

PHILADELPHIA CITY PLANNING COMMISSION
April 29, 2008

PRESENT: Andrew Altman, Chair
Alan Greenberger, Vice Chair
Patrick J. Eiding
Bernard Lee
Natalia Olson de Savyckyj
Nilda Ruiz
Peggy VanBelle, representing Rob Dubow

ABSENT: Camille Cates Barnett
Joseph Syrnick

Acting Executive Director

Gary J. Jastrzab

Vice Chair Alan Greenberger convened the special City Planning Commission Meeting of April 29, 2008 at 12:45pm. He stated that this is an information only meeting. Since we are not voting on any of the items, we do not need a quorum to start the meeting.

1) Executive Director's Update

Mr. Jastrzab stated there are two information only items on our agenda. The first item is the presentation of the Overview of Hotel Development in Center City. He explained that the Philadelphia City Planning Commission will be seeing hotel developments in our upcoming meetings, and we will be ask to take action on them in the future.

The second information only presentation item is a development called the American Commerce Center on the 1800 block of Arch Street.

The two minutes from the previous meetings for March 18 and April 15 will be on the Agenda for our next scheduled Philadelphia City Planning Commission meeting on May 20.

Mr. Jastrzab then gave a Zoning Code Commission update. A request for qualifications for the technical consultant services as part of the work of the Zoning Code Commission has been put online. They are available on the following websites:

1. Philadelphia City Planning Commission website
2. ZoningMatters.org website
3. Most importantly the City's Econtract website, for any potential bidders who work in Access can file their qualifications into the Econtract site.

A pre-bid meeting for the Zoning Code Commission RFQ will be held on May 6 at 1pm to present the framework of the kind of work we are anticipating for the Zoning Code Commission, as well as, take questions and provide answers to any potential bidders.

Mr. Greenberger commented that Commissioner Olson just arrived and Chairman Altman is not far behind. They were at a Press Conference for a grant that was given to the City to develop a solar energy plant near the Girard Point Bridge. It will generate 1 to 1 ½ megawatts of power as an experimental generating station using solar technology.

2) Interim Report on Industrial Land Policy, Industrial Land Working Group

David Schaaf, Urban Design Division, gave a presentation on hotel development in Center City. He explained the Center City lodging market over the last 20 years. According to the Philadelphia Industrial Development Corporation, the lodging market's performance in Philadelphia from the year 1982 to 1994 was essentially flat. Between the years 1995 and 2001, approximately 4000 new hotel rooms were added to the inventory of rooms that the City already had, bringing the total of hotel rooms in the City

to nearly 10,700 rooms. The demand for hotel rooms in Center City more than doubled from 1982 to 2006. The tourism industry more than triples the demands for hotels in Philadelphia. This overall increase is due to the Pennsylvania Convention Center, and the City's and region's complementary efforts to promote the non-conventions attractions have really been successful. The Greater Philadelphia Tourism has done a great job of attracting visitors to Philadelphia. However, since the construction of the Pennsylvania Convention Center, there has been significant improvement in the City's capability to host visitors. By 2010, the Pennsylvania Convention Center will increase its floor space for exhibitions.

Today, existing hotels in Center City are located in several areas. They are called the Convention area, the museum area, the Rittenhouse area or the business and office district and the historic area, as well as the area south of the Convention Center where the Avenue of the Arts is located. Currently in Center City, there are 521 rooms under construction in three hotels at 1201 Race Street, 1421 Arch Street, and 1701 S. 17th Street. In addition to those 521 rooms, there will be 843 proposed new rooms that have already been approved. Five hotels will be clustered near the Pennsylvania Convention Center, which have been proposed and approved. This will bring the total of hotel rooms that are under construction today and newly proposed to approx 1,364 rooms. There are other hotel developments that have not been formally presented to Philadelphia City Planning Commission for information or for formal action for approval.

One of the key development trends that we are seeing in Philadelphia today, there are a choice of variety in Center City. The historic district, the Avenue of the Arts, the business district, the museum district, close to public transit, adapted reuse of existing buildings, high-end hotels, and hotels within mixed-use developments that are moving toward sustainability practices.

Examples:

- Early 20th Century - adapted reuse: 12 & Race Streets for the Four Points Sheraton with 92 rooms. Considered this a boutique hotel, which is under construction.
- Adapted Reuse: n.e. corner of 17th & Sansom Streets for the Hotel Palomar with a 235 rooms. Nearby are the following: Kimpton Hotel (boutique), Sofitel Hotel, Latham Hotel (in business since 1907), Warwick Hotel, Guest Quarters, Weston Hotel. 17th Street is very well represented for the hospitality industry.
- Another Adapted Reuse: The 1911 YMCA at 1421 Arch Street that was designed by Horace Trumbauer, who also designed the Philadelphia Museum of Art. It is under construction today.
- Close to Public Transit: the Cira Centre South proposed 250 room hotel – near the 30th Street Station and the Market Street El lines.
- High-end boutique hotel: 12th & Arch Streets for the W Hotel.
- Mixed-use hotel - proposed 1601 Vine Street at Vine St & Franklin Town Boulevard is a 250-room hotel with large mixed-use development with commercial ground floor with theaters.

Summary of this presentation are:

- Convention Center, Historic area, Business and Office Districts will continue to attract new hotels
- Transit Centers will generate multi-purpose hotels
- Hotels will reuse existing buildings
- Boutique hotels are a catalyst for creative design
- Hotels will be within mixed-use developments
- Hotels will use sustainable building practices

We are not really seeing mega hotels of 900 rooms but 200 rooms. Overall, the environment for hotel construction in Philadelphia is very positive and will continue to be so in the future.

Ms. Ruiz asked are there 1,100 more rooms or 1,100 hotels.

Mr. Schaaf replied 1,100 more rooms.

Mr. Greenberger asked if Mr. Schaaf has comparative figures for Convention Centers to other cities that are of our size. Do you have the number of rooms in the area of those convention centers?

Mr. Schaaf replied not from other cities.

Mr. Greenberger asked what kind of parking demands are these hotels making.

Mr. Schaaf replied at least one is considering mechanical parking, but he didn't know how many will not have any at all. He said the Hotel Palomar would not have any parking, and Mr. Kramer to assist him in answering.

Mr. Kramer stated that it depends. If you are reusing existing structures that existed prior to 1959, then that hotel would not have a parking requirement associated with it. You would be able to put in a hotel without any parking. Regarding new construction, you would have to have 1 space per unit according to current parking legislation. He said that a proposal for a hotel, that is zoned "C-2", would be coming to the Commission in the future, that will be asking for a variance.

Mr. Greenberger replied knowing that item is coming before the City Planning Commission, he would like staff to assist us in how we should evaluate these items.

Andrew Altman arrived at 1:05p.m. Mr. Greenberger turned the chair over to Mr. Altman.

3) Information Only Presentation: American Commerce Center,
1800 block of Arch St. (Walnut Street Capital)

Mr. Altman stated that they have requested that major projects, such as 1800 Arch Street and the Castleway project from the previous meeting, come to the Commission early for an informational presentation at the beginning of the process so that the Commission can get these items out to the broader public for feedback.

Peter Kelsen introduced the team: Lloyd Sigel of KP Architects, and Garrett Miller of Walnut Street Capital is the developer. He said this site is currently an open-air parking lot at Arch, Cuthbert, 18th, and 16th Streets. It was supposed to be the site of Bell Atlantic's 2nd tower. The concept that they are proposing in detail consists of a mixed-use development for retail and office components. It will have underground parking for approx. 383 spaces, and internal loading and unloading will be covered. It is zoned "C-4" Commercial parking. It also has a height limit of 125 ft, which was imposed by City Council two years ago.

Mr. Sigel named the other team members and the other projects they have worked on. He stated that his firm is an international firm that has been in business for 30 years in 30 countries. He explained the projects in foreign countries and the height of their buildings for the needs of that country. He explained how William Penn used a grid for the city. He showed the height scales starting from the Colonial scale to the present. This site is near the Presbyterian Church. Parking will be below grade. Green spaces and public roof gardens would be accessible to the public by escalators and elevators. He explained what would be included in the proposed project – hotel, office, retail, all roofs accessible by elevator, and the tower.

Mr. Kelsen stated that in the past the public plazas have not really been for the public. This project and the public spaces will be open as long as the retail is open.

Mr. Sigel described how it blends in with the neighborhood. They believe the base at ground level needs to interact with the public needs and uses. The office street entrance would be at 19th and Arch Streets. The ground floor would have destination retail at the edges, such as, a supermarket, a restaurant, a theatre, and a super store on the second floor. The parking entrance would be off of 19th Street, with the service off of Cuthbert Street for loading and trash. The second and third floors would have a health club, roof terraces with coffee bar. There would also be a roof garden. The developer is aiming for a LEED gold standard by providing bicycle storage, showers, and the rain water system. It would have a very active streetscape. This is their first rendition. They will continue to keep creating scale with parameter of site.

Mr. Kelsen stated that they don't have a direct connection with the Concourse. They do not have access to it. They are working on it. They would like this building to have access to public transit. They are creating a mixed-use development in a critical area of the city. They are continuing to meet with the community, and continue to listen to their comments.

Ms. Olson replied to Mr. Kelsen that if you are exploring access to the Concourse, it is expensive. It may also help you reduce some of your parking needs.

Mr. Kelsen replied that yes it is. They are willing to work with SEPTA, and the utilities, and the architect to see what the restraints are, and if it can be done from an engineering point of view. If it can be done, it would be positive for retail.

Mr. Greenberger said this is a proposal that stretches the boundaries of "C-5" density. What would you say are the impacts of high-density construction to the city? What should the Commission, as well as, the public be asking you in regards to the density you are seeking?

Mr. Kelsen replied high-density should be encouraged. They activate the street. The constraints under the "C-5" and "C-4" codes that we have right now, is the way the code was modified from the late 1980's to early 1990's, the plazas don't work; they are not used the way they were intended to be. Philadelphia has very tight sites, and there are ways to build it without negatively impacting streetscape. This has been done all over the world, and he was told that density promotes sustainability. It has to be done sensitively; otherwise, you get boxes of things.

Mr. Sigel said that they turned the building inside out. When the offices close, the building is still opened. It is a life style change.

Mr. Kelsen said that 19th Street becomes a curb that really sets the boundary of the high-rise density. Immediately west of 19th and north, south, and northwest becomes low-rise density. He stated that putting the high-rise tower where it is; it stops the high-rise zone; its sets boundaries.

Mr. Greenberger replied that it raises the question to the Commission of trying to understand and direct the growth of center. The "C-4" edges, are there natural extensions to "C-5" density? What is their relationship to historic fabric of the city? One of the real impacts of density is that there are more facilities that need servicing, such as, more FEDEX deliveries, UPS deliveries, and trash removal. Do you know if Cuthbert Street works? What can we really expect in high-density with your proposal? What kind of services? How wide should Cuthbert Street be? Should Cuthbert Street be cut back? Different character? He is concerned with how the developer is supporting it relative to goods but not to parking.

Mr. Kelsen replied that they are all good points that you have concerns about. We have hired Orth-Rogers to do a traffic study, and we are working with the Street Department to answer your kinds of questions. We have ideas on how to use Cuthbert Street.

Mr. Greenberger replied that where the infrastructure in Philadelphia gets complicated is with congestion planning. He also encouraged more discussion for the legitimacy of public plazas. Mellon Bank Tower does not work. Liberty Place does work. Garden at the Four Seasons Hotel, which is not really a public space, but it does work because it's lovely to look at.

Ms. Olson asked how is it being financed.

Mr. Kelsen replied that it is financed; it can happen and quickly.

Mr. Miller replied it can be financed. From day one we had \$32 million, and the cost of this project is in the realm of \$1 billion. He explained the development cycle is longer and more stretched out than the credit cycle. We have a partner for the hotel, and getting tenants for the office space. We have a well-capitalized partner in this project.

Mr. Kelsen replied that when you have a building that is world class and you will have people interested in it.

Ms. Olson asked when a building is LEED certified is that how you can easily obtain a tenant.

Mr. Sigel replied that it is very important to get LEED certified.

Mr. Altman stated this is an information only session not a public hearing for action.

Tom Walsh, from PlanPhilly.com a reporter for PennPraxis, asked if there are any City incentives for financing that are contingent on it being built? If there is a plan B if the density does not work out or if the plan is not approved.

Mr. Miller replied they are looking for tenants as opposed to a developer.

Mr. Walsh asked if it would be tax exempt.

Mr. Kelsen replied that it is not a KOZ. They are not asking for it to be in a KOZ. He said they are not asking for additional incentives that would not be asked of anyone else.

Elise Vider, Center City District, asked if the spire is functional or architectural detail.

Mr. Miller replied that it has both. The architectural detail is his taste, and the broadcast tower is for revenue.

Ms. Vider asked if it would have usable space.

Mr. Miller replied no, that it would have broadcasting equipment in it.

Ms. Kelsen replied it is not to gain height; it has uses.

Rob Stewart, president of the Logan Square Neighborhood Association, stated this is the third time that he is seeing this proposal so he has no questions at this time. He wanted to come forward to let the City Planning Commission know how they are dealing with this proposal.

Jim McGrath, from the Logan Square Neighborhood Association, stated that he is working on the special project task force on interim set of planning guidelines. They are working with their near neighbors on it. They are in the middle of the guidelines. They expect that those presentations will be completed in May. They believe this is a healthy project, but they are concerned about the cascading of the large developments not ending on Arch Street. They see it infringing on the Logan Square neighborhood. They want it to interface with development and neighborhood. They expect their plan to be completed in the latter part of 2008.

Mr. Altman asked when will all of those come together and be engaged.

Mr. McGrath replied before the end of May. They would like to sit down and start those discussions as soon as possible.

Mr. Altman replied the City Planning Commission staff is also working together with the developer.

Mr. Altman asked how long their study would take.

Mr. Kelsen replied that there are no additional studies. The traffic study, wind study, and the geo tech study are ongoing, and should be completed in two weeks. They are seeking answers to what the impact on this study would be with Kennedy House, as well as, the impact on Philadelphia globally.

Mr. Greenberger asked what is their proposed process for the City Planning Commission's approval.

Mr. Kelsen replied rezoning the property to "C-5", the Philadelphia City Planning Commission and the developer are working to restructure the bonus sections of the Philadelphia Zoning Code with the intent of applying those new bonuses to attain the proposed FAR for this proposal.

Mr. Altman asked the developer when they anticipate coming back to the City Planning Commission

Mr. Kelsen replied that he would like to come back well before the City Council's recess in June.

Mr. Altman adjourned the City Planning Commission Meeting of April 29, 2008 at 2:10pm.

SUMMARY

- 1) Executive Director's Update
- 2) Information Only Presentation:
Presentation
Hotel Development Overview
(David Schaaf)
- 3) Information Only Presentation:
Presentation
American Commerce Center,
1800 block of Arch St. (Walnut
Street Capital)