



PRESERVATION ALLIANCE

for greater philadelphia

August 16, 2011

Jason Herron, Esq.
Chairman, East Vincent Township Planning Commission
262 Ridge Road
Spring City, PA 19475

Dear Mr. Herron,

The Preservation Alliance for Greater Philadelphia and other preservation organizations have been concerned about the future of the Pennhurst site for several years. I am writing today to express our concerns about the impact of the proposed zoning changes that you are considering on the potential for preservation of the core historic buildings on the Pennhurst site.

Both the Preservation Alliance and Preservation Pennsylvania listed Pennhurst on their respective Endangered Properties lists as an indication of our concern that insufficient consideration was being given to the preservation of the historically and architecturally significant buildings on the site. Subsequently, in partnership with the Pennhurst Memorial and Preservation Alliance (PMPA) and with the cooperation of Richard Chakejian, owner of the property, we obtained the assistance of the Community Design Collaborative (CDC) of Philadelphia to explore future development potential of the site. Since their report did not explore issues of financial feasibility, the Alliance and PMPA retained the services of Urban Partners to examine market conditions for development and financial implications. Urban Partners has extensive experience with market analysis and with developing financing strategies for difficult real estate properties.

Urban Partners' report is included with this letter. It indicates that the only reuse for which there appears to be a market that could result in the preservation of the 11 core buildings on the site is residential use. The only residential use that seems feasible is market rate rental housing since such a use would be able to obtain federal investment tax credits for historic rehabilitation.

Urban Partners analysis indicates that there is a market demand for 250 units of housing in the area that could be provided in 11 buildings using approximately one quarter of the 112-acre site, thereby leaving at least 75 acres for other forms of development. Discussions with a purchaser of investment tax credits indicate that \$15.6 million of the estimated \$88 million development cost could be raised in this

manner, leaving a financing gap that might be filled from other sources.

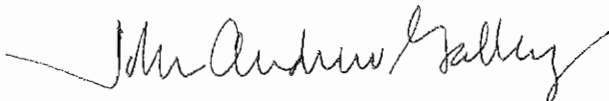
Adopting a zoning classification for the site that precludes rental housing for the core structures in essence means that the township is abandoning any effort to preserve these historic buildings, cited in the CDC report as the site's most valuable assets and protected by East Vincent's preservation ordinances. Since there does not seem to be a market for new development that could lead to development of the entire Pennhurst site at this time or in the immediate future, such a decision would seem premature. Rather, it would seem preferable to explore the potential for residential use with some of the developers in the region experienced with projects of this scale to see if there is an interest in pursuing the approach suggested in Urban Partners' report. That would allow the township and the property owner to make more informed decisions regarding development and appropriate zoning.

We are therefore asking you to consider one of two options: 1) defer action on the rezoning of the site for a period of four months while we and PMPA contact potential developers and explore their interest; or 2) include in the approved zoning a residential use for the historic core properties subject to preservation of the historic buildings. The CDC study indicated that site is large enough to accommodate multiple uses, including industrial and residential, so long as such uses are properly sited and sufficiently screened through topography and landscaping.

In conclusion allow me to re-state the following points:

- The Community Design Collaborative study said the historic buildings were the site's greatest asset and could be re-used without precluding a range of other uses on the property;
- The township's ordinances support preservation of these buildings;
- An initial market analysis suggests that there is a demand for rental housing that can be accommodated in the 11 core historic buildings while still allowing other development on at least 75% of the site; and
- Investment tax credits of approximately \$15 million are likely to be available.

Thank you for your consideration.



John Andrew Gallery
Executive Director

cc. Richard Chakejian
Mary Flagg