



University City District

PROJECT REHAB & THE DIRT FACTORY

November 2013

University City District's
groundbreaking work to unlock
the potential of underutilized
neighborhood assets

In **2 years**, Project Rehab
has created over **\$20 million** dollars
in real estate value in University City.

The Dirt Factory is the **first and only**
free community composting and
education facility in Philadelphia.

INTRODUCTION

Like nearly all thriving urban neighborhoods, University City has parcels and properties that seem “stuck” – derelict, abandoned, underutilized, neglected, or otherwise not fulfilling their potential. These properties can have a devastating impact on their surrounding communities and, to the City, they can represent safety hazards, uncollected taxes, and costly demolition fees.

In 2011, University City District (UCD) established Project Rehab to transform problem properties into neighborhood assets. Working through a partnership of neighborhood groups and City agencies, Project Rehab works creatively and comprehensively to unlock the economic potential of vacant and underutilized properties and to leverage private investment in their redevelopment. Since the program’s inception, Project Rehab has unlocked over \$7 million dollars of real estate value in formerly problem properties, creating an additional \$13 million dollars in value for adjacent properties.

UCD is also interested in working with property owners to find short term uses for underutilized assets. In the case of the Dirt Factory, UCD took control of a vacant lot, transforming it into a neighborhood composting facility and education center.



Project Rehab at work.



Composting at The Dirt Factory

PROJECT REHAB BY THE NUMBERS

In two short years, UCD's Project Rehab has had a lasting impact on the neighborhood.

\$4,300,000

financing
dollars
obtained

\$14,000,000

total dollars
of market
value created

21

properties
under
construction

15

properties
sold

8

formerly
vacant—now
occupied
properties

8

properties
rehabilitated

ABOUT PROJECT REHAB

University City District builds and maintains a database of problem properties; the list comes from physical surveys by UCD staff, input from community organizations, and city agencies, including the Department of Licenses and Inspections (L&I).

Once a property is listed in the problem properties database, UCD works to determine ownership using a variety of online and public resources. This process is rarely straightforward; public data for vacant properties is often incomplete or non-existent. Some properties may have been abandoned by absentee landowners, while others are ensnared in estate problems resulting from owners who died intestate.

Next, UCD diligently establishes contact with the property owner and works to determine the reasons for the property's status. Did a well-meaning owner run out of resources and abandon a property? In some cases, UCD will pass updated contact information to City agencies, with the hopes of inciting a response. Once UCD is in conversation with the property owner, UCD works to develop a course of action, which might include:



FINANCING Working in partnership with local banking institutions, UCD drafts and develops financing packages for owners who want to finance the rehabilitation of the property.



REHABILITATION UCD has developed a list of licensed contractors who are experienced with the rehabilitation of distressed properties. UCD staff provides support and knowledge to owners throughout the rehabilitation process, including attainment of all required permits, licenses and inspections necessary.



SALE UCD has built a network of realtors who can support owners who decide to sell.



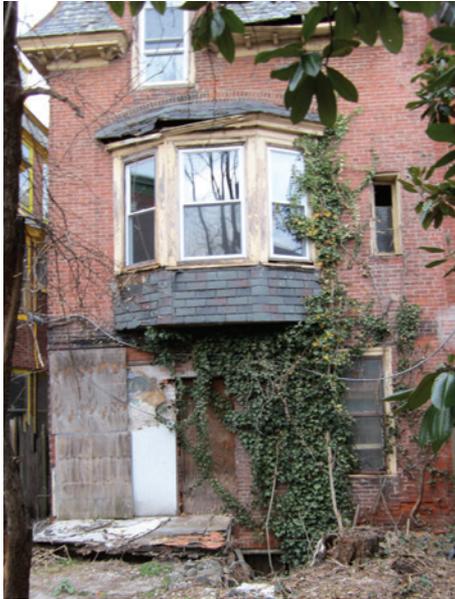
ZONING UCD connects owners with local zoning attorneys and community organizations to work through the zoning process.



OUTSIDE THE BOX STRATEGIES From assisting a family with opening an estate, untangling a title issue to developing strategic partnerships with legal clinics to ensure that owners are well represented while seeking equity partners for development, Project Rehab works with each owner towards his/her rehabilitation goals – no matter the issue surrounding the property.

“Without the intervention of Project Rehab,
my residence would have demolished. . . .
Now I am very hopeful that it will be returned
to useful life and improve the quality of
life for its neighbors and the community.”
—David Rammler, Property Owner, 49th Street





S. 46TH STREET

In 2007, the property's out-of-town owner abandoned his third attempt at renovation, leaving it to vagrants, vandals, and thieves. After a fire, the City of Philadelphia boarded up the house, fining the owner with little expectation of recouping the fines.

The property came to UCD's attention because it was the only vacant structure on an otherwise thriving block. The owner was identified through a background check and after six months of sending letters, phone calls and Facebook messages, he responded. He attended a Project Rehab Distressed Property Forum,

where he was introduced to realtors and bankers and appeared to be entertaining options for property disposition. However, months passed without follow-up. UCD passed his contact information to the City's Department of Licenses and Inspections, who sent him notices of years of violations and fines. Shortly after receiving L&I's notices, the owner contacted one of the realtors whom he had met at the Distressed Property Forum and placed the property on the market. The property sold for the asking price, \$150,000. The new owner, with the assistance of UCD, has rehabilitated the property into a fully-rented four-story duplex, valued at over \$400,000.

BECAUSE OF PROJECT REHAB'S INTERVENTION WITH THIS PROPERTY:

- The City of Philadelphia received **\$10,500** in back taxes owed since 2008 and **\$19,550** in fees, judgments and liens resulting from code violations on the property. The City of Philadelphia also received **\$3,000** in transfer tax when the property was sold.
- The Commonwealth of Pennsylvania received **\$3,000** in transfer tax.
- The owner sold his property for **\$150,000**.
- A refinance of the property revealed a valuation of over **\$400,000** at the completion of its rehabilitation.

S. 46TH STREET





CHESTNUT STREET

The owner of two five-story, 18,000 sq.ft. buildings on Chestnut Street intended to develop them into a senior care facility when she purchased them in the mid-1990's. However, their redevelopment proved to be cost-prohibitive, so she purchased an existing senior care home in Chester, Pennsylvania. In order to purchase the business and its assets, she obtained a blanket mortgage, which encumbered the Chestnut Street properties and the owner may have subsequently forgotten about these properties. Over time, they were stripped of their valuable components; soon several of the floors began to collapse.

When the properties came to UCD's attention, UCD contacted the owner. After the 15th letter, she responded. She indicated interest in selling the buildings, but it soon became apparent that the blanket mortgage was an impediment to sale. UCD stayed in touch with L&I; without updates from UCD, the buildings would have been categorized as imminently dangerous, fast tracking their demolition. UCD worked with local realtors to obtain offers for a short sale. However, a two-alarm fire destroyed much of both properties, including the roofs. L&I reacted by categorizing the property as imminently dangerous. Demolition would have cost city taxpayers



\$72,000. UCD guided the owner through an appeals process to slow down demolition and assisted with the negotiation and reduction of the offers on the property.

Settlement took place shortly thereafter. The City of Philadelphia provided the new owner with 120 days to properly clean and seal the buildings, as well as complete his structural drawings and architectural plans. When the buildings are finished they will house 20 apartments and one commercial space. Their estimated value will be between \$2.1 million and \$2.5 million.

BECAUSE OF PROJECT REHAB'S INTERVENTION WITH THIS PROPERTY:

- The City of Philadelphia saved **\$72,000** in demolition costs and received **\$20,000** in back taxes and code violation liens.
- The Commonwealth of Pennsylvania received **\$3,360** in transfer tax.
- The owner received **\$75,000** for her property.

THE DIRT FACTORY

In 2012, UCD worked to transform a long-vacant property on Market Street into a community composting facility. Working with the property owners, UCD created a community asset to transform organic waste into nutrient rich material for use in the neighborhood's gardens. Closing the loop on waste, this unique facility combines the fallen leaves collected from our streets with food scraps produced by neighborhood residents and businesses to generate compost. The compost is then distributed to residents and community gardens helping to keep literally tons of material out of our landfills. The site also functions as an education center, hosting workshops, compost bins, and raised bed gardens to demonstrate the ease and value of composting.

Earth Tub #2



THE DIRT FACTORY



**Interested to learn more about how
UCD's Project Rehab
can help you and your property?**

Questions about The Dirt Factory?

Contact us today.

215-243-0555

projectrehab@universitycity.org

compost@universitycity.org

ABOUT UCD

University City District (UCD) was founded in 1997 by a partnership of world-renowned anchor institutions, small businesses and residents to improve economic vitality and quality of life in University City, a 2.4 square mile area of West Philadelphia. UCD's primary mission is community revitalization. We work within a place-based, data-driven framework to address crime and public safety, invest in world-class public spaces, bring life to commercial corridors, connect low-income residents to careers, and promote job growth and innovation. UCD's Board of Directors comprises representatives from the major institutions in University City, including the University of Pennsylvania, Drexel University, University of the Sciences, Children's Hospital of Philadelphia, area businesses and the five neighborhood associations serving University City.



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