



Services & Development

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April 29, 2013

Jonathan Farnham, Executive Director
City of Philadelphia
Philadelphia Historical Commission
Room 576, City Hall
Philadelphia, PA 19107

Affidavit
Commonwealth of Pennsylvania
City and County of Philadelphia

Tamelia Hinson, Executive Vice President of Real Estate for Universal Community Homes, being duly sworn according to law, states that the information and statements made below are true, complete and correct to the best of her knowledge, information and belief.

This Affidavit constitute an application for partial demolition of the Royal Theater building located at 1524-36 South Street on the basis of financial hardship. The enclosed application and its supporting documentation demonstrates that the sale of the property is impracticable, that commercial rent cannot provide a reasonable rate of return and that other potential uses are foreclosed as required by Section 14-2007 of the Philadelphia Code and its regulations.

The Royal Theater is classical revival-style theater built in 1919 located in the south central neighborhood of Philadelphia. Listed on the National Register of Historic Places in 1980, the theater is noted for its association with architect Frank E. Hahn and was the foremost theater serving Philadelphia's African American community in the early 20th century. The Royal closed its doors in 1970. After the 1960s when the proposed construction of a cross-town expressway spurred many residents to leave and most of its shops to close, Philadelphia's south central neighborhood suffered from deterioration and blight. The 1300 through 1600 blocks of South Street, that were once the heart of a vibrant commercial and entertainment district, were particularly hard hit by disinvestment and abandonment. Many perceived the neglected Royal Theater as symbolic of the neighborhood's general condition. The building quickly deteriorated as trees sprouted from its masonry and moisture destroyed the interior.

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Universal Corporate Center | 215.732.6518 [phone] | 215.732.6519 [fax]
800 South 15th Street | Philadelphia, PA 19146 | www.universalcompanies.org

Improving Communities...Changing Lives

After many years of neglect and threat of demolition it was purchased by the Preservation Alliance for Greater Philadelphia. After placing an easement on the main (north) facade, the Preservation Alliance sold it to Universal Companies in 2000, a community-based non-profit development organization with experience in both residential and commercial development. Universal Companies has worked to reverse the decline of South Central Philadelphia through the redevelopment of over 400 residential units.

From the year 2000 to 2006, Universal sought various users and uses for the theater. In 2006, Universal had an architectural and planning firm (Vitetta) to perform a feasibility study for an entertainment and restaurant venue to be located in the theater. After the study, Universal sought to obtain an operator for the venue but all stated that the structure was too small to accommodate the number of seated customer in today's economy to make the venue economically feasible. It was identified that the cost to develop this building into an entertainment venue would be a minimum of \$8 million to \$18 million dollars and parking would still be an issue making this use of the facility not economically feasible.

Universal worked to preserve the Royal Theater's physical structure. Despite attempts to seal the building when it was acquired, water infiltration remained a critical issue. Investigations indicate that deterioration of the roof that allowed rain water and snow to enter the upper story of the Royal and has contributed to the deterioration of the decorative plaster of the auditorium ceiling and its lobby area. Failure of the gutter system resulted in water spilling down the exterior walls and pooling at the building's base on its east and west sides. Although the building's windows were sealed, vagrants removed the boards, further exposing the theater's interior to the elements. In addition, the growth of trees and other vegetation along the theater's parapet and walls threatened the stability of the Royal's east, west and south walls.

In 2007, working under the guidance of Vitetta, an architectural firm with extensive experience in the preservation of historic theaters, Universal undertook steps to stabilize the building expended \$145,000 for repairing the roof, installing a new gutter system and temporarily re-sealing its window openings. The encroaching vegetation was removed and the east, west and south brick walls and parapets repaired and re-pointed as necessary. The primary façade receive care with the use of appropriate brick and mortar mixes to ensure the wall's long-term stability.

In 2008, Universal began to look at alternatives to purely commercial and cultural uses for the theater and arrived at the current plan. The theater property is 80 feet wide and 120 feet in depth from South Street to Kater Street. Our plan calls for the property to be equally divided between South Street and Kater Street. Market rate housing with off street parking that reflects the current trend in the neighborhood would be constructed on the Kater street side of the divided property. The portion of the property fronting on South Street would be rehabilitated into commercial/cultural use on the first floor and commercial space on the two upper floors. The historic façade fronting on South Street will be appropriately rehabilitated and restored to its historic character.

Universal also owns the property (lots) adjacent to the theater on its east and west sides. These lots also extend from South Street to Kater Street. Universal will subdivide these lots in the same proportion as the theater's subdivision. The lots fronting South Street will be constructed into mixed use commercial on the ground floor and residential on the upper floors.

This plan has been deemed the most effective and has a high probability of succeeding because the development of a smaller cultural/community center will require less contributed capital for its completion and operation. The construction cost of the entertainment venue mentioned above was over \$8 million and no operation would fit the venue and generate enough revenue to support the financing costs for development and the operations. This recent plan reduces the need for contributed capital to about \$2.5 million. Universal has received a \$2.250 million grant from the Commonwealth of Pennsylvania in support of its most recent plan.

The community surrounding the theater has been almost completely re-gentrified with homes selling on average at about \$600,000 on the low end to over \$1,000,000. Demand for homes in the area remains high. The composition of residents in the neighborhood has also changed from 80% African American in 1960 to less than 20% in 2010 reducing the original need the venue was intended to serve.

Maintaining this building in its current useless condition has become a hardship to Universal due to the cost to maintain. Several times throughout the year, we hire a landscaping company to remove the vegetation out of the building along the roof line. We arrange for our facilities staff to remove the debris that is being dumped on the grounds as well as remove the weeds that are growing on the vacant parcels surrounding the Royal. We recently received a violation notice from the department of Licenses and Inspection with the threat of demolition indicating that it has identified bricks falling from both the East and West Wall. The cost to repair this violation would exceed \$40,000.00 plus an additional cost to stucco both the East and West Wall. These funds could be better used towards a permanent solution for the property.

Since the stabilization of the building took place, Universal has made several attempts to partner with other organizations to develop the building into an art and entertainment center, condominium and a farmers market or just a vanilla box for lease to a big box customer for which the lack of parking is prohibitive. After obtaining various quotes from contractors, the cost to convert the entire building for these purposes has been estimated to be about \$3.4 million making these alternatives economically unfeasible.

In the summer of 2012 we placed the building with a real estate broker who listed it for sale. We received a couple of offers and signed an agreement of sale with investor who under took months of due diligence to find a use that was economically feasible. They could not find one for the buildings existing size and configuration. Their final plan was to demolish the entire building except the façade. In the end they did not purchase the property. We approached the other interested parties but neither were interested in taking on the challenges offered by the building. Parking was always an issue.

One of the neighboring schools wanted to partner with Universal to build an auditorium and gymnasium for the students to use as well as the community but after finding out the cost declined on the offer.

Due to the change in the economy over the past couple years; Universal has identified a development plan that would be cost effective.

Remove the rear portion of the building in it's entirely according to plans D1.1 & D1.2. Remove all interior walls and stairs on 4 floors in portion of building to remain, according to plans D1.1 & D1.2. Remove the entire roof according to plan A2.1

Build new masonry 4 story addition to the remaining building according to plans A1.1, A1.2 & A2.1. Build new masonry elevator shaft within the existing building. Replace windows and doors on front façade to match original configurations.

In February 2012, Universal was awarded a \$2,250,000 Redevelopment Assistance Capital Program grant from the State to complete the rehabilitation of the Royal Theater as outlined in our permit application. Universal will be providing matching funds in assets and cash. This plan and funding is the best opportunity Universal has had in 12 years to substantially upgrade the Royal and return it to a useful productive property.

In summary, Universal has spent the last 12 years seeking a viable option to rehabilitate and place the Royal Theater in use. Universal has:

1. Sought a neighborhood partners to share in the development cost and use.
2. Commissioned several major studies from various marketing/development firms such as Vitetta to determine some best uses for the property. The most recent study shows that the exterior of the building is in good condition along South Street (the historical façade) and fair to poor conditions on the other three elevations.
3. Spent about \$300,000 maintaining the building and adjacent vacant lots since acquiring it.
4. Attempted to sell the building.
5. Developed alternative uses for the building.

Universal believes it has done everything possible to meet the preservation objectives that we originally intended for the Royal but the continued maintenance and possible development cost to maintain the building its current configuration is a hardship for Universal. Also, given the threat of loss of the current grant we believe the current plan is the most economically feasible available.

We respectfully request PHC's approval to demolish a portion of the existing building to allow for its rehabilitation into a smaller building that would be economically feasible and implementable at this site.

Commonwealth of Pennsylvania

County of Philadelphia

Before me, the undersigned notary public, personally appeared Tamelia Hinson

To me known or proved, who being duly sworn according to law, doth depose and say

And further deponent sayeth not.

By: Tamelia Hinson
Tamelia Hinson
Executive Vice President – Real Estate
Universal Community Homes

Sworn and subscribed before me this

27th day of April 2013

Wallace S. Dawan
Notary Public

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
WALLACE S. DAWAN, Notary Public
City of Philadelphia, Phila. County
My Commission Expires October 26, 2013