Commercial Real Estate

Among rebuffed plans for jilted W. Philly police HQ site: climbing gym, charter school, homes by NFL’s Malcolm Jenkins

Documents provided to the Inquirer under the state's Right-To-Know Law shed new light on options that came under consideration for the 4601 Market St. property.

Artist's rendering of proposal made as part of WinnCompanies' unsuccessful bid to redevelop 4601 Market St. insurance company campus, which called for most of the main building to be us ... **Read more**
WinnCompanies

by Jacob Adelman
Updated Jul 15, 2019

Before embracing plans to revamp the historic Provident Mutual Life Insurance Co. property in West Philadelphia into a public-health campus, city officials vetted proposals for the site that included a rock-climbing gym, a charter school, and homes developed by a group involving Eagles safety Malcolm Jenkins.

Those rebuffed ideas are detailed in documents provided this month to The Inquirer that shed new light on options that came under consideration for the 4601 Market St. property, which the city had spent more than $52 million to buy and begin renovating into a police headquarters before abandoning those plans.

The records, released under the state’s Right-to-Know Law, also include estimates that deviate from ones cited by Council member Allan Domb in his assertions that the city’s $10 million price for the property — comprising the 325,000-square-foot neoclassical insurance building on 13 acres — was too low.

“The city sought a development that would help revitalize the community, create jobs, and be fair to the taxpayers,” city spokesperson Paul Chrystie said Wednesday. “We believe this development meets those goals and are excited that it is moving forward.”

City Council approved plans under then-Mayor Michael Nutter in 2014 to convert the Provident Mutual building, which lost its namesake tenant three decades earlier, into a police headquarters.

Those plans were abandoned by Mayor Jim Kenney, under whom it was decided that police would instead move into the former Inquirer building on North Broad Street at an expense of $280.3 million.

Officials began seeking a developer to buy the Provident Mutual site for some other use through a competitive process that yielded three finalists: a team led by Philadelphia’s Iron Stone Capital Partners; one led by WinnCompanies of Boston; and one led by Keith B. Key (KBK) Enterprises of Columbus, Ohio.

Iron Stone, with Center City-based Public Health Management Corp. as a partner, was ultimately selected, pending City Council approval. Its proposal called for counseling, medical and social-services facilities, as well as Children’s Hospital of Philadelphia offices and a YMCA-operated day-care center.

Council approved the deal earlier this year in a vote that was initially delayed by Council member Jannie Blackwell, reportedly due to misgivings related to real estate developer and charter-school leader Michael Karp, who is active in her West Philadelphia district, which includes the insurance building.

Karp, who was said to have been part of a team not selected to buy the site, had “issues” before the city, the news website PlanPhilly reported, citing a letter on the topic from Kenney to Blackwell. But the mayor was not specific in his letter about the nature of those issues, and it was unclear at the time whom Karp had partnered with for the Provident Mutual site.

According to the documents released to The Inquirer this month, Karp had joined the WinnCompanies team to propose a project that would have converted more than half of the 93-year-old insurance company building into space for his Belmont Charter Network school, which he founded and serves as president.

The documents did not indicate whether the space would have been used as a second campus for the school, or as a replacement for an existing location.

The Provident Mutual building also would have had 80 units of senior housing and a 10,500-square-foot “makerspace,” while surrounding property would have been used for a charter-school gym and playing fields, as well as townhouses or a YMCA facility.

Karp did not immediately respond to a phone message seeking comment.

KBK’s bid, meanwhile, was to have included the Eagles’ Jenkins, who "joined the team to create social impact by utilizing his relationships and resources,” the group wrote in its proposal.

It proposed converting the historic insurance company structure into a 256-unit apartment building, with additional construction on the grounds of 180 more apartments — some set aside for low-income renters — and 46,000 square feet of retail space.

An email to a Jenkins representative was not immediately returned.

Three other developers didn’t make it past the city’s first phase of selection in late 2017 and were not asked to submit more detailed plans.

Among them was Brooklyn-based Strong Place Partners LLC, whose other projects include the conversion of the former West Philadelphia high school into apartments. It proposed homes and offices in the insurance company building, with a rock-climbing gym to be built on surrounding land.

The others were Philadelphia developer Guy Laren’s Constellar Corp. and Montgomery County-based Haverford Properties Inc., both of which proposed a combination of homes and offices, with Haverford’s plan also including a school.

Meanwhile, the documents appear to support Kenney’s assertions earlier this year that the property was being sold at the best price the city could get.

Iron Stone’s $10 million bid was the highest offered by the three finalists and its development budget called for no public subsidies, Kenney had said.

WinnCompanies’ venture with Karp offered a maximum of $8.5 million for the site and planned to rely on $5.5 million in state and federal grant money. KBK’s team, involving Jenkins, was willing to pay $4 million and would have relied on $25.4 million in unspecified “public funds” over its phases of development.

Kenney also said that the “city ordered two appraisals, and both put the value of 4601 Market at $10 million.” This is reflected in the documents.

Figures in the documents, however, diverge from those cited by Domb, who bemoaned at a hearing that the city was selling the property for the equivalent of $17 a square foot, despite appraisals showing “the comparable land values of other sales in the area of $107, $108 a foot to $290 a foot.”

While the appraisals do show per-square-foot values of $67 and higher, none matches those mentioned by Domb. Also, the figures are framed in the report as comparable values for a 0.4-acre section at 46th and Market Streets, not the entire parcel that Domb’s $17-a-foot calculation was based on.

And they are derived from similarly small sections of better-located properties, in closer proximity to the campuses of University of Pennsylvania and Drexel University.

In an interview last week, Domb, who is a prominent real estate investor alongside his role as Council person, maintained his position that the property had been sold too cheaply.

“It just didn’t seem right to me, that’s all," he said. "We were just trying to make a point that $107 and $250 a foot is what other land is selling for out there.”

Published July 15, 2019

Jacob Adelman
I cover commercial real estate, economic development, and other financial news topics, with a focus on data and accountability.