

City of Philadelphia



(Bill No. 250486)

AN ORDINANCE

Authorizing the Commissioner of Health and the Commissioner of Public Property, on behalf of the City of Philadelphia, to enter into agreements with the Philadelphia Authority for Industrial Development for the development of a mixed-use condominium and Health Center facility on premises located on Frankford Avenue in the vicinity of Pratt Street and Dyre Street; owned by FCDC Development Properties I LLC or an affiliated entity, and authorizing the Commissioner of Public Property to enter into a long-term lease or sublease agreement for the occupancy and operation of the Health Center facility on said premises; and authorizing the Commissioner of Public Property to acquire fee simple title to, or a lesser interest in, the completed Health Center facility, including a condominium unit, or to facilitate the transfer of title in the completed Health Center facility, including a condominium unit, to the Philadelphia Authority for Industrial Development or the Philadelphia Municipal Authority for the benefit of the City, all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Commissioner of Health and the Commissioner of Public Property, on behalf of the City of Philadelphia, are hereby authorized to enter into agreements with the Philadelphia Authority for Industrial Development (“PAID”) for PAID to finance the development of a mixed-use condominium project containing a City Health Center facility on premises located on Frankford Avenue in the vicinity of Pratt Street and Dyre Street; owned by FCDC Development Properties I LLC or an affiliated entity; and authorizing the Commissioner of Public Property to acquire fee simple title to, or a lesser interest in, the completed Health Center facility, or to facilitate the transfer of title in the completed Health Center premises, including a condominium unit, to PAID or the Philadelphia Municipal Authority (“PMA”) for the benefit of the City, subject to the terms and conditions set forth in Exhibit A.

SECTION 2. The Commissioner of Public Property, on behalf of the City of Philadelphia, is hereby authorized to enter into a long-term lease or sublease with PAID or PMA for the City, its sublessees and others to occupy and operate the Health Center premises.

SECTION 3. The Commissioner of Public Property, on behalf of the City of Philadelphia, is hereby authorized to take fee simple title to or a lesser interest in, or to enter into various agreements with PAID or PMA to take fee simple title to or a lesser interest in, the completed Health Center premises, including a condominium unit.

SECTION 4. The Commissioner of Health and the Commissioner of Public Property, on behalf of the City of Philadelphia, are hereby authorized to take all actions deemed necessary and appropriate to carry out the provisions and intent of this Ordinance, including executing such

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other agreements, leases, subleases and other instruments and documents required to effectuate the purposes of this Ordinance.

SECTION 5. The City Solicitor is hereby authorized to review, to negotiate and to approve the various agreements, leases, subleases and all other instruments and documents necessary and appropriate to effectuate this Ordinance, which agreements, leases, subleases, instruments and documents shall contain such terms and conditions as the City Solicitor shall deem necessary, desirable, and proper to protect the interests of the City of Philadelphia.

EXHIBIT “A”

Terms of Proposed New Market Tax Credit Transaction
Frankford Transportation Center
Mixed-Use Development & Health Care Facility

I. CAPITAL CONTRIBUTION

Total Contribution Amount: Not to exceed TWENTY-ONE MILLION DOLLARS (\$21,000,000.00).

Funder: City of Philadelphia acting through an affiliated or designated municipal authority created under the Municipal Authorities Act 53 Pa. C.S. § 5601 *et seq.* (the “Affiliate”).

Recipient: Frankford Community Development Corporation (“FCDC”), or its approved designee.

Purpose: The purpose of the funding is the development and construction of the core-and-shell of a commercial condominium that includes two units: (1) a new City Health Care Center (“Health Care Center”), and (2) a new grocery store (“Grocery Store”)(together, the “Project”). The Project will be located at the infill development site at 5113 Frankford Avenue between Pratt and Dyre Streets, on the south side of the Frankford Transportation Center. The funds must be used exclusively for this purpose and as part of a New Market Tax Credit transaction.

Conditions:

A. Eligible Expenses:

1. Soft Costs (including design, professional services).
2. Development fee.
3. Construction and contingency costs.
4. Site infrastructure.
5. Rent

B. Compliance:

1. Recipient must comply with all relevant local, state, and federal ordinances, statutes, common law, rules and regulations.
2. Recipient must comply with all environmental and safety standards, ordinances, statutes, rules and regulations during construction and operation.
3. Recipient must comply with the City’s Standard Terms and Conditions.

C. Grocery Store Tenant

1. Recipient shall, as an express condition of receiving the Core-and-Shell Disbursement, first secure a binding commitment from a credit-worthy grocery store tenant to occupy the Grocery Store unit within the Project.

Disbursement Schedule:

- A. Core-and-Shell Disbursement. The City's budget allocation for the core and shell of the healthcare center shall not exceed SEVENTEEN MILLION ONE HUNDRED THOUSAND DOLLARS (\$17,100,000) and shall be disbursed to a construction disbursement account at closing of the New Market Tax Credits and pursuant to its requirements, which is projected to be August 2025. Recipient will submit a detailed project plan, including a timeline, budget, and list of contractors/vendors.
- B. Rent Disbursement. The City's budget allocation for the rent shall not exceed THREE MILLION NINE-HUNDRED THOUSAND DOLLARS (\$3,900,000) and shall be disbursed upon the later of two years after construction commences or the receipt of a temporary certificate of occupancy for the Health Center condominium unit.

II. KEY LEASE/CONDOMINIUM PURCHASE OPTION TERMS FOR HEALTHCARE CENTER

A. 1st & 2nd Floor Lease:

Rentable Area: Approximately 42,725 sq. ft.

Rent Per Square Foot: \$12.00

Monthly Base Rent: Not to exceed \$42,725

Total Annual Rent: Not to exceed \$512,700

Lease Term: Not less than 10 Years (with options for early termination and renewal)

Operating Expenses: Tenant shall be responsible for its proportionate share of operating expenses. Operating expenses means all of Landlord's actual and documented costs, fees, disbursements and expenses arising from Landlord's operation, ownership, maintenance, insurance, replacement and repair of the Property.

Taxes: Tenant responsible for real estate taxes, which Landlord is obligated to timely pay and invoice Tenant as additional rent.

B. Rent Escalation Clause for Healthcare Lease
Increase: 1% increase for years 6-10.

C. General Lease Conditions

1. Renewal Terms: City may renew the lease for multiple successive five-year terms at the end of the initial lease term, upon 180 days' prior notice. Upon renewal, rent will be \$1 for any renewal term.
2. Termination Clause: Either party may terminate the lease upon 90 days' notice if the other party has materially breached the lease terms and has not cured the breach within 60 days after receiving notice. Termination for cause must be supported by documented evidence. In any event, the City's liability for any

claims arising under the lease shall not exceed THREE MILLION NINE-HUNDRED THOUSAND DOLLARS (\$3,900,000).

3. Assignment and Subleasing Restrictions: The City may not assign the lease or sublet the premises without landlord approval, which landlord may not unreasonably withhold.

D. Condominium Option to Buy

1. FCDC, or its designee/affiliate, will form a condominium for the health center. The City or its Affiliate will enter into a commercial lease per the above terms, which will include an option to purchase the condominium unit. The option may be exercised after the seven (7) year expiration of the New Market Tax Credit compliance period. At such time, the option price will be determined by the fair market value of the unit at the time of the purchase as determined by a qualified appraiser, less the debt owed to the City (or the City's Affiliate) on the unit. The money that the City has agreed to contribute for the cost of the health center will be structured as a loan. Interest will accrue on the loan and will become due and payable upon the termination of the NMTC. Upon the termination of the NMTC and the exercise of the option by the City to acquire the health center, this loan will then be extinguished.

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CERTIFICATION: This is a true and correct copy of the original Bill, Passed by the City Council on June 5, 2025. The Bill was Signed by the Mayor on June 13, 2025.

A handwritten signature in black ink, reading "Elizabeth McCollum". The signature is fluid and cursive, with the first name "Elizabeth" and last name "McCollum" clearly distinguishable.

Elizabeth McCollum
Chief Clerk of the City Council