COMMUNITY AWARENESS KIT

THE 12th AND 13th STREET CORRIDOR
INTRODUCTION

Philadelphia’s historic buildings and neighborhoods are its most valuable asset. The city’s historic character provides visitors and residents with a strong sense of place and memory. However, without the adaptation of preservation oriented policies the historic fabric is vulnerable to neglect, misuse, and demolition. The 1999 University of Pennsylvania Historic Preservation Studio has selected a specific area of the city for a preservation analysis. The boundaries of the study area, labelled the 12th and 13th Street Corridor, are as follows: Market Street south to South Street and Broad Street east to 11th Street. The Corridor does not consist of one cohesive historical area. It is actually two distinct areas, a commercial district to the north and a more residential section at the southern end. The purpose of this study is to determine the significant qualities of the study area and create policies for conservation. The Preservation Studio has created a plan for a Conservation District within the Corridor, which is explained in more detail on the next page.

As a resident or business owner in the 12th and 13th Street Corridor, you may have noticed the recent development occurring in your neighborhood. Residential conversion and upscale commercial rehabilitation is now happening throughout the area. As a property owner in the Corridor, it is the ideal time to consider improvements to your building. As the area around your home or business improves and an influx of new support services, restaurants and stores enter the area, you can improve the value and significance of your property through rehabilitation.

This informational booklet was created to assist property owners and business owners in the Corridor and to illustrate how easy it is to rehabilitate and improve the value of their property. Owners of historic properties can utilize economic incentives that are already available. In addition, this booklet provides valuable information on the projected real estate climate of the Corridor as well as neighborhood and city organizations that can provide community support. Exciting changes are taking place in the Corridor—be a part of it!

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The Historic Preservation studio at the University of Pennsylvania is recommending the implementation of a conservation district within the 12th and 13th Street Corridor. Essentially, a conservation district is an overlay zoning district that is established with the specific intent of conserving the physical fabric of the neighborhood. A conservation district is similar to an historic district in that they both regulate changes to the built environment, and benefit historic neighborhoods in the long term. It is possible for a conservation district to be established without the specific goal of historic preservation as its primary purpose. It can serve as both a preservation and a planning tool that gives power to the community to strengthen and enhance the area in which they live.

Instead of designating a local historic district, we are recommending the establishment of a Conservation District for which we have drafted an ordinance and design guidelines that give more power to the stakeholders of the Corridor than to the City of Philadelphia. The creation of a local historic district would not empower the community in the same way, since it would be administered by Philadelphia’s Historical Commission. Currently, the City of Philadelphia has not adopted legislation regarding conservation districts. A conservation district would serve as a tool for the City to use for revitalization and regulation of other areas in the city that are not completely appropriate for historic district designation. In the mean time, it is hoped that these ordinance and guidelines will help to unite the community in the 12th and 13th Street Corridor to work toward the common goal of revitalization in the area.

12th and 13th Street Corridor
The earliest maps of the 12th and 13th Street Corridor from the late-eighteenth century show a very small amount of development in the Corridor. At this time, the city of Philadelphia was just beginning to spread westward from the Delaware River. A 1796 map shows the parceling of blocks in the Corridor that would later contain residential and commercial development. Beginning in the early nineteenth century, large mansions were constructed in the northern end of the Corridor and numerous rowhouses at the southern end. A significant mansion from the northern area was J. Dorsey’s Gothic Mansion on Chestnut Street, built in 1810 and demolished in 1853.

By the 1850’s most of the Corridor was developed with residential housing and small businesses saturating the southern end while the northern end contained larger businesses as well as row houses. The John Wanamaker Department Store, one of the larger commercial landmarks, was touted as being the greatest retail attraction in the area before 1900. During the mid-to-late nineteenth century specialty businesses were established along Chestnut Street such as piano dealers and dress-makers. Blasius Pianos was located at 1101-1119 Chestnut Street and the Darlington, Runk & Company that imported silks and dress goods was located across the street at 1126-1128 Chestnut Street. Many of these businesses advertised in Baxter’s Panoramic Business Directories, published from 1857 to 1880.
There was a large community of African Americans living in the southern end of the corridor during the nineteenth century because of the proximity to center city jobs and local black cultural and social life. There were many black churches, halls and secret societies located within the Corridor in the 1800’s. Mixed with this residential population were clubs along Camac Street such as Poor Richard’s Club located at 238 South Camac Street.

The decades following the turn of the twentieth century show a change in the skyline and streetscapes. The northern end of the Corridor underwent lot consolidation as more businesses moved in and most of the large mansions were demolished. The skyline grew taller as office buildings were constructed in the areas just south of Market Street. The Stephen Girard Building, built on Chestnut Street in 1896, is one of the many office buildings constructed around the turn of the twentieth century that continues to dominate the Corridor skyline.

The neighborhoods in the southern end of the corridor that were originally inhabited by African Americans have struggled to maintain the cohesiveness of the community. Targeted in the 1960’s by the Redevelopment Authority as a neighborhood in need of gentrification, the area underwent a flurry of social, economic, and political turmoil. Many local residents battled against planned redevelopment, a struggle that lasted twenty years. The cultural fabric had become frayed and voids in the architecture seemed beyond repair, however the influx of positive new development has brought this neighborhood back into the spotlight.
There are several potential threats to the corridor that, if no action is taken, could significantly compromise the character of the area. There are four major threats impacting the corridor currently which are: the imposition of tall buildings threatening the historic skyline, destruction of residential rows, unsympathetic first floor façade alterations, and development of parking garages and parking lots that destroy the historic character of the surrounding area. Following is a brief discussion of each of these threats with visual examples of their impact in the Corridor.

DESTRUCTION OF RESIDENTIAL ROWS

Within the corridor the destruction of entire residential rows has occurred. Removing one or more houses within a row destroys the character of the entire row. Incompatible redevelopment within these historic rows also breaks the pattern of design and synchronicity of the street. An example of this destruction is shown to the right. One lone house remains after the entire row has been demolished for a parking lot, and it is dwarfed by the large residential building behind it. The residential character of the street in which this house once stood is completely gone. Sympathetic redevelopment in the corridor has to take into consideration the size, character and pattern that these rows create.

SKYLINE

Looking at the historic and present day skyline of the corridor one can see that this area has retained a relatively low building height while tall buildings have sprouted along the perimeter. The low skyline gives a unique character to the area creating a walkable space in which the low skyline lets in light to the streets and sidewalks. As development of tall buildings continues in the corridor along Broad Street and Market Street it is vital that the corridor retain a low skyline so that this special character is saved for future decades. Once one tall building sprouts up in the area, more will inevitably be built as well.


PARKING

There is a substantial threat of additional surface parking lot and garage construction in the Corridor. An example of the way in which historic architecture is demolished to eventually make way for parking is illustrated in the following two images. First is the northwest corner of 13th and Locust Streets, the former site of the College of Physicians a Philadelphia institution. Today the site is occupied by a surface parking lot. Less than half a block away there is a four-tier parking garage located on 13th Street between Broad and Juniper. On this site there was formerly a building designed by Frank Miles Day, an influential Philadelphia architect in the late-nineteenth century. Throughout the Corridor there are examples of parking lots or garages that were built to replace buildings that contributed to the historic fabric of the Corridor.

At a time when the Corridor is overrun with parking lots, there is a threat of even more being built. According to a recent article in the Philadelphia Inquirer, Mayor Ed Rendell “…is closing out his administration by pushing a controversial City Council bill that would make it easier to build very large, high-rise parking decks in the heart of downtown.” (Inga Saffron and Cynthia Burton, “Rendell Makes a Pitch For More Parking Garages”, 11 March 1999) Additional parking garages and lots will serve to further deteriorate the aesthetic value of the Corridor due to their unattractive appearance. In addition, the demolition of existing buildings may be required to make way for the new parking areas. Destroying historic fabric is not in accordance with the Conservation District proposal for the Corridor.

Thomas Jefferson Hospital, a major stakeholder in the Corridor, is planning the construction of a new parking facility. According to the Department of Facilities Design and Construction at the hospital, the new parking area would be located at the northwest corner of 11th and Locust Streets. In order for the construction to take place, an early-twentieth century building will be significantly altered. As part of the Historic Preservation Studio’s Conservation District proposal, a moratorium on any new above-ground parking facilities is recommended until the city determines a definite need for additional parking.
FIRST FLOOR FAÇADE ALTERATIONS

Numerous historic buildings and rows continue to exist in the Corridor. However, the average pedestrian may not realize this fact without looking above the first floor facade. Many first story facades have been altered to accommodate the modern needs of a commercial space, destroying the original appearance of the building. There have also been alterations to residential row houses, either to accommodate modern commercial needs or to update the façade according to modern architectural trends. A strong example of such first floor façade alteration in the Corridor is the Bellevue Building located on the southwest corner of Juniper and Chestnut Streets. Designed by Willis Hale in the 1890s, the Bellevue was originally called the Lucas Building (named for the commissioner of the building) and later renamed as the Hale Building before adopting its modern name. An early photograph of the building, as shown here, has a large arched entrance way that was significantly altered to accommodate the modern Valu-Plus store. This type of first floor façade conversion is seen throughout the corridor on both commercial and residential buildings.
The American Economy has been experiencing steady growth, and there are indicators that suggest this will not change in the near future. There has been strong growth of the U.S. market through 1999 and the prospects for growth in real GDP looks stronger now than they did 3 months ago. According to Marcus & Millichap’s National Investment Research Report, key economic indicators released through the first half of 1999 indicate a healthy, still-expanding economy. The report refers to the U.S. economy as a “growth machine” where unemployment rates are at an all-time low, job creation continues, inflation remains modest, and consumer confidence is rising. In short, the perfect climate exists for sustained economic growth. While not all are convinced of continued growth at the current rate, most analysts predict a continued, albeit slower economic growth well into the next year.

Philadelphia’s regional economy lags behind the national economy with the total employment rate in the metropolitan area projected to grow at 0.7 percent, a decrease from 1.3 percent in 1998. Greater Philadelphia First, a regional economic development booster organization, notes that “greater Philadelphia has not kept pace with other regions.” But there are some positive things happening in Philadelphia. Philadelphia has begun reinvesting in its heritage tourism and the Avenue of the Arts, and the city will be hosting the 2000 Republican National Convention. All of these reflect well on the economic climate of Center City. Visitors’ impressions of Center City play a crucial role in the image of the city, and with the huge growth of activities at the Pennsylvania Convention Center and the concentration of first rate hotels and top-rated restaurants, new theatres, museums, and unique historic attractions, this impression is overwhelmingly positive. “In 1998, 82% of respondents thought that the environment of Center City Philadelphia was ‘somewhat’ or ‘much improved’ in comparison to previous years.”

Center City Philadelphia has shown improvement in both the residential and retail markets. Over 75,000 residents currently live in Center City and the demand for apartment space is very high. The inventory of residential units is at its lowest level since 1983, and prices are at a twenty-year high. The housing market is at its strongest in years, with many properties experiencing 100% occupancy. The retail market has shown improvements in the past several years, with many national chains opening new stores in Center City. Vacancy rates are showing improvement, and with the increase in the number of residences in Center City bringing more shopping to the area, the forecast is positive. The renovation of Chestnut and 13th Streets should also help increase the amount of shoppers coming into the area as well as improving the perception of the area.

This upward economic and real estate trend is already having an effect on the site, and the area has been gradually improving over the last few years. With the renewed development interests in the area, the Corridor stands to benefit from this improving economic climate and presents a good investment opportunity.
Financial incentives are valuable tools for any resident or small business owner within the Corridor who is concerned with the protection of historic buildings. Perhaps you are a resident who has been considering restoration work on your home or maybe you are a small business owner who would like to protect the façade of your historic storefront. The following is a list of incentives that will benefit you, the resident or business owner, who wants to do rehabilitation work while receiving tax benefits and financial compensation for the restoration. In addition, there are many opportunities available to the community such as grants and revolving funds. Educate yourself and take advantage of the incentives that are already in place. This list is just a sampling of incentive programs that are currently available. Use your time to research the incentives and apply them to your rehabilitation projects. Your individual work is an investment back into your community and your improvements will prompt others to rehabilitate their properties, bettering the community as a whole.

**COMMUNITY DEVELOPMENT BLOCK GRANTS (“CDBGs”)**

**Incentive**- This federal program provides financial and technical assistance to aid communities in their community and economic development efforts. CDBGs are given in the form of annual grants on a formula basis to entitled cities and countries to provide decent housing and a suitable living environment. In fiscal year 1999, $2.9 billion was funded with CDBGs.

**Eligible Improvements**- Funds may be used to address local community development needs in the areas of infrastructure improvements, housing rehabilitation, public services and community facilities.

**Who is Eligible?**- 70% of the funding must be low- to moderate-income residents. Only local government units not designated by HUD as an entitlement municipality may apply for the program, and qualified urban counties must have a population of 200,000. The governmental body must submit to HUD its Consolidated Plan. Historic properties acquired with CDBGs and any following rehabilitation work must go through the Section 106 review process. CDBGs in Philadelphia are allocated by HUD on a competitive basis. For more information, contact HUD.

**FAÇADE EASEMENTS**

**Incentive**- Façade easements are donated by the owner, ordinarily to local non-profit organizations who manage the easements and have a façade easement program. The value of the façade is appraised and this amount is deducted from the value of the property before property taxes. This means that property taxes are less since the value of the building decreases without the inclusion of the façade value. A small percentage, often 5%, of the appraised value of the façade is paid in a one-time maintenance fee to the non-profit. Once a façade easement on a property is donated, the easement is held in perpetuity meaning that the easement passes along with the property, not the owner.

**Eligible Improvements**- The advantage of donating a façade easement is both the tax deduction and the fact that the historic façade is protected from new development or other changes to the building. All facades of buildings can be donated, not just the ones that face the street.
Who is Eligible? - Facades of historically significant residential and commercial properties alike are eligible for donation. The only properties that are able to take the attractive tax deduction, however, are those listed on the National Register either individually or in a National Historic District. For more information, contact the Preservation Alliance for Greater Philadelphia.

FEDERAL HISTORIC REHABILITATION TAX CREDIT

Incentive - The tax credit for rehabilitation of historic buildings is jointly administered by the National Park Service and the Internal Revenue Service and by the State Historic Preservation Officer. The tax credit is a subtraction from the actual tax bill of an amount that offsets tax liabilities, such as the increased value of a historic property through rehabilitation. The tax credit is good for 20% of the money spent on rehabilitation. The building must be retained by the owner for at least 5 years after the rehabilitation or else the credit must be paid back.

Eligible Improvements - Currently the tax credit is applied for rehabilitation on income producing historic properties, including residential rental properties. Strictly residential, non-income producing properties are not eligible.

Who Is Eligible? Properties either individually designated as National Register properties or buildings considered contributing within a National Register Historic District that are income-producing, either commercial or rental properties. For more information contact Technical Preservation Services at the National Park Service, Room NC 200, 1849 C Street, NW, Washington, D.C. 20240. 202-343-9578 or e-mail: hps-info@nps.gov.

HABITAT FOR HUMANITY

Incentive - Habitat for Humanity offers home ownership opportunities to families unable to obtain conventional house financing. The mortgage has no interest and length of the mortgages vary from 7 to 30 years. The homeowners’ monthly mortgage payments are used to build more Habitat houses. The houses are sold at cost, not market value and the average cost of a new Habitat house in the U.S. is $42,500. In Philadelphia, three-story row houses sell for $40,000.

Eligible Improvements - Habitat houses are built using donated land, materials and labor so that mortgage payments are kept affordable.

Who is Eligible? - Families who participate in Habitat earn 30-50% of the area’s median income. In most cases, Habitat homeowners make a $500 down payment and contribute 300-500 hours of work to constructing their home. For more information, contact the North, Central, South or West Philadelphia locations of Habitat for Humanity.
LOW-INCOME HOUSING TAX CREDIT ("LIHTC")

Incentive- LIHTC is a tool for the development of affordable rental housing that targets low-and moderate-income individuals or families. The developer must apply to the State Tax Credit Agency for each project in order to receive qualification for the tax credit program. Once approved, the developer seeks investors to help finance the project. In exchange for providing funds, the investor receives a credit against its federal income tax liability as well as an ownership position in the project. The investor may receive up to 90% of the project cost, which is claimed over a ten-year period. Two types of annual tax credit percentages are available under the LIHTC, 9% and 4%. To qualify for the 9% tax credit, the project must involve either new construction or substantial rehabilitation and cannot be federally subsidized. If the project does receive federal subsidies it can only claim the 4% credit. A great advantage of the LIHTC is that it may be used in conjunction with the Federal Historic Rehabilitation Tax Credit ("HRTC") for the rehabilitation of a historic structure for low-income housing. The HRTC provides a 20% tax credit on rehabilitation costs of a historic structure, either individually listed on the national register or contributing to a nationally registered historic district. In a LIHTC project, the 20% HRTC is deducted from the total project cost before the 4% or 9% of the LIHTC is calculated.

Eligible Improvements- The tax credit applies to both new construction and the rehabilitation of existing structures. In order for a project to qualify for the tax credit it must be a residential rental property with a certain number of units designated to rent at either 60% or 50% of the area median income (determined by the State Tax Credit Agency).

Who is Eligible?- Generally the LIHTC applies to large-scale residential development. The tax credit applies to any participating investor who claims partial ownership in the project. For more information on the LIHTC, contact the State Tax Credit Agency. For more information on the LIHTC, contact the State Tax Credit Agency.

TAX EXEMPTIONS

There are three levels of tax exemptions offered by the City of Philadelphia. Please contact the City for more information. Below, they are divided into residential, commercial and commercial conversion categories for your quick reference.

IMPROVEMENTS TO RESIDENTIAL PROPERTIES

Incentive- For five years, the owner is partially exempted from real estate taxes on the portion of the additional assessment attributable to the actual cost of improvements (assessed value after improvement), not in excess of $10,000 per dwelling unit. The first year, the owner is exempted from all real estate taxes (100%), on the portion of the value of the buildings due to cost of improvement. The second year, the owner is exempted 80%; for the third, fourth and fifth years, 60%, 40%, 20%, respectively. The tax exemption is attached to the property and not to the owner, meaning that the exemption continues for 5 years even if the property is sold during this period.

Eligible Improvements- Any repairs, constructions, or reconstruction including additions and alterations, which have the effect of rehabilitating a structure. Ordinary maintenance is not an eligible improvement.
Who is Eligible?- The property must be located in Wards 1 to 66 of the City of Philadelphia, which includes the Corridor. The property has to (1) be a residential property; AND (2) contain no more than 3 dwelling units, one of which is owner occupied and the building has to have an assessed value of less than $15,000 per dwelling unit, OR (3) be certified by the Department of Licenses and Inspections, or by the Department of Health as unfit for human habitation; OR (4) have been the subject of any order to be vacated, condemned, or demolished by reason of noncompliance with laws, ordinances, or regulations of the City of Philadelphia.

IMPROVEMENTS TO DETERIORATED INDUSTRIAL, COMMERCIAL OR OTHER BUSINESS PROPERTIES

Incentive- For three years, the owner is 100% exempted from real estate taxes on the portion of the additional assessment attributable to the actual cost of improvements (assessed value after improvement – assessed value after improvement). The tax exemption is attached to the property and not to the owner meaning that the exemption continues for 3 years even if the property is sold during this period.

Eligible Improvements- Any repairs, constructions, or reconstruction, including additions and alterations, which have the effect of rehabilitating a structure. Ordinary maintenance is not an eligible improvement. The property has to continue to be used for industrial or commercial purpose.

Who is Eligible?- All wards of the City of Philadelphia and any industrial, commercial or other business property.

IMPROVEMENTS TO CONVERT DETERIORATED INDUSTRIAL, COMMERCIAL OR OTHER BUSINESS PROPERTY TO COMMERCIAL RESIDENTIAL USE

Incentive- For ten years, the owner is completely (100%) exempted from real estate taxes on the portion of the additional assessment attributable to the actual cost of improvements (assessed value after improvement – assessed value after improvement). The tax exemption is attached to the property and not to the owner meaning that the exemption continues for 5 years even if the property is sold during this period.

Eligible Improvements- Any repair, construction or reconstruction, including alterations and additions, to convert all or a portion of the property from non-residential use to commercial residential use, so that it becomes habitable. At least 50% of the conversion area has to be converted to commercial residential use. Ordinary maintenance is not an eligible improvement.

Who is Eligible?- All the Wards of the City of Philadelphia. Any industrial, commercial or other business property (including institutional property, such as places of worship, hospitals, schools, fire stations, police stations and post offices) if: (1) the property has not been used for Commercial Residential Use within the last 10 years; AND (2) 66⅔% or more of the conversion area is vacant; AND (3) either: (a) the vacancy has existed for at least 2 consecutive calendar years; OR (b) the property was first occupied more than 50 years prior to the improvement.

Commercial residential use does not include residential property occupied by the owner and hotels

Note: Exemption of real estate taxes for conversion of Deteriorated Industrial, Commercial or Other Business property to Commercial residential Use will be terminated as of June 30, 2002.
TAX INCREMENT FINANCING ("TIFs")

Incentive- TIFs can be used as one means of financing the economic redevelopment of a defined district. The Tax Increment Financing Act authorizes the use of positive tax increments to finance improvements in a district for which a “TIF” has been approved.

Eligible Improvements- Defined by specific boundaries, the development plan for a “TIF District” is proposed to the city and is subsequently approved or disapproved. Theoretically, the improvements cause the assessments of the buildings to increase, thereby increasing the taxes in the district. The incremental increases in the district’s tax value over a given number of years assists in funding further projects in the district. For more information and eligibility questions, please contact the City of Philadelphia or the Philadelphia Authority for Industrial Development.

TEA-21 (Transportation Equity Act for the 21ST Century)

Incentive- As a part of TEA-21, federal transportation funding which began in 1998, $20.9 million was set aside for “transit enhancements” in 1998, $24.5 million was allocated for 1999 and $26.5 million for 2000. Transit enhancement projects must enhance mass transportation service or use and be physically or functionally related to transit facilities. The funding establishes a 1% set-aside for transit enhancement only in urban areas with more than 200,000 people.

Eligible Improvements- Historic preservation, rehabilitation or operation of historic mass transit buildings, bus shelters, landscaping (including tables, benches, trash receptacles, streets lights), public art, pedestrian access and walkways, bicycle access, transit connections to parks within transit service area, signage, and enhanced access for persons with disabilities to mass transportation.

Who is Eligible?- The money for this program is allocated to state and local governments for use. For more information, please contact the U.S. Department of Transportation.

TRANSFER OF DEVELOPMENT RIGHTS ("TDRs")

Incentive- TDRs allow for City Certified historic buildings to sell their undeveloped air space above their structure to another developer who wishes to build a structure that exceeds zoning height restrictions. This incentive is part of the Zoning Code of Philadelphia that provides the owners of the historic property with a profit from the sale of their air rights.

Eligible Improvements- Monies earned selling TDRs can be used for any forms of rehabilitation or restoration on the City Certified historic buildings.

Who Is Eligible?- Owners of City Certified historic buildings within zoning districts with high density, such as RC-4, C-4 or C-5. They will be able to sell their undeveloped rights to developers who are constructing new properties within these zoning districts. The historic building must be a threatened resource (i.e., needs preservation) and can not have used any other federal tax incentives within the last 15 years. For more information, please contact the City of Philadelphia.
The following is a list of community organizations and city agencies that provide information and support. Contact information is provided for your reference.

**CENTER CITY DISTRICT**
Boundaries: Arch Street to Locust Street
Contact: Paul Levy, Executive Director
917 Filbert Street
Philadelphia, PA 19107
215-440-5500

**EAST OF BROAD IMPROVEMENT ASSOCIATION**
Boundaries: Market Street to South Street
Contact: Ruthanne Madway, Executive Director
The Arts Tower
1324 Locust Street, Lobby Level
Philadelphia, PA 19107
215-893-1260

**WASHINGTON SQUARE WEST ASSOCIATION**
Boundaries: Walnut Street to South Street
Contact: John Jordan, Treasurer
1209 Locust Street
Philadelphia, PA 19107
215-545-9150

**CENTER CITY RESIDENTS’ ASSOCIATION**
1616 Walnut Street
Philadelphia, PA 19103

**PHILADELPHIA HISTORICAL COMMISSION**
1401 Arch Street, 13th Floor
Philadelphia, PA 19107

**PRESERVATION ALLIANCE FOR GREATER PHILADELPHIA**
1616 Walnut Street, Suite 2310
Philadelphia, PA 19103
215-546-1146