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CEO FILE
Geoffrey N. Zeh of the Associated Builders and Contractors digs a challenge.
P17



Biggest Deals of 2006
Mergers and acquisitions reached record heights last year. **Inside**

CHOP expansion to top \$2B



The \$55 million facade of the West Philadelphia hospital was completed in November.

More space needed for researchers, patient care

JOHN GEORGE
STAFF WRITER

The Children's Hospital of Philadelphia's expansion plan, initially budgeted at \$650 million when first unveiled six years ago, is now expected to top \$2 billion.

That's more than the combined price tag for Lincoln Financial Field, Citizens Bank Park, the Comcast Tower and the Philadelphia Airport International Terminal expansion.

Dr. Steven M. Altschuler, CHOP's president and CEO, provided the latest revised budget estimate last week while talking about a project that has grown into one of the largest hospital building endeavors

SEE **CHOP**, P30



Lemon Hill
Fairmount Park mansion gets a face-lift and manicure. **P3**



On the run
Bob Brady says he has the experience and connections. **P4**

Candidates see NTI faults

NATALIE KOSTELNI
STAFF WRITER

The citywide anti-blight, revitalization program that Philadelphia Mayor John F. Street launched six years ago as the cornerstone of his two terms in office is likely to face an uphill battle once he leaves office.



Street

The hazy future of Street's Neighborhood Transformation Initiative puts into peril a key component of Street's legacy as

SEE **NTI**, P32

Merged Willow faces challenges

JEFF BLUMENTHAL
STAFF WRITER

Willow Financial Bank is still looking to find its footing 18 months after a merger that led to its formation.



Created by the September 2005 union of Willow Grove Bancorp and Chester Valley Bancorp, Willow Financial has seen its earnings per share and return on equity drop significantly over the

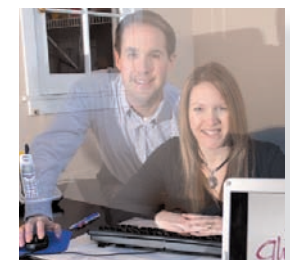
past year.

CEO Donna Coughey, who ran Chester Valley's First Financial Bank, said last year was muddled by the inverted yield curve — when long-term and short-term interest rates converge, making it harder to grow interest income — as well as heightened competition and one-time charges.

"The yield curve caused most of our problems," Coughey said. "And the competition is especially tough because of all the start-ups and the big banks moving into our areas. There is also a shortage of lenders out there."

SEE **WILLOW**, P29

CEO Donna Coughey blames the inverted yield curve.



Ghostwriters
Business leaders are too busy sometimes to say it right. No need to fret. **P12**

THE LIST
Mergers & Acquisitions
Largest in the area ranked by value of transactions. **B6, B10**



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A change of focus on tap

NATALIE KOSTELNI
STAFF WRITER

The Neighborhood Transformation Initiative has ramped up efforts to alter the commercial corridors of Philadelphia as a key component to revitalizing neighborhoods.

The deliberate shift from focusing on commercial gentrification rather than solely residential is seen as complementing the work of NTI during Mayor John F. Street's first administration. While attention to commercial revitalization was absent when Street unveiled NTI in 2001 and the years that followed, Eva Gladstein, director of NTI, said the time is ripe to forge ahead with it.

"I think we've been making changes and I think we have, with any strategy, you learn and modify it and incorporate what you have learned," Gladstein said. "Some of these corridors needed a resurgence in housing so you could attract commercial activity."

With \$65 million remaining out of \$300 million in bond revenue issued for NTI, and Street allocating \$6.5 million in his fiscal year 2008 budget, the initiative will have to tap other resources under a new administration if it is to continue.

Gladstein believes NTI and the city has gained a momentum that would deter it from returning to the dark days when thousands of abandoned vehicles littered the streets and vacant lots with trash heaps dragged down neighborhoods.

"I think citizen expectations are going to hold every elected official accountable so it doesn't happen again," she said. "I think [NTI] has created a sense of hope, energy and community that we haven't seen in years in Philadelphia and the neighborhoods."

But it takes money.

Aside from the remaining bond funds, NTI will be using \$65 million from the \$125 million Cultural & Commercial Corridor bond issue to work with community development corporations and other local organizations to assess the business environment along a corridor, devise plans to promote an area to businesses and determine other improvements that may be needed like streetscaping, lighting, signs and cleaning up derelict buildings.

NTI will also deploy \$25 million of the \$125 million from the Pennsylvania Horticultural Society and its Green City Strategy initiative to preserve open space, improve neighborhood parks and gateways and help spur affordable housing development. It will also seek use money from the state's Main Street renewal program to enhance these commercial districts.

While commercial areas will get the lion's share of money and attention, NTI will continue its work on neighborhoods: cleaning up vacant lots, razing derelict structures and working with city departments such as planning, water, housing, and licenses and inspections, to ensure their efforts are in step with NTI. ■

NTI: What will happen to the program when Street is gone?

FROM PAGE 1

mayor of the country's fifth-largest city.

Most of the five Democratic candidates vying to become the next mayor question aspects of the program, especially its initial disregard of commercial development, and whether the initiative should continue unmodified. One candidate, U.S. Rep. Chaka Fattah, is a strong supporter of the program.

Despite having its critics, the initiative has been widely credited with improving aspects of city life.

A study released Monday by the Pew Charitable Trusts called "Philadelphia 2007: Prospects and Challenges" listed NTI as one of the bright spots in the city. The program helped remove abandoned cars off the streets faster than previous efforts and resulted in thousands of market-rate units built, planned or under construction. However, NTI's 4,551 demolitions fell short of the goal of 14,000, the study reported.

The report updates a 1999 study commissioned by Pew that compared Philadelphia's strengths and weaknesses to six cities: Atlanta, Baltimore, Boston, Cleveland, Detroit and Pittsburgh.

In delivering his final budget address late last month, Street earmarked funds that aim to perpetuate the program even after his term is over. He proposed \$2 million a year for greening and demolition and \$4.5 million in debt service for cultural and commercial corridors. In addition, the Affordable Housing Trust Fund would be used in part to sustain NTI, which was funded with \$300 million in bond proceeds that are being depleted. Street's entire 2008 fiscal budget totaled \$3.8 billion.

What happens after that will be up to the new mayor who will inherit neighborhood revitalization as an issue. Those looking to replace him aren't entirely embracing the NTI.

"NTI has run its course," said former City Councilman Michael A. Nutter.

NTI focused too much on tearing things down and not enough on building them up, Nutter believes. He said it failed to engage the private sector and spurred too little construction activity.

"We don't have an economic plan in this city," Nutter said. That said, Nutter believes NTI would remain if he were elected mayor but would be overhauled to work in conjunction with a citywide economic-development plan.

State Rep. Dwight Evans likes that NTI recognizes that neighborhoods need more attention. The program falls short from there, he said.

"The question of the implementation of it has left something to be desired," he said. "My neighborhood transformation, I would argue, is much deeper than the mayor's neighborhood transformation."

Evans points to his efforts along West Oak Lane, which has been rejuvenated under his stewardship, as the route he would take. Instead of just clearing out

'I'm a very big supporter of the NTI program.

It has made a marked improvement to our city.'

Chaka Fattah



'It was a good initiative, but what it didn't do, in my opinion, it didn't focus the money correctly.'

Tom Knox



'I don't know whether or not I would fund it to the level that he has funded it. It was his pet project.'

Bob Brady



'My neighborhood transformation, I would argue, is much deeper than the mayor's neighborhood transformation.'

Dwight Evans



rubbish and removing abandoned cars, Evans would take a holistic approach that would center on education and commercial corridors to attract retailers to neighborhoods, which would also eventually lead to jobs being created.

"Education would be the anchor that would be the transformer of those neighborhoods. If you transform the individual, you transform the community and if the city is doing the basics, you get investments. If schools work and if a neighborhood is safe, you will find people who want to live, work and play in that neighborhood," he said.

Tom Knox approves of the objective of NTI. But he said revitalizing the city's commercial corridors are the key to rejuvenating neighborhoods. "It was a good initiative, you know, but what it didn't do, in my opinion, it didn't focus the money correctly," Knox said.

Instead of the city directing development project to certain areas, Knox takes a market force approach, one he believes Gov. Ed Rendell took while he was mayor of Philadelphia. It's an approach that attracted private developers and investment, and should be replicated in the commercial corridors across the city's neighborhoods.

When Rendell made a concerted effort, along with Center City District, to install more lighting, increase safety patrols, clean up graffiti and trash along Center City streets, particularly

Walnut and Chestnut, the seeds of a revitalization were planted.

Retailers and restaurants moved in. People regularly came downtown, triggering a buzz of activity that helped attract residential builders, Knox said.

Calling NTI a "pet project" for Street, U.S. Rep. Bob Brady sees the virtues of the program but isn't convinced it should continue to receive the financial support



'NTI has run its course.'

Michael A. Nutter



Lancaster Avenue before and after (an artist's rendering).

