

Chester Housing Authority
Judicial Administrator for Development's Report
February 10, 2012

United States District Court for the Eastern District of Pennsylvania
Re: Velez, et al. v. Cisneros, et al.
Civil Action Number 90-6449



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Introduction:

In our last report we reported the successful completion of the construction of phases 4 (a) (b) and 5 of the Towers Hope VI Revitalization Plan; i.e., Edgemont Senior, Madison Senior, and the CHA Administration Building. I reminded our readers that in the opening paragraph of our HOPE VI grant application of July 20, 2003, we stated: “The Chester Towers HOPE VI Revitalization presents a comprehensive strategy that targets an isolated, severely distressed senior high rise public housing development for demolition in order to develop: a mixed-income/multigenerational community with senior housing and homeownership opportunities, a retail corridor in a newly designated tax-free Keystone Opportunity Zone; a regional Arts and Cultural Center which together will create an enticing gateway for the City of Chester...that will be home to a vibrant senior residential community and...cultural center connecting the neighborhood to a city park and adjacent university.” We are now moving forward with the final phase of the Revitalization Plan with a major improvement in the works.

As a result of having demolished public housing units under an annual contributions contract (ACC), both at Ruth Bennett and the Tower’s site, CHA became entitled to two new Replacement Housing Factor (RHF) funds. On July 28th, 2010, we submitted amendments to our then existing RHF plans to HUD as well as a plan for the new fund resulting from the Towers demolition, calling for the utilization of various funds to finance the 23 ACC units in a new 63 unit (now 64) senior residence which physically was to include a separately financed 12,500

square feet Community and Cultural Center. Conditional approval was issued by HUD on October 1, 2010. We also filed, in cooperation with Roizman Development, an application with the Pennsylvania Department of Economic and Community Development for a \$3,000,000 grant to defray the center's construction cost.

In order to make the RHF funds currently available, we planned to securitize the flow of future funding by working with the Pennsylvania State Housing Finance Agency or another participating lender.

Phase 6(a) and (b):

As is often the case in development work, things did not go as planned and changes became necessary. Before the year was out the promised DECD grant was pulled back, and, replaced with a \$2,500,000 RACP grant that requires a 50% matching expenditure and reimbursement of qualified expenditures. We worked diligently with our developer to file the necessary paperwork before the end of 2010 so as to qualify for the grant.

A more serious setback was the actions of the Chester Planning Board and the Zoning Board of Appeals failure to approve the necessary variances, including parking, to allow the planned combined structure to move forward. This was despite the fact our respected parking consultants, Orth-Rodgers and Associates, demonstrated that adequate parking existed on the largely unused parking lots built for the adjacent senior buildings and on the public streets surrounding the planned facility. We were forced to locate the planned senior residence alone on

the balance of the Towers site in order to preserve the Low Income Tax Credits being allocated to the residential building. Absent the funds which, were being generated by the residential component, the Center could not be built. Therefore, the Center would need to be relocated elsewhere in the community. Initially, the Planning Board disapproved a new application for just the senior building; however, after hearing from then Mayor Wendell Butler, and our team, the Zoning Board conditionally approved the needed variances for a 64 unit “Gateway Senior Building”, Phase 6(a). All City approvals for that structure are now in place as well as the syndication of the Low Income Tax Credits (LITC).



Gateway Senior Apartments



W&B Planning & Design

GATEWAY SENIOR APARTMENTS

On October 25, 2011, my office transmitted to HUD CHA's amendment to the 2009 First and Second Increment Replacement Housing Factor (RHF) Plans as part of our plan to use RHF funds in hand, Capital Fund Financing Program (CFFP) Loan Financing from the Pennsylvania Housing Finance Agency (PHFA), LITC's and Project Based Section 8 Vouchers for the development of the senior building. We also filed an amended Towers Revitalization Plan to reflect these changes.

On December 22, 2011, we submitted to HUD both CHA's mixed finance proposal for the Gateway Senior Apartments, and, separately, CHA's first evidentiary submission. The proposed senior residence will contain 23 public housing units, another 41 will receive Project Based Section 8 vouchers, and all of these will also be LITC units designated for the elderly.

After Fannie Mae's decision to discontinue its capital financing PHA loan program, we approached PHFA to create a new program and replace Fannie Mae as the lender against our future stream of RHF funds to allow current financing. PHFA agreed to do so and has worked diligently with us and our consultants to structure this capital loan agreement. Concurrently, we submitted our public housing capital fund financing proposal to HUD for approval on October 20, 2011. We are currently awaiting HUD's issuance of its approval for this proposal. We now anticipate a closing in February subject to a separate agreement on the site and financing of the Community and Cultural Center.

Phase 6(b):

We have been actively seeking an alternative location for the Community and Cultural Center that is visible, safe, easily accessible, plus, able to accommodate adequate parking for regular use as a teaching, rehearsal, recital and exhibition center, and, for performances in its 265-seat theatre. We along with our community associates from Chester Arts Alive have considered various parcels. We believe the best location is directly across from the former Towers on vacant county land adjacent to the Deshong Park Museum, to create a new inviting gateway to the city and create a “destination” that will revitalize of the entire area including Deshong Park.

Chester has deep roots in culture and the arts. For example, the famous blues and jazz singer Ethel Waters was born here. What has been desired for the Cultural Center is a facility that offers opportunities for creative self expression, showcases the talent of local residents and provides training in skills that students and adults can use to earn an income, like computer and digital technology, printing, graphic design, carpentry, operation of radio broadcasting and recording studios, etc. This project is just as much an effort to create jobs and economic development to Chester as it is about providing a positive alternative after school for young people, an array of entertainment for citizens of all ages.

By partnering with educational facilities, we hope to arrange for students to earn credits toward graduation, encouraging them to complete their education, and offset the loss of such educational opportunities in our public schools. Arts education is known to keep kids engaged an in school. It works in Pittsburgh at

the Manchester Craftsmen Guild and could work in Chester too if it receives broad commercial participation and support.

The planned construction for all of these uses, plus a large multi-purpose room with a small kitchen for community meetings and various educational uses, expanding on the number of community members served at our new Neighborhood Networks center at the Booker T. Washington Community Center. We have worked closely with Chester Arts Alive! in designing the rooms and functionality of the structure.

Lastly, keeping our commitment to make the building a new gateway to Chester is a breathtaking 265-seat theatre for performances and performance rehearsals. The theatre, will attract a regional audience and be used for both local and national events. We are already speaking with various presenters to make this a singular attraction. The theatre will also provide opportunities for the Center's students to intern and apply their new skills, and, help make Chester once again a destination that

promotes the formation of new businesses and jobs. We continue to work with the City, County, and State to reconfirm funding and acquire a site so that



construction may begin.



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VIEW FROM CORNER OF 11TH ST AND AVENUE OF THE STATES
CHESTER CULTURAL + COMMUNITY CENTER - CONCEPTUAL DESIGN

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VIEW OF PLAZA AS COMMUNITY EVENT SPACE
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Highland Gardens- Wellington Heights and 6th and Reaney:

As previously reported, in June 2004, HUD approved changes to the McCaffrey HOPE VI Revitalization Plans for Chatham Estates and Wellington Ridge. This change approved the shift of 30 off-site homeownership units from Chatham Estates Revitalization Plan to the Wellington Ridge Revitalization Plan, so that the Wellington Ridge Revitalization Plan now includes 50 off-site homeownership units.



Wellington Heights

The 50 off-site homeownership units are being constructed by Pennrose Properties on two different sites- (i) 42 units located in the city condemned Highland Gardens neighborhood (now called Wellington Heights) located across Highland Ave. from the Wellington Ridge development, and (ii) 8 units located in the West End neighborhood at 6th and Reaney Streets on a vacant parcel owned by the Chester Redevelopment Authority (CRA). HUD approved our Homeownership Proposal and Amended Revitalization Plan on September 3, 2008.

The eight homes at 6th and Reaney were sold quickly. However, the recession and unavailability of mortgage financing substantially slowed progress at Wellington Heights. Despite this, 22 of the planned 42 units have been constructed, completed and sold, and another 8 homes are under construction.

The rate of home sales will determine the timing of starting construction for the new remaining units.

Retail Development -Wellington Ridge:

The Court and the JAD have worked tirelessly to develop the retail complex on the vacant CHA 12.3 acre parcel on Highland Ave. We have negotiated with numerous developers and supermarket operators.

In the spring of 2011, we entered into discussions with Gordon Saul and Associates, an experienced Pennsylvania retail developer. CHA offered to contribute its land to the endeavor and remain in a new partnership as a limited primary partner. Saul, while exploring zoning and environmental requirements, has primarily focused his energies on obtaining leasing commitments needed to create a viable entity, most particularly, a full service first-rate supermarket.

After Gordon Saul obtained a commitment for a supermarket, we executed a Letter of Intent (LOI), on behalf of CHA on January 17, 2012 which will be followed by a detailed agreement and projected partnership agreement. Saul’s group is working with the Commonwealth, as well as with local elected officials to obtain assistance, so that the center can be viable, sustainable, and improve the quality of life of all Chester residents including those who will be employed in both



Sign Posted at Retail Site.

its construction and operation. The LOI provides that, before CHA will contribute its land to the new partnership, the developers must have a lease for at least

35,000 square feet of space, including a lease for a full service supermarket of not less than 16,000 square feet, and, signed letters of intent for another 25,000 square feet of retail tenants, for a minimum center of 60,000 square feet. Saul has a year to accomplish this and gain all necessary approvals for construction and financing.

Community Support Services WEHL/CHW:

A new major component of CHA's CSS programming is WEHL/CHW (With Every Heartbeat is Life / Community Health Worker). The program is an initiative sponsored by HUD and the National Heart, Lung & Blood Institute to increase heart health knowledge, attitudes, behaviors, and clinical practices by training residents to become CHWs. As CHWs, resident leaders serve as extenders of care to educate patients, families, and the community about heart disease risk factors and promote healthy behaviors that prevent and control these risk factors. Kisha Santiago, the JAD's HOPE VI Coordinator, arranged to reallocate \$305,204.54 in non-utilized funds from the McCaffrey (Wellington Ridge) HOPE VI to fund this CHA staff initiative.

The first 12-week session ended on January 12, 2011. The 20 Chester Housing Authority Residents participated in a highly social but rigorous course of health education, organized exercise, cooking classes, and guided shopping trips. Three Community Health Workers helped to implement the program, and two participants in the first WEHL session will now be trained to serve as Community

Heath Workers in the following rounds. The next group of 20-30 Residents will begin training in mid-February.

Ms. Santiago is remaining involved, by attending various HUD conferences with other participants to support and sustain the program.

Conclusion:

It has been both a frustrating and productive time since my last report. The actions of certain local leaders cost Chester a major supermarket, and the jobs and quality of life improvement that would have come with it. Others set back our plans to complete the goals of our HOPE VI Revitalization Plans. We have had informative meetings with the new Delaware County Council Chairman Thomas J. McGarrigle, and, Chester's new Mayor, John Linder, to present proposals for our retail complex and site for the Community and Cultural Center. We are committed to work with everyone to assist in a sustainable revitalization of the City of Chester.

Again, I must acknowledge again the support received from the Court and HUD staff both in Washington and Philadelphia, CHA's Executive Director, Steven Fischer, and CHA Counsel, Maria Zissimos and, our Washington attorney, Reno and Cavanaugh.

Respectfully Submitted,

Robert C. Rosenberg
Judicial Administrator for Development