Converting obsolete urban infrastructure into parks

Paris: Promenade Plantée, 1993

NYC: The High Line: Proposed 1999

Highline: Opened 2009
Atlanta: Beltline, opening in phases starting 2010

Chicago: Bloomingdale Trail (606): opened 2015

Miami Underline: 10 mile linear park below Metrorail
November 1, 2018 groundbreaking

London, England: proposed
Toronto: The Bentway (formerly Under Gardiner) will transform more than 4 hectares (10 acres) of land beneath elevated Gardiner Expressway.

Transforming the Reading Viaduct

Enhancing a thriving live-work neighborhood

(1) Context for the project
(2) Phase 1
(3) Phase 2
  • Project precedents
  • Physical components
  • Reading’s real estate interest
  • Securing ownership
  • Financing the project

Located just north of central business district

Expanding Callowhill & Chinatown neighborhoods
At the edge of CCD boundaries

Expanded January 1, 2018

One of 5 parks

Legacy from industrial age + passenger rail service

Continues out Callowhill to Pennsylvania Avenue
At least a 3-phase project

Phase 1: 26,000 SF compete (0.6 acres) including triangle easement but not Noble St.

Phase 2a: Vine St to north side of Spring Garden St: 153,960 SF (3.5 acres)

Phase 2b: Spring Garden to Fairmount. 78,408 sf (1.8 acres)

Part of Philadelphia’s industrial heritage

Baldwin Locomotive

View in 1899

Legacy Baldwin Locomotive

Reading Train Lines

Passenger service originated at Reading Headhouse

1891-92
Reading train shed remained in active use...

Until new underground connections made it obsolete in 1984

Converted to Convention Center use: 1994

Beneath train shed thriving public markets

Viaduct demolished south of Vine Street

Convention Center truck ramp
Today viaduct starts between 11th & 12th at Vine St.

Splits north of Callowhill Street

SEPTA spur runs northwest

Reading owned portion runs northeast
Curving across the grid

Arches over streets

Provides unique views

Of iconic landmarks

Endangered buildings

Close proximity to former industrial buildings
Viaduct is about 10-15 feet from existing buildings

Adjacent to FACTS Charter School

Some places even closer

Goldtex apartments

Tracks terminate at 800 block Fairmount
800 block Fairmount: looking east

“New” SEPTA tracks just south of Fairmount Ave
View from decommissioned viaduct

During the last 35 years, languished,
returned to a natural landscape

Reading offered for donation in 1990s

The subject of endless student projects

Poetry above, prose & graffiti below
Blighting element that has deterred development

32% of area vacant & undeveloped land

32% of area vacant & undeveloped land

Significant gaps & discontinuity along northern edge
Callowhill Industrial corridor

Barrier effect of Vine Street Expressway

Combined with impact of defunct Reading Viaduct
Gap in the fabric
Diminished tax base

2004 Chinatown Plan

Chinatown: sought residential expansion area
Subsidized housing achieved thru partial demolition

More than half the demolition cost is for remediation
Removal of all the fill

Soil/Ballast PCB Hazardous Waste
(includes characterization)
$388,000
Soil/Ballast on Structure Residual Waste
$2,057,000
Soil/Ballast on Embankment
& Fill Areas Residual Waste
$23,392,000
TOTAL
$25,837,000
(2) Renovation options inspired by High-line

But not NYC finishes: Cost $170 million

Biking/jogging path & a landscaped walkway

Create an elevated, landscaped walkway

Anchor & amenity for the community

The only green space in the area
Great views of the downtown skyline

Total renovation & remediation: $37 million

Remediation is minimal in renovation scenarios

PCB hazardous removal in limited ballast hotspots: $388,000

Cap & cover with no residual soil/ballast being taken off site.

Discussed treatment with PA. Dept of Environmental Protection

Add a $1,400,000 contingency for environmental remediation, in for modest traces of PCBs found

$1,788,000

Development had been moving slowly artists lofts, condos & workspace

Well-known neighborhood destinations

New construction prompted by promise of the park
New construction prompted by promise of the park

Lots of opportunities for renovation

2011-2013: Construction documents

Urban Engineers
Bryan Hanes, Landscape Architect
Funding through Dept of Commerce:
Councilmembers DiCicco & Squilla

In consultation with
City of Philadelphia:
Depts of Commerce;
Parks & Recreation
Focused first on phase 1: proof of concept

Noble Street spur: owned by SEPTA
- 25,000 - 30,000 s.f.
- 1,400 linear feet
- (Noble 570; Viaduct 830)
- Acquired fee-simple by SEPTA in 1995 for Schuylkill Valley Metro

Vine to Fairmount: Reading International
- Acquired fee-simple by Reading Railroad 1887-1891
- Rail use commenced 1893
- Use discontinued 1984 with opening of Center City commuter rail tunnel

Groundbreaking on 10/31/16
- Lease with SEPTA; Development Agreement with City

Phase 1:
From Broad Street to Callowhill Street

Starting at North Broad

Studio Bryan Hanes
Urban Engineers
From south side of Callowhill to west side of 13th St

Improved the 1300 block of Noble Street

New cartway, sidewalks & lighting
CCD has agreed to maintain lighting & pavers

Up to the 13th street bridge

Where trains used to go under North Broad to the Inquirer
At grade entrance at 13th & Noble Street

Under construction: 1899

13th Street bridge

Preserve the historic bridge

Historic steel girders;

When we scraped away earth fill
Unforeseen conditions

Side girders support walking surface
Streets Dept: structure should meet highway standards
Insisted that bridge be demolished & rebuilt

Ultimately, renovation: New brackets added
to support new surface that was poured
13th Street bridge

A way to learn the history of the area

Re-creation of 1895 land-use map

Sound barrier & donor recognition wall
Gateway to the park

New stairway at 13th street

New 13th Street stairway
More than 80% of budget was bridge reconstruction
In close proximity to downtown
Great for watching sunsets

Phase 1 ends at Callowhill Street

Second entrance: new stairway at Callowhill Street

Maintained partnership: CCD, Parks & Recreation
Friends of the Rail Park

Manage Parks & Recreation staff

7 day/week cleaning, security, landscape maintenance
Newly announced apartment & retail project

Design modified to interact with park

At gateway to project
Learning from the experience of other cities

A great public space: done in phases

A continuing stimulus for new development

High Line: transformative effect on surrounding area

An anchor park for a new community

Setting for the new Whitney
75 major developments since the High Line opened

Atlanta’s Beltline trail

22 mile loop around Atlanta being built in phases

Prompted renovation of vacant factories

Single family new construction

Major new construction
With more on the way

TIF financing to support affordable housing

Same impact from Chicago’s Bloomingdale trail

Both renovation & new construction

Phase 2: owned by Reading International

- Public/foundation sectors create the park which gives value to the real estate
- What incentives can be developed to encourage donation of asset, while enabling development of Reading owned parcels?

Reading not only owns the Viaduct
Own adjacent irregular parcels; different from High Line
Margaret & Ellen Cotter

2010: Consultant team
William Penn Foundation & Poor Richards Charitable Trust
Urban Engineers
Cecil Baker & Associates
Friends of the Hi-Line, New York City
Jones Lang LaSalle
In consultation with the City of Philadelphia:
Departments of Commerce; Parks & Recreation

Fill with retaining walls: Contaminated soil

Steel bridges: rust & corrosion, lead-based paint
Structurally sound
Sloping fill areas: with contaminants

Phase 2: Vine to Spring Garden: $40-$50 million project
Renovation less expensive than demolition

Urban Engineers: environmental core sampling sites

Test digs to determine contamination: out of date

Defunct power station

How to create incentives to donate viaduct
How to renovate the viaduct at public expense & enable Reading parcels to be developed

Funding from William Penn Foundation 2017-2018

• Create path to ownership
• Analyze maintenance & management options, including BID
• Develop financing alternatives for phase 2
  • Retained Cecil Baker
  • Peter Kelsen & Matt McClure donating time
  • Consultation with individual developers
  • CCD own research & analysis staff
  • Working with Ann Fadullon

Condemnation technically possible:
Could be cost & time prohibitive; amicable is slower but probably more practical

What incentives can be developed to encourage donation of asset, while enabling development of Reading owned parcels?

Expand footprint of Reading sites?

Opportunities that don’t encroach on sight lines
Preserve view of downtown skyline

11th & Wood Streets (Zoned RMX-3)

Currently surface parking

11th & Wood Street

Build over street & encroach

11th & Wood; encroach/overbuild
11th & Wood; 46 units; 8 stories

Can construct a 78,401 SF, 8 story building primarily containing 46 dwelling units and 14 parking spaces.

The second floor could contain approximately 3,192 SF of retail accessed at the viaduct level.

Parking, within the building, would be accessed from Carlton Street, while the residential front door would be on North 11th Street. It should be noted up to 4,000 SF of retail is possible without providing parking.
Construct a 120,512 SF, 11 story building primarily containing 80 dwelling units with 24 adjacent accessory parking spaces.

The first floor would have approximately 2,121 SF of retail at the corner of 11th and Noble Streets. The second floor, at the viaduct level, could have an additional 3,500 +/- SF of retail.

It should be noted up to 4,000 SF of retail is possible without providing parking.
Construct a 104,256 sf, nine story building containing 66 dwelling units and 20 accessory parking spaces.

The first floor would have approximately 1,300 SF of retail space along North 10th Street.

The second floor, at the viaduct level, could have approximately 2,500 SF of retail space.

3 sites: 192 housing units, 12,600 sf retail
All required parking

Doesn’t count Spring Garden train station

Serviced at street level

Nor the potential at Vine Street or Callowhill
Defunct power station

Nor the possibility of overbuild

Standard Hotel

Standard Hotel

High Line Precedent for Donation

CSX donated only easement interest, as part of deal with NYC and after being contested by the IRS, ultimately took a $100 million write off for donating the High Line.

We would need to be careful about any quid pro quo – specifically up-zoning some of Reading’s parcels because that would cloud case for a donation; but Reading has concluded not a lot of tax benefits to donation.
Different approach to calculating allowed density

Impasse: how much real estate; how much park

Phase 2, Step 2
How to finance the improvements?

Phase 2: Vine to Spring Garden:
$40-$50 million project
if done at same level of finishes as phase 1

Get it open!
$10-12 million: basic repairs & safety fencing
Do higher level finishes in sections only as funding becomes available

Open as a simple, safe trail: improve in phases
Finance later phases by capturing the value of new development: option 1 TIF

Site by site development analysis: 16 parcels

Tax increment financing captures the increase in value due to the investment in the park

Current base level of taxes continue to flow to City & School District. Increment would not exist without the investment. Increment is usually devoted to debt service for 20 years.
Challenges relating to TIF

- Decision is often made to TIF just city taxes & hold the School District harmless, thus lowering revenues available.

- Virtually all Philadelphia TIFs have been single developer TIFs because unlike other cities, Philadelphia has had a long-term policy of not guaranteeing TIFs. A District TIF for the viaduct that would incorporate multiple properties would require some entity or mechanism to guarantee debt service, unless TIF was structured on a pay-as-you-go basis & TIF revenues did not secure debt.

- From the moment the TIF is approved, no new ten year tax abatements can be granted in the zone. This could prompt opposition to TIF District from other owners.

In order to avoid need for guarantee, Structure a “pay-as-you-go” TIF providing annual capital & operating support, but no advanced borrowing.

Structure TIF to allow new development or renovation to capture its own real estate taxes for first 10 or the 20 years.

Option 2: Create incentives through zoning for developers to make contributions to Viaduct.

Create boundaries for development district.

Draft concept Viaduct Overlay District:

- Overlay would involve designation of geographic area in which there is a clear relationship between improvements to defunct viaduct & increased market demand for nearby real estate.

- Properties located within overlay district boundaries will, if zoned appropriately (i.e. CMX-3 or RMX-3) be provided with bonuses that would allow additional floor area ratio to be added to the property, if the bonus provisions are met.

- The bonus would be in addition to mixed-income housing bonus but in lieu of the existing green bonus.

- The bonuses are voluntary.
Create bonus district to include all vacant sites

Option 3: Create a special purpose organization

- A municipal authority like the CCD is formed, but with public/private board; owns/leases Viaduct; avoids some expensive Streets Department requirements
- Special purpose corporation with one mission; like Delaware River Waterfront Corporation; Battery Park City corporation in NYC
- Vehicle for private contributions; with donors on board
- Creates BID for maintain viaduct & adjacent areas, but also with the stated purpose of financing capital improvements to improve the viaduct in phases over time

Developers pay 1% total development costs, if elect bonus

13th & Noble Streets

Map of existing zoning

Studied development potential of specific sites
Municipal authority approved by Council
About to begin survey of local preferences

Combined approach

(1) TIF District

(2) Zoning Bonus District

(3) Special purpose organization: Municipal Authority
Business improvement district

One comprehensive bill that approves all three provides multiple tools to get the job done

Creating a thriving mixed-use, mixed-income neighborhood