already maintains a profitable business, any development on site should be carefully analyzed to make sure it would be profitable and cover its own costs rather than hinder its existing, economically healthy business. Insulating against loss may consider identifying non-profit partners, as well as completing more detailed market research.

Community Connectivity

Achieving community connectivity could involve identifying potential users in nearby neighborhoods, providing a community use on site, or involving community groups in the development. However, this goal should set clear objectives in order to gain community support rather than create opposition from failed promises.

Job Creation

This site can provide additional jobs in the neighborhood through providing space for emerging small businesses or for those who need space to pursue small industrial or manufacturing activities as part of larger businesses. Discussions revealed that this site is better suited to creating jobs through providing opportunities to participate in the building, artisanal, or small-scale industrial trades rather than act as a principal, workforce development or training facility.

Maximize Uniqueness of American Street Location

The site was once part of one of Philadelphia's most important industrial corridors, and now has the potential to help revive the important, historic character of the community through both the design and programming of additional development on site.

Become an Anchor and Hub of Activity on American Street Corridor

This site should take advantage of its strategic location at the intersection of several Lower North Philadelphia neighborhoods and at a critical point along the once well-developed American Street industrial corridor. It should use this site's location to draw users and visitors from surrounding neighborhoods, as well as the expanding redevelopment occurring in Northern Liberties and Lower Kensington neighborhoods to the south. It can also use this location to pursue uses that draw larger crowds, or commercial uses that may not be as accepted if the site was located further within the denser, residential neighborhoods surrounding the site.

Showcase Work on Existing Building

The Panel noted that WPM has done professional and aesthetically pleasing work in restoring its existing historic industrial building. The company should continue to showcase this restoration work to build its brand and visibility in the neighborhood. This is an asset that can attract tenants, as well as visitors, to the site.

What is an Incubator?

The TAP Panel spent a significant portion of time defining an “incubator,” and its possible effect on development, programming, and operations on the American Street infill site. Identified as the major program strategy in the Infill Philadelphia report, the Panel analyzed how an incubator strategy would differ in function on the site as compared to a more traditional plan for leasing space to targeted, smaller users. The Panel effectively explained the meaning of an incubator space and its advantages and disadvantages for the WPM site.

Operating Business vs. Real Estate Investment

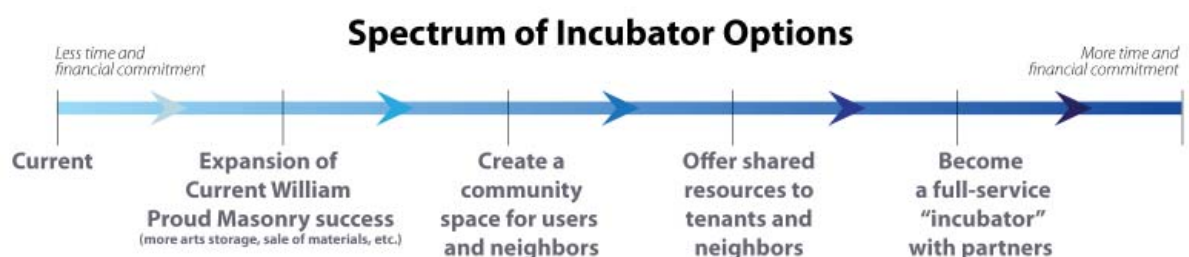
Developing an incubator is more similar to building an operating business than making a real estate investment. A successful incubator will require more than simply gauging the market and securing tenants; its financial success hinges on the ability to manage costs in terms of management, day-to-day operating costs, and providing appropriate business development services to tenants. However, leasing space to small-scale tenants is more akin to traditional real estate strategy. This strategy could satisfy tenant needs by providing one shared workshop with equipment rather than requiring more involved resources and operational support.

Intense Management Responsibility

The Panel determined that use of the term “incubator” signified that there would be a higher level of services and thus operational responsibility associated with it. Incubators typically attract and serve very small businesses and start-ups that have not achieved financial stability. Incubators can attract tenants but they usually do so by offering below-market rental rates, shared facilities or equipment, and services such as accounting or business advisory services. Thus, incubators require more time and capital on the owner’s part to satisfy this type of user effectively.

A Non-Profit or Public Project

Operating and building incubator space will most likely require the identification of a non-profit partner. A non-profit partner could assist in the operation and management of the facility, as well as secure sources of public funding and financial incentives. While the incubator model will require more operational planning, the ability to secure additional funding opportunities may be an advantage. The goal of an incubator is usually to serve a public purpose through providing an opportunity to grow needed technologies, products or employment opportunities. They do typically create additional job growth opportunities on site, but they do so through the advantage of public resources and support.



Market Opportunities

The TAP Panel also discussed the importance of identifying and analyzing the availability of a target market for shared or small-scale workspaces or the individual garage-space concept. Identifying the appropriate market will require WPM to consider its needs, abilities and goals as they relate to three categories:

- Identification of Potential Customers
- Identification of Community Needs
- Existing Site Characteristics

Market Opportunity Potential



The target market for WPM’s goals lies where these three categories overlap as shown in this diagram.

Identification of Potential Customers

The selection of the target market for the site is a balance between knowing the users that are available in the market and those whom WPM is best suited to serve. The Panel discussed that the ideal users may be those most related to WPM’s existing core businesses including creative artisans or artists, and fabricators or small scale manufacturers. In addition to complementing WPM’s current use, other users can be identified based on surrounding neighborhood markets. WPM’s proximity to Northern Liberties and Lower Kensington presents an opportunity to attract the artisans and craftspeople that are now being priced out of those areas as they grow in popularity and rents continue to increase.

Identification of Community Needs

The target program and market for the site is also influenced by the desire or ability of WPM to accommodate the needs of target users. For example, different users will require varying amounts of space, as well as different types of space in terms of shared facilities or equipment. In addition, some users may potentially benefit from a shared space and sense of community, such as artisans or craftspeople specializing in the same area of production. Other types of users, especially those related to small-scale manufacturing or building trades, may require shared resources or a workshop facility to supplement their small workspaces. Finally, some users will require differing levels of services and on-site management.

Existing Site Characteristics

The selection of a market and user will also influence the changes that will need to be made to the site. Depending on the type of targeted user, the need for additional public space or infrastructure will vary. In addition, WPM will need to consider the phasing or scope of the program carefully, in order to make sure new construction does not interfere with existing operations or expansion needed in the future. Programming the vacant lot across Third Street will need to consider the scope of the use based on its close proximity to the existing row house neighborhood. In addition, WPM will need to consider if they are willing to share spaces or even relocate their existing operations on site such as the materials yard.

Building and Site Challenges

The following summary outlines the challenges identified by the TAP Panel that WPM may face in moving forward with additional development on the American Street site.

Building Constraints May Not Effectively Support Potential Users

There are a number of specific requirements that would need to be met in order for this building to become a successful and leasable commercial space, including updating the building according to required codes and appropriate tenant accommodations. This includes updates to water, electric and HVAC systems.

For instance, the upper floors do not currently have restroom facilities. In order for this building to lease rentable space to additional users, the owner would need to install common bathroom facilities to accommodate the needs of those users.



In addition, the building would also require the installation of a public elevator. The current freight elevator would be ineffective at serving the needs of any additional tenants and would be unsafe to use on a regular basis as a public elevator. Further, the building would also need to be updated to requirements of a handicap-accessible building.

Regarding the layout of the building and the site, there may be opportunities to reconfigure the layout to accommodate potential tenants more effectively. There is currently limited access into and throughout the building. Updating the layout to provide more convenient access to the building, as well as between floors and other areas, would provide a more efficient and marketable experience for tenants.

Set Realistic Expectations and Utilize the Building and Land to Maximize Opportunities

The Panel discussed a number of possible uses for the site that it felt would be the highest and best use of the property. Throughout this process it will be important to adequately consider all potential uses, and identify those which will provide the most profitable and functional use of the building and the surrounding property. Some of these possible uses include:

- Incubator space for business start-ups
- Artist collaborative space
- Garage space for manufacturing, restoration, etc.
- Farmers' market on the adjacent parking lot
- Materials garden to collect and potentially sell collection of building materials

High Costs – Limited Funding Resources

The constraints outlined above may hinder the opportunity to upgrade the building and site to the standards necessary to effectively accommodate additional tenants and support a financially feasible operation. These updates are not impossible, yet the costs associated with expanding the existing site and updating the building are very high.

Each of these items would require significant capital to fund their improvement. The required improvements may be cost-prohibitive for William Proud to implement.

Need for Consolidation of Parcels

Another challenge is the necessity of consolidating each of the separate properties into one single-owned parcel of land. The Panel felt that the consolidation of the entire 0.75-acre industrial lot (including the WPM building) would create the opportunity for a more effective use of the property, and a more viable option for the leasing of building space and land area to outside tenants.

Current Zoning Regulations

The site and building may be limited in its opportunities due to current zoning regulations. While the current and proposed uses of manufacturing, wholesaling and garage incubator space are in line with the current zoning designation for the American Street area, introduction of other uses such as retail would require a rezoning process.



Operational Challenges

Potential Need for Professional Property Management

WPM clearly has an extraordinary vision for this property and its commitment to creating an anchor in the community to serve as a catalyst for revitalization is tremendous. However, William Proud and his partners already have a responsibility to the daily operation of their company, and the additional tasks associated with managing a building properly may become cumbersome.

It will be difficult to add the many responsibilities associated with property management on top of running a successful business. Hiring a management team to manage the every day operation and management of the building tenants is a good idea, but may also be costly.

Need for a Business Plan and Market Study

While the redevelopment of the American Street site is an exciting opportunity, it is important to first develop a business plan and market study.

A business plan will serve as a guide during the development and implementation of the site as a leasable space. This plan will help identify anticipated building and site uses, funding sources, and management structure.

Similarly, it is also important to conduct a market study to assess the availability and interest of potential tenants. This information will help to gauge current needs, and identify potential tenants.

Need to Identify Financing Resources

The Panel understood that this initiative would require significant investment from WPM, as well as community stakeholders. Due to a constrained economic climate and the understanding that new construction is likely not bankable, it will be important moving forward to identify possible funding sources and make plans to apply for the necessary financing.

We have outlined a list of potential financing opportunities later in this report on page 17.

Marketing and Visibility are Key to Success of Tenants

As WPM continues with this effort to establish the American Street site as an anchor in the community, identifying and marketing to tenants who will be an appropriate fit for the community and the site space will be critical. However, just as important will be providing opportunities for the tenants to gain marketability and exposure at the site. While some may not need this exposure, others may benefit from the ability to advertise their products and services. Providing an avenue for visibility may also attract and incite interest in utilizing the space. This may be a task for the previously mentioned management team, should one be brought on board.

Opportunities

The TAP Panel also identified a number of opportunities that will serve as valuable assets to WPM as it moves forward to redevelop the existing site. Some of these opportunities include:

Convenient Location

The American Street site is conveniently located near Center City Philadelphia. It is also served by nearby access to SEPTA transit. This proximity to both downtown and transit access will be an important factor for potential tenants seeking the space offered by the site, yet who still desire the option to get into Center City quickly. Further, potential tenants will also be attracted to the site due to the opportunity to get there via mass transit.

Common Areas

The site includes open space that tenants can use for exhibition of their services or goods. This is a valuable opportunity for a variety of tenants including artists, service providers and small-scale product manufacturers. These areas can also be used for community events such as a farmers' market. Each of these uses can help to establish community connectivity through increased activity in the neighborhood, provision of affordable space and creation of a sense of pride for both residents and employees.

Non-Profit Partnerships

There are a number of non-profit and community organizations that may be interested in utilizing the space. This may be an opportunity to further connect with the community, providing low-rent space and creating a place for people to gather. These partnerships may also be able to help with marketability for other tenants on the site.

Take Advantage of Restoration Niche

The fact that WPM as the primary tenant of the American Street building specializes in providing restoration services is a valuable advantage for the development that can occur on site. First, the company can utilize the knowledge and resources that it already has in this area to begin the process of updating the building and redeveloping the site to the highest and best use possible. Furthermore, as many of the anticipated tenants may be small businesses or



entrepreneurs specializing in similar manufacturing or restoration services, the owners and employees of WPM can also serve as mentors for these smaller companies, providing their proven knowledge for developing a successful business. This guidance would also serve to build community connectivity, serving as a unique resource for job training and providing opportunities for businesses with similar interests to work together.

Workforce Development

WPM may want to identify opportunities for the potential tenants of the site to gain additional experience and resources through institutional partnerships. Philadelphia is home to a number of established and successful higher education institutions and vocational high schools. These schools have a variety of resources and offer opportunities to provide job-training partnerships.

Sustainable Design Opportunities

There are a number of opportunities for integrating sustainable design strategies into the redevelopment and new construction at this site. These opportunities include:

- Installation of solar panels to generate electricity to power buildings on site.
- Green roofs to reduce heat island and capture rainwater.
- Stormwater control practices to reduce runoff.
- Materials reuse and recycling to take advantage of on-site materials and reduce waste.
- Integration of more efficient systems such as lighting, HVAC, etc.

Acquire Adjacent Building

Through discussions with William Proud, the Panel discovered that there may be an opportunity for the company to purchase the adjacent building on American Street. The Panel felt that, if financially feasible, this might be a good opportunity to acquire additional storage space to serve the site. This building could also be retrofitted to serve additional tenants, rather than constructing new buildings. This would also be an opportunity to maintain control over the surrounding site, as WPM would dictate the use of the site, rather than a new owner using the site for uses that may or may not be complementary to the existing site.

Potential financing sources

The Panel identified a number of possible financing sources that WPM could utilize to help provide the needed capital for the redevelopment of the site. These funding sources include:

PIDC 50/40/10 Arrangement

The Philadelphia Industrial Development Corporation offers an arrangement known as the 50/40/10 agreement. This may be an opportunity to obtain funding from the PIDC to help finance development and building costs for the redevelopment.

New Market Tax Credits

New Market Tax Credits (NMTC) are another opportunity for funding. The NMTC Program attracts investment capital by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). The goal of the program is to spur revitalization efforts in low-income communities.

For example, in Philadelphia, The Reinvestment Fund (TRF) offers New Market Tax Credit financing for projects in the City's low-income communities. TRF makes its NMTC deals work through a variety of methods, depending on the project. This may be an opportunity for the American Street project.

Source: <http://www.trfund.com/financing/realestate/NMTC.pdf>

PWD / PIDC Stormwater Management Incentives Program

In line with the previously mentioned opportunities for sustainability practices, the City of Philadelphia, through the Philadelphia Water Department (PWD), and Philadelphia Industrial Development Corporation (PIDC) created the Stormwater Management Incentives Program (SMIP) to offer incentives and assistance to non-residential PWD customers. This program offers low-interest financing to stimulate investment in and utilization of stormwater best management practices which reduce a parcel's contribution of stormwater to the City's system.

Use of funds is restricted to loans, which support the design and construction of stormwater mitigation measures. These may include, but are not limited to: detention and retention basins, swales, detention pipes, infiltration basins, green roofs, porous paving, and rain gardens.

Applicants may include parcel owners of any non-residential Philadelphia-based property that implement stormwater management practices, which reduce a parcel's contribution of stormwater. Applicants must be current in their PWD water, sewer, and stormwater accounts no less than six months from the date of the application or in a payment agreement. All City taxes must be paid.*

*Source: <http://www.phila.gov/water/Stormwater/pdfs/SMIP.pdf>

Income from Existing Tenants

WPM already leases some of its building space. This money may be used to provide some of the cash flow needed to finance the expansion and redevelopment of this site. Through leasing, the money already being generated to support the site can be used to reinvest in future development and improvement of the building, and the site as a whole.

City Funding

WPM should seek opportunities to work with the City to obtain funding based on potential job-creation factors. The City of Philadelphia offers some opportunities for funding when a new project offers significant job creation factors. Depending on the uses of the site, the number of jobs created by this redevelopment may make the project eligible for such funding.

Private Investors

While WPM is obviously a significant private investor in this project, there may be additional opportunities to team with private companies to provide funding for the redevelopment. These investors may be interested due to potential tax credits. This funding could also come from potential tenants interested in having a greater investment in the project.

Panel Recommendations

Identify Opportunities Other Than Incubator Option

The TAP Panel discussed the incubator option in great length, including the actual meaning of this idea. However, the Panel ultimately determined that the space would probably be better utilized through other uses. For instance, rather than specifically designating “incubator” space, the lower levels of the 2610 Building may be used for garage space for tenants in need of small-scale manufacturing space and even possibly shared tools. In addition, the open area outside the building may also be used as additional working space or exhibit space for those tenants.

The Panel also proposed additional uses for the site and building, including:

- Materials garden
- Café/kitchen work space
- Food truck preparation space
- Artist storage and studio space
- Materials renovation and resale
- Construction storage space
- Farmer’s market and other community events
- Fabric arts handling
- Restoration/salvage business expansion

Expansion of Current Business

As mentioned previously, WPM is very invested in this project, and committed to the successful further development of the site and the community as a whole. As an anchor in the community, this may be an opportunity to expand the company’s operations and resources further. As a result, this company would be able to expand the opportunities to further develop the site and create additional opportunities for others.

Utilize and Build Out Existing Art Tenant

The 2610 Building already serves as storage space for a tenant with significant art holdings. The Panel suggested working with this tenant to expand and build out this space to provide further opportunities including uses such as studio or exhibit space. This tenant provides consistent and stable rental income, and could provide the anchor necessary to expand. There may also be opportunities to integrate a retail use for this tenant to bring additional people to the site and increase the activity and profitability of this space.

Next Steps

The TAP Panel identified a number of next steps that WPM may consider moving forward toward the continued development and expansion of this site.

Develop Formal Business Plan and Market Study

As stated in the Opportunities section, it will be important to assess the real opportunities and challenges through the development of a business plan and market study.

A business plan will serve as a guide during the development and implementation of the site as a leasable space. The CDC and WPM must consider issues such as anticipated building and site uses, funding sources, and management structure as early in the process as possible.

It will also be a valuable exercise to develop a market study to assess the availability and interest of potential tenants. For example, a 2008 report by the Harvard Business School found that the Philadelphia/Camden/Wilmington region ranked 8th nationally for fabricated metal products employment. This kind of information will not only help to gauge whether there is a need for the space offered on the site, but it will also provide a better understanding of the needs of those tenants so that the building and site can be retrofitted (if necessary) to accommodate those needs.

Prioritize Timeline and Budget

While all of the opportunities identified throughout this report are exciting to consider, it is important that the CDC and WPM prioritize all of these options in order to more effectively focus on individual tasks and expedite the process. This step is in line with the development of a market study, as it is necessary to not only identify the steps moving forward, but to also develop a schedule so that key stakeholders can identify the primary focus of the project moving forward and aim to accomplish key milestones in a timely manner.

In addition, these organizations should also work to develop a budget and pro forma in order to effectively understand and plan for the financial aspect of this project. It would be very easy to lose track of the money used in this effort, and creating a budget will provide a resource to allocate this money. In addition, a budget will also help to track any financial assistance received.

Strategic Partnerships

Throughout this report we have identified a number of potential partnerships which WPM can work to involve in the process.

For instance, non-profit and community organizations may utilize the space, while creating additional opportunities to connect with the community. Offering the space at low-rent will help to draw additional people to the area, serve as a marketing strategy, and finally help to create additional activity in and around the site.

In addition, there may also be opportunities to partner with higher education or vocational high school institutions to provide resources and job opportunities for students seeking to gain additional experience in their respective areas of interest. Philadelphia is home to a number of notable education institutions, and a partnership like this would benefit both the institutions as well as the tenants at the American Street site.

Finally, there may also be an opportunity to partner with the Crane Arts Building, located at the other end of American Street. The Crane Arts Building is an example of an established site having successfully achieved many of the objectives the CDC and WPM are attempting for this project. The Crane Arts Building provides space for a number of unique tenants, including artists and other creativity-based businesses. The Crane Arts Building has a long waiting list, and thus there may be an opportunity to work with them to provide additional space for some of the potential tenants on that list. Furthermore, with each of these sites serving as “bookends” on the American Street corridor, there is a significant opportunity to work together to significantly revitalize this district and create a stronger connection with the community.

Stakeholders Interviewed

Roger E. Clark, Esq., Manager for Technology and Policy, The Reinvestment Fund Sustainable Development Fund.

Thomas J. Dalfo, Vice President Real Estate Services, Philadelphia Industrial Development Corporation.

Brian Flanagan, Department of Commerce, City of Philadelphia.

John Grady, Senior Vice President, Philadelphia Industrial Development Corporation.

John Haak, AICP, Senior Planner, Philadelphia City Planning Commission.

TL Hill, Managing Director, EMC Practice.

Jamece Joyner, Senior Associate, Philadelphia Workforce Investment Board.

Bennur Koksuz, AICP, LEED AP, Director of Development, Philadelphia Redevelopment Authority.

Gary Martin, Vice President, William Proud Masonry Restoration Company, Inc.

William Proud, President, William Proud Masonry Restoration Company, Inc.

Guillermo Salas, President, Hispanic Association of Contractors & Enterprises.

Paul Sehnert, Director of Real Estate Development, University of Pennsylvania, Facilities & Real Estate Services.

Todd Woodward, Principal, SMP Architects.

Panelists

Jay Appleton

Principal, Kitchen & Associates

Mr. Appleton is a Principal with Kitchen & Associates Architectural Services, PA (K&A), a 50-person architecture, engineering, planning, and interior design firm based in Collingswood, NJ. A licensed professional civil engineer, his experience includes the design and construction of major infrastructure projects as well as land development associated with residential, commercial, industrial and institutional facilities throughout the country. Jay is a member of the Board of Directors at The Enterprise Center in Philadelphia, and he is also a Trustee and member of the Executive Committee for Moorestown Ecumenical Neighborhood Development, a non-profit developer of affordable housing.

Alison Baumann

Student, University of Pennsylvania School of Design

Ms. Baumann recently graduated with a Master's in City Planning, concentrating in Public & Private Development with a certificate in Real Estate Design and Development. This past year, Ms. Baumann interned for TRF Development Partners, a Philadelphia-based affordable housing developer. Prior to PennDesign, Ms. Baumann worked for several architecture firms. Most recently, she worked for BBG-BBGM Architecture & Interior Design in New York, NY in business development for international work in hotels and master-planned resort communities. Ms. Baumann grew up in New Jersey and graduated from Rutgers University in 2007 with a degree in Urban Studies and Art History. She was also a participant and finalist in the 2009 Ed Bacon Student Urban Design Competition.

Brian Cohen

Vice President, Liberty Property Trust

Mr. Cohen directs Liberty's marketing and development efforts at the Philadelphia Navy Yard. Most recently Mr. Cohen oversaw the development of the region's first pre-certified LEED Gold Building. In addition, he is currently in the process of managing the planning and design of an 85,000 square foot speculative lab building, a 135-room hotel and an 80,000 square foot speculative office building all of which will break ground in the next 18 months. Prior to his current responsibilities at the Navy Yard, Mr. Cohen was Director of Market Analysis and Investments for Liberty and a Senior Acquisition Analyst for the company's Florida region. Prior to joining Liberty, Mr. Cohen was a Senior Analyst at Ernst & Young. Mr. Cohen has a BS in Economics from The Wharton School where he majored in Real Estate, and was a winner of the 1998 Seekvak Competition which studied the CMBS market.

Joy De Jesus

Development Director, Pennsylvania Real Estate Investment Trust.

Ms. De Jesus has been responsible for managing the day-to-day acquisition and development activities of multiple retail projects for the company. Prior to joining PREIT in May of 2005, Joy was Director of Navy Yard Development for Liberty Property Trust. She was also a project manager at Cooper's Ferry Development Association in Camden, NJ. Ms. De Jesus has an MBA from The Wharton School, an MA from Brown University, and a BA from Harvard University. She currently serves on the Zoning Board of Collingswood, NJ and the Board of Directors of the Arden Theatre.

Rose V. Gray

Vice President Community & Economic Development, Asociación Puertorriqueños en Marcha (APM)

Since joining APM, Ms. Gray has leveraged over \$80 million in investments to implement a comprehensive neighborhood revitalization strategy. She oversees the management of APM's rental and commercial portfolio and a housing counseling program, and developed over 350 units of affordable housing and a 44,000 square foot retail center. Ms. Gray is currently working on the relocation of APM's headquarters, the construction of an award-winning, LEED-Gold affordable housing development, and a transit-oriented development on the edge of Temple University's main campus. She is a member of the Governor's Advisory Board on Community and Economic Development, the Local Initiative Support Corporation's advisory board, The Reinvestment Community Lending Institute and the board of the Philadelphia Association of Community Development Corporations; and was most recently appointed to the Commission on Aging by Mayor Michael Nutter.

Susan Healey

Senior Associate, Cozen O'Conner

Ms. Healey represents real estate investment companies and developers in the acquisition and disposition of improved property and undeveloped land; represents a large national retailer in large sale/leaseback portfolio transactions; negotiates commercial mortgages, construction and mezzanine financing; and negotiates and prepares commercial leases. She also represents pension trusts in creating joint ventures for the purpose of acquiring and developing commercial property, and has experience in zoning and land use. Ms. Healey earned her law degree from Washington and Lee University School of Law and her undergraduate degree from Allegheny College. She served as a law clerk to the Hon. LeRoy F. Millette, Jr., of the 31st Circuit Court of Virginia

Lee Huang

Director, Econsult

Mr. Huang has led research projects and spoken and written on numerous economics and public policy topics. Mr. Huang earned his Master of Public Administration degree at the Fels Institute of Government, with certificates in Public Finance and in Economic Development and Growth, and his Bachelor of Science degree in Economics from the Wharton School of Business, with a dual concentration in Accounting and Management. Prior to joining Econsult, he served as Executive Vice President of The Enterprise Center.

Susan Huffman

Owner, Huffman Associates

Founded in 1982, Ms. Huffman's firm assists public and private clients in determining the market demand for proposed development projects in cities and inner ring suburbs. Areas of special expertise include market studies for neighborhood commercial revitalization, and for market rate housing in areas where revitalization is beginning. The firm has worked throughout the Middle Atlantic, and has had extensive experience in the currently revitalizing areas of Lower North Philadelphia. Ms. Huffman has an MCP from the University of Pennsylvania and a BA from Smith College.

Monica Jindia

Assistant Vice President, Commonwealth Land Title Insurance Company

Ms. Jindia provides real estate and title services needed to close single site, multi-site and multi-state real estate transactions nationwide for investors, developers, REITS, corporations and lenders. Ms. Jindia is a licensed title producer in New Jersey. Prior to joining Commonwealth Land Title, she worked for a healthcare company in a sales and marketing capacity. Ms. Jindia received her BS from the Smeal College of Business at Penn State University, and her MS degree from the Erivan K. Haub School of Business at Saint Joseph's University. She is currently active in ULI where she is a member of the ULI Philadelphia Management Committee and the national Programming Committee; Corporate Real Estate Women, for which she is a member of the Community Outreach Committee; ICSC, for which she is a member of the Next Generation committee; and the St. Joseph's Real Estate and Construction Chapter, for which she is on the Advisory Board.

Megan Leinart

Proposal Manager/Parking Specialist, Timothy Haahs & Associates, Inc.

Ms. Leinart, LEED AP BD+C, serves as Proposal Manager and Parking Specialist for Timothy Haahs & Associates, Inc. (TimHaahs). She has assisted in the preparation of supply/demand studies, reports and compilation of data for municipal, healthcare and private clientele. Ms. Leinart also serves as the Proposal Manager for the firm, where she is responsible for research and managing all proposals. Ms. Leinart is a LEED Accredited Professional and helps to lead TimHaahs' sustainability efforts. Ms. Leinart served as co-chair of ULI Philadelphia's 2011 Urban Marketplace conference and also serves on the ULI Philadelphia Young Leader Council.

Beth Miller

Executive Director, Community Design Collaborative

Ms. Miller has served as Executive Director of the Community Design Collaborative since 2001, helping the organization evolve from part-time largely volunteer initiative of AIA Philadelphia into a full service independent nonprofit affecting design policy in the City of Philadelphia. With more than 20 years of experience working in the field of strategic planning, community development and non-profit management, she has held various positions with Fairmount Ventures, the National Trust for Historic Preservation, and Susan Maxman Architects. She was recently appointed by Mayor Michael Nutter as a member of the Philadelphia City Planning Commission. Ms. Miller has a Master's degree in Government Administration from the Fels School of Government at the University of Pennsylvania and a Bachelor's degree in the Growth and Structure of Cities from Bryn Mawr College.

Matt Pappajohn

Owner, Pappajohn Woodworking

Mr. Pappajohn founded Pappajohn Woodworking with his brother Ian in 1994. He has also been developing and managing residential, commercial and industrial real estate since 1997. Mr. Pappajohn is a member of the team that is currently adapting the nearly 200,000 square foot Globe Dye Works facility in Frankford into work spaces for arts and industry. He is a Philadelphia native and graduate of the University of Pennsylvania.

Paul Parkhill

Director of Planning and Development, Greenpoint Manufacturing & Design Center (GMDC)

Mr. Parkhill is an urban planner with more than 17 years of experience in real estate development and community planning. Since joining GMDC in 1999, Paul has worked on all aspects of the organization’s real estate, planning and renewable energy projects. Between 1994 and 1999, Mr. Parkhill worked as a housing developer for Common Ground Community, a Manhattan-based supportive housing provider. He is a co-founder of Place in History, a non-profit that sponsors public history and public art projects. Mr. Parkhill holds a BA from Brown University and a Masters Degree in Urban Planning from Columbia University.

Joanne Phillips

Partner, Ballard Spahr

Ms. Phillips is a partner in the Real Estate Department and a member of the Government Relations, Regulatory Affairs and Contracting; P3/Infrastructure; Real Estate Development; Real Estate Leasing; and Zoning and Land Use Groups, and the Distressed Real Estate Initiative. Her experience in zoning and land use, real estate development, acquisitions and sales, leasing, and real estate financing is extensive. Ms. Phillips was a partner with Ballard Spahr until 2006 when she became Director of the Commonwealth of Pennsylvania’s Bureau of Real Estate. At the Commonwealth, Ms. Phillips oversaw the Bureau, which is responsible for a portfolio of 1.5 billion square feet of state-owned space and 7.7 million square feet of leased space. Her purview encompassed property acquisition for construction of capital projects, disposition of surplus properties, leasing of Commonwealth property, and leasing from third-party landlords for space required by Commonwealth executive agencies. Ms. Phillips rejoined Ballard Spahr in 2010. Ms. Phillips has also served as Special Assistant to the Managing Director of the City of Philadelphia on special projects involving zoning and business regulation.

John Sciotto

Principal, Constructure Management, Inc.

Mr. Sciotto is a proficient preconstruction leader with extensive experiences across a variety of market types and has formed strong relationships across the industry with vendors, subcontractors, design professionals, and clients. He is well-known for the ability to problem solve through the use of creative alternative design solutions.

Margaret B. (“Meg”) Sowell

President, Real Estate Strategies

Ms. Sowell, CRE has nearly 40 years of experience in economic development and real estate. During her career, she has been a government official, private developer and advisor to public agencies and private companies. She has prepared economic development plans and market feasibility studies for cities, redevelopment areas, business incubators and TRID areas. Ms. Sowell recently prepared the market analysis for a mixed-use, mixed-income development located at 9th and Berks Streets adjacent to the Temple SEPTA station. Several years ago, she was market analyst on a consulting team that prepared a master plan for APM’s target area. Ms. Sowell is a former ULI Trustee, and the first chair of the Philadelphia District Council of ULI where she remains active.



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