



# CITY OF PHILADELPHIA

**Keith J. Richardson, M.B.A.**  
**Commissioner**  
Department of Revenue  
Municipal Service Building  
1401 John F. Kennedy Boulevard  
Philadelphia, PA 19102  
215-585-6400 (Office)  
215-686-6537 (Fax)  
Keith.richardson@phila.gov

July 23, 2010

The Honorable Michael A. Nutter  
Mayor  
City of Philadelphia  
215 City Hall  
Philadelphia, PA 19106

Dear Mayor Nutter:

I am pleased to transmit herewith a report summarizing the City's experience in 2009 regarding the Community Development Corporation Contribution Tax Credit Program, as required by Section 19-2604(6)(f) of The Philadelphia Code. Copies of the report are also being sent to the President and the Chief Clerk of Council as required.

I will be pleased to provide any additional information that you or the members of Council may have regarding the current status of this program.

Sincerely,

A handwritten signature in cursive script, appearing to read "Keith J. Richardson".

Keith J. Richardson

Enclosures

Cc: Council President Verna  
Chief Clerk of Council Rafferty  
Rob DuBow, Finance Director

**ANNUAL REPORT REGARDING THE  
COMMUNITY DEVELOPMENT CORPORATION (CDC)  
CONTRIBUTION TAX CREDIT PROGRAM  
2009**

**Background**

Bill No. 010541 approved on November 14, 2001 established the Community Development Corporation (CDC) Contribution Tax Credit Program. It began as a pilot program under which up to ten (10) businesses would receive tax credits of \$100,000 per year against business privilege tax (BPT) liability for each year the business contributes \$100,000 in cash to a Qualifying CDC. Each business is required to enter into a contribution agreement with the City under which it agrees to contribute \$100,000 in cash per year for ten (10) consecutive years to a Qualifying CDC designated by the business.

The number of potential participants has increased three times since the initial legislation was approved. Bill No. 020648, approved on November 21, 2002, increased the limit to fifteen (15). On October 30, 2003, it was increased to twenty-five (25) by Bill No. 030561. This last Bill also removed the "pilot program" designation. BILL NO. 080573 passed by the City Council on November 6, 2008 and signed by the Mayor on November 19, 2008 increased the number of contribution agreements from twenty-five to thirty effective beginning with Tax Year 2009. Bill No. 090353 passed by the City Council on June 11, 2009, signed by the Mayor on June 24, 2009 amended Section 19-2604(6) of The Philadelphia Code to allow two businesses to apply jointly for the credit, under certain terms and conditions.

The Department of Revenue was designated to implement and to oversee the program. Thirteen applications were filed by the initial deadline of September 23, 2002 and ten (10) business/CDC partnerships were selected by lottery from the thirteen (13) applicants. Contribution agreements were signed by all ten (10) businesses. After the approval of Bill No. 020648, a new application period was advertised, Five (5) more applications were received, approved and the businesses entered into contribution agreements with the City.

The amendment to the BPT regulations that implemented the changes to the Program resulting from Bill No. 030561 became official on December 24, 2003. This amendment set January 21, 2004 as the initial date for filing applications for ten (10) additional business/CDC partnerships. By the end of December 2004, twenty (20) business/CDC partnerships were in place. During calendar year 2005 Five (5) additional applications were approved, the contribution agreements were finalized and, by year-end, twenty-five (25) partnership agreements were in place.

During calendar year 2009, based on BILL NO.080573 that increased the number of contribution agreements from twenty-five to thirty effective beginning with Tax Year 2009, Five (5) new applications were received and three were approved in calendar year 2009 and the three applicants have entered into fully executed Business Privilege Tax Credit Program Contribution Agreement with the City (the other two applications were approved in April, 2010 and the applicants are currently in the process of executing Contribution Agreements with the city).

The regulations and contribution agreements require each business participant to submit a renewal application each year to provide information about the use of the contributed funds in the current year and the proposed use in the next year. At year-end of each year, the renewal applications are reviewed to verify that the businesses and their CDC partners continued to meet all requirements under the legislation, regulations, and contribution agreements.

Most of the CDCs are using the funds for administrative expenses, creating jobs, reducing blight and vacancy, and enhancing the economic viability/marketability of their neighborhoods, economic development project that is to be environmentally sensitive and provide significant recreation and open space. The renewal applications indicate that the CDCs plan to use the contribution they receive in 2009 for similar purposes.

In April 2006 Achieve Ability CDC requested a change in business partner from Verizon Corporate Services Corporation to Anthropologie, Inc. That request was approved in May 2006 and a new contribution agreement was completed.

In February 2007, Spring Garden CDC requested a change in business partner from Turner Construction Company to Obermayer, Redmann, Maxwell & Hippel LLP. That request was approved on March 14, 2007.

### **Activities in 2009**

In 2005, Montgomery McCracken, Walker & Rhoades (MMWR) became a business partner to Delaware River City Corporation (DRCC) and withdrew from the program in 2006 after making the \$100,000.00 contribution to DRCC for calendar year 2005. Packer Café replaced Montgomery McCracken as a business partner to DRCC, made the \$100,000.00 annual contribution for tax years 2006 and 2007 and withdrew from the program in 2008 without making a payment. For tax year 2008 and 2009, DRCC did not have a business partner and did not receive any contribution.

Ernest Bock & Sons entered into a contribution agreement with the City in 2002 partnering with Frankford Community Development Corporation. Ernest Bock has not renewed its application and has not made the \$100,000.00 contribution to Frankford for tax year 2009. Time has passed for Frankford to secure a new sponsor for a contribution that qualifies the sponsor to receive the Tax Credit for 2009 tax year.

WolfBlock LLP entered into a contribution agreement with the City in 2003 partnering with Kensington South Community Development Corporation. Wolf Block went bankrupt, did not submit renewal application for tax year 2009 and did not make the \$100,000.00 contribution to Kensington South for tax year 2009. Kensington South has not yet found a new sponsor to enter into a contribution agreement with the City to contribute for the remaining years under the original agreement Wolf Block entered with the City.

APPROVED PARTNERSHIPS FOR THE  
COMMUNITY DEVELOPMENT CORPORATION (CDC)  
CONTRIBUTION TAX CREDIT PROGRAM  
July 23, 2010

Business Partner

CDC

Obermayer, Redmann, Maxwell & Hippel LLP	Spring Garden Community Development Corporation
Tenet Health Systems Philadelphia, Inc.	Philadelphia Chinatown Development Corporation
Duane Morris LLP	Peoples Emergency Center Community Development Corporation
Citizens Bank	Universal Community Homes
Wolf, Block, Schorr and Solis-Cohen LLP (Did not contribute in 2009 - refer to report)	Kensington South Community Development Corporation
Pep Boys	East Falls Development Corporation
Penn Distributors	Roxborough Development Corporation
Anthropologie, Inc.	Achieve Ability CDC (formerly Philadelphians Concerned About Housing)
Ernest Bock & Sons, Inc. (Did not contribute in 2009 - refer to report)	Frankford Community Development Corporation
Keystone Health Plan East, Inc.	New Kensington Community Development Corporation
Rittenhouse Claridge, L.P.	Mount Airy USA, a CDC
Klehr, Harrison, Harvey, Branzburg & Ellers, LLP	Project HOME Community Development Corporation
Coca Cola Bottling of Philadelphia	Impact Services Corporation
Reed Smith LLP	The Partnership Community Development Corporation
Domus, Inc.	Beech Interplex, Inc.
Sunoco Oil Company	Schuykill River Development Corporation
Wallace Roberts & Todd, LLC	Fairmount Community Development Corporation
J. J. White, Inc.	Office of Community Development of the Archdiocese of Philadelphia
P. Agnes, Inc.	Tacony Community Development Corporation
Pathmark Stores	SOSNA Community Development Corporation
PriceWaterhouseCoopers, LLP	Girard Coalition
Dilworth Paxson LLP	Friends Rehabilitation Program Inc.
Blank Rome LLP	Asociacion de puertoriquenos in March
InTech Construction Inc.	University City District
Packer Café (Replaced by J. Anderson Construction)	Delaware River City Corporation (Formerly Delaware Riverfront Renaissance Corporation)

NEW APPLICATIONS APPROVED IN 2009

Business Partner

CDC

Deloitte & Touche USA, LLP

The Enterprise Center Community Development

Comcast Holdings Corporation

Nicotown Community Development Corporation

Brown's Super Stores

Ogontz Ave. Revitalization Corporation

Parkway Corporation/Walnut Towers Associates, LP

Manayunk Development Corporation

Stradley Ronon Stevens & Young, LLP

Wynnefield Overbrook Revitalization Corporation