

CITY OF PHILADELPHIA PENNSYLVANIA

OFFICE OF THE CONTROLLER

DEPARTMENT OF LICENSES & INSPECTIONS

**Special Investigation of Unsafe and
Imminently Dangerous Properties**

June 2024



City Controller
Christy Brady, CPA

*Ensuring transparency, accountability,
and fiscal integrity in city government*





CITY OF PHILADELPHIA

OFFICE OF THE CITY CONTROLLER
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CHRISTY BRADY
City Controller

June 12, 2024

Basil Merenda, Commissioner for Inspections, Safety & Compliance
Licenses & Inspections
1401 John F. Kennedy Boulevard, 11th Floor
Philadelphia, PA 19102

Dear Commissioner Merenda:

Pursuant to Section 6-400(c) of the Home Rule Charter, the City Controller's Office Special Investigations Unit performed a review of L&I processes for imminently dangerous and unsafe properties. This investigation was performed to assess L&I's ability to meet public safety measures regarding demolition and construction standards, and imminently dangerous and unsafe building structures.

We discussed the findings and recommendations with you and your staff. We believe that our recommendations, if implemented by management, will improve operations of the city's oversight of imminently dangerous and unsafe properties, creating safer neighborhoods for residents and businesses.

We would like to express our thanks to you and your staff we interviewed during this report for the courtesy and cooperation presented throughout our work.

Very truly yours,

A handwritten signature in cursive script that reads "Christy Brady".

CHRISTY BRADY, CPA
City Controller



DEPARTMENT OF LICENSES AND INSPECTIONS SPECIAL INVESTIGATION OF UNSAFE AND IMMINENTLY DANGEROUS PROPERTIES

EXECUTIVE SUMMARY

Why the Controller's Office Conducted the Investigation

The Office of the City Controller (City Controller's Office) has conducted several investigations and audits of the Department of Licenses and Inspections (L&I) since the tragic June 2013 deadly building collapse at 22nd and Market Streets, where six people were killed and another 14 injured. These reviews, along with the current investigation, were performed to assess L&I's ability to meet public safety standards regarding demolitions and construction repairs of Unsafe and Imminently Dangerous (ID) properties.

On April 10, 2024, while we were conducting our investigation, a partial building collapse occurred at 729 N. 16th Street. According to L&I, the department was on scene and in the process of addressing the issue. The incident was similar to the June 2013 collapse on Market Street, except this property was not determined to be an ID property. The collapse led to the required demolition of the property and a total loss of the resident's home.

The current investigation was performed to assess L&I's ability to meet public safety measures regarding demolition and construction standards, and imminently dangerous and unsafe building structures.

What the Controller's Office Found

City Controller's Office investigators identified the following significant findings:

- The average residential demolition costs upward of \$30,000, but the city only recovers about 3% of the total costs, leaving taxpayers to cover the millions of dollars spent to maintain dangerous properties.
- The number of inspectors in the Contractual Services Unit, currently at 15, is not enough to keep up with the demand to inspect 120 imminently dangerous properties waiting for demolition or significant repairs, and another 4,000 properties classified as unsafe.
- The eCLIPSE database utilized for maintaining all properties does not designate the priority levels of structural deficiencies for demolition and cannot produce a complete listing of all imminently dangerous properties, which L&I manages through a separate tracking system.
- Long court processing delays leave L&I inspectors unable to reinspect imminently dangerous properties every 10 days due to lack of resources.

What the Controller's Office Recommends

The City Controller's Office has developed a number of recommendations to address the findings noted above and in the body of the report. These include:

- Create an active recruitment program to hire additional inspectors.
- Dedicate resources to implement a payment collection process that can recover more demolition costs from private property owners.
- Establish a tracking system within eCLIPSE that includes the stages of imminently dangerous properties, allowing inspectors to prioritize demolitions.
- Collaborate with the courts to reduce delays and assist inspectors to complete follow-up inspections within the required 10-day timeframe.

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INTRODUCTION

The Office of the City Controller (City Controller's Office) has conducted several investigations and audits of the Department of Licenses and Inspections (L&I) since the tragic June 2013 deadly building collapse at 22nd and Market Streets, where six people were killed and another 14 injured. These reviews, along with the current investigation, were performed to assess L&I's ability to meet public safety standards regarding demolitions and construction repairs of Unsafe and Imminently Dangerous (ID) properties¹.

On April 10, 2024, while we were conducting our investigation, a partial building collapse occurred at 729 N. 16th Street. According to L&I, the department was on scene and in the process of addressing the issue. The incident was similar to the June 2013 collapse on Market Street, except this property was not determined to be an ID property. The collapse led to the required demolition of the property and a total loss of the resident's home.

Pursuant to Section 6-400(c) of the Philadelphia Home Rule Charter, the City Controller's Office Special Investigations Unit performed a review of L&I processes for Unsafe and ID properties. The current investigation was performed to assess L&I's ability to meet public safety measures regarding demolition and construction standards, imminently dangerous and unsafe building structures, and imminently dangerous and unsafe building structures.

This current investigation focused on the following:

- L&I's inspection process to determine imminently dangerous properties.
- The amount of city resources dedicated to L&I to manage the extensive inventory of imminently dangerous and unsafe properties.
- A review of demolition activity over the last five calendar years, excluding 2020.
- A review of the court process involving properties identified for demolition.
- Visual inspections of properties identified as imminently dangerous.

BACKGROUND:

L&I's Contractual Services Unit's (CSU) role is to protect and ensure the public safety of Philadelphians by inspecting properties that are unsafe or imminently dangerous across the city. This unit conducts inspections to determine if an ID property needs to be demolished. Once a property is determined to be at risk of collapse and/or danger to others, the inspectors post violation notices, orange stickers, on the door indicating that the property must be demolished.¹ Owners are notified of the violations by certified mail and are given five days to respond to the notice by obtaining a permit to demolish the structure or to make the structure safe. This requires submitting an engineering and architectural plan to identify all repairs.

If there is no response from the property owner, L&I continues the process of obtaining a demolition permit through the court system. The first step to appeal the demolition status is Equity Court. It is a hearing where a review of the violation is performed by a Hearing Master of the Office of Administrative Review. The Hearing Master makes the decision based on evidence and testimony. The fines are set by City Council ordinances and cannot be lowered. However, court costs and late fees can be removed. Fines must be paid within 30 days, or all costs are added to the owner's account. The owner has an opportunity to present his or her case and depending on the court's decision, the individual can appeal the decision to a higher court,

¹ **PM-110.1 Conditions:** When, in the opinion of the code official, there is imminent danger of failure or collapse of a structure or any part thereof which endangers life, or when any structure or part of a structure has fallen and life is endangered by the occupation of the structure, the code official is hereby authorized and empowered to order and require the occupants to vacate the same forthwith in accordance with the cease operations provisions set forth in the administrative code. The code official shall cause to be posted at each entrance to such structure a notice stating the imminent danger and prohibiting occupancy. It shall be unlawful for any person to enter such structure except for the purpose of making the required repairs or demolishing the structure.

which allows them to obtain a temporary restraining order to stop the demolition until the case is heard. This process can take 30 to 90 days unless the property is inspected and determined that it could collapse at any time, which requires an emergency decision by a judge. During this timeframe, CSU inspectors are tasked with follow-up inspections every 10 days until a determination is made on the demolition.

FINDINGS

Demolition Costs:

Demolition costs are approximately \$25,000 to \$30,000 per average two-story structure. Each additional floor is an extra \$12,000. Due to the proximity of neighboring homes, brick row homes are demolished by hand. If an owner does not act and the property needs to be demolished, the city utilizes certified contractors to conduct the demolitions through a curbside bidding process. There are approximately 10 demolition contractors that conduct curbside demolitions for the city. The city pays the contractors for the services and then bills the property owner. The city expended more than \$60 million for staffing and contractors to demolish almost 2,000 properties since 2019, excluding calendar year 2020. However, L&I estimates that it only recovers as much as 3% or \$1.8 million of the total costs. Liens for unpaid demolition services are placed on the parcel, and the owner can appeal the penalties to the city's Tax Review Board.

L&I's Procedures for Properties Marked for Demolition

- Bids for demolitions are received on Tuesday and Thursday.
- The Procurement Department awards the contracts on Wednesday and Friday.
- Demolition is then scheduled.
- Notices to the owner are again sent out to the owner and to neighbors in the area.
- When the ID property is scheduled for demolition, the owner has the right to obtain a temporary restraining order ("TRO") to stop the demolition by L&I and complete the demolition or repair work themselves. However, the owner is required to obtain the necessary make safe permit and submit architectural and engineering plans to L&I.
- There is an L&I emergency demolition procedure in place for when an ID property is in jeopardy of collapse from a sudden fire, water damage, or gross deterioration. The curbside bid procedure is as follows:
 - Bids are accepted within 24 hours of the catastrophic incident.
 - The bids are accepted curbside from approved contractors in sealed envelopes.
 - The Procurement Department awards the contract on site to the lowest bid.
 - The company awarded the contract is required to begin demolition within three hours.
 - Fences are put up immediately for safety.
 - All curbside demolitions must be completed in 30 days.

A breakdown of demolitions and costs for the CSU unit since 2019, according to budgeted reports:

<u>Fiscal Year</u>	<u>Total Demolished</u>	<u>Annual Target</u>	<u>CSU Total Budget</u>
2019	440	500	\$13.7 million
2021	429	375	\$11.5 million
2022	282	425	\$11.6 million
2023	357	425	\$11.7 million
2024	-*	425	\$13.5 million
Total			\$62 million

* = Data not provided for current fiscal year.

Contractual Services Unit (CSU) Staffing:

CSU is currently staffed with 16 employees, which includes a demolition administrator, and 15 inspectors. The inspectors work in their assigned area during normal business hours and work on-call shifts. On-call shifts are rotated on a weekly basis, and they cover 3:00 pm to 7:00 am, including weekends and holidays. The unit is covered 365 days, 24 hours a day for safety reasons. According to L&I, all CSU inspectors must have the required certifications to work in the unit. Since it takes 18 months for a new inspector to become certified, and the number of inspectors, currently at 15, is not enough to keep up with the demand to inspect ID and unsafe properties, the number of budgeted inspectors should be increased.

A breakdown of CSU staffing includes:

<u>Fiscal Year</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Difference</u>
2020	21	20	-1
2021	22	22	-
2022	22	22	-
2023	22	19	-3
2024	22	16	-6
2025	20		

eCLIPSE System Lacks Detailed ID Tracking Capabilities:

While L&I utilizes the eCLIPSE system to track property records, eCLIPSE lacks the ability to maintain the level of detail necessary for CSU inspectors to track and monitor ID properties leaving CSU staff to utilize a separate spreadsheet. Additionally, a complete list of all ID properties could not be exported from eCLIPSE therefore, the Controller's Office could only assess the records provided by L&I on the spreadsheet.

The spreadsheet included 157 ID properties, but the inspection administrator clarified that there were only 120 ID properties with the remaining 37 listed open because of lateral seals and billing purposes. CSU's spreadsheet also indicated there are about 4,000 unsafe properties that could become ID the longer the structural issues are not addressed.

Court Processing Delays Hamper L&I's Ability to Timely Inspect ID Properties:

The court process as stated in the background section above can take up to 90 days. During this timeframe, CSU inspectors are required to perform follow-up inspections every 10 days. The long court processing delays leave L&I inspectors unable to reinspect ID properties in the required timeframe due to a lack of resources.

Controller's Office Onsite Inspections of ID Properties

Utilizing the spreadsheet provided by L&I, the Controller's Office conducted onsite inspections of 125 properties on the initial list of 157 properties. Several of the properties appeared to be in danger of total collapse, mostly due to exterior structural damage and missing roofs. There were 49 ID properties on the list that had no permits to make safe or demolish, which indicated no action had been taken by the city or property owner. Furthermore, there were 13 ID properties that were already demolished but were listed as open in eCLIPSE because of outstanding billing issues.

Some properties were not easily accessible for the Controller's staff to photograph and ascertain the full visual damage, but most were sealed and secured. Several connecting parcels were in the city's Kensington neighborhood and consumed entire blocks where there was no access or it was unsafe to inspect.

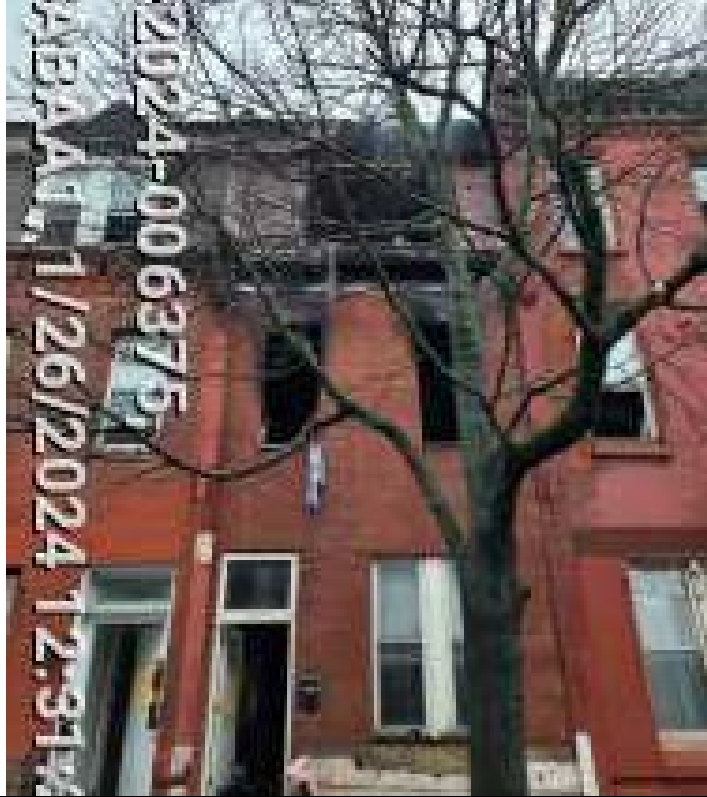
Visual documentation of the site inspections for ID properties was conducted March 2024. These properties did not have permits or litigation pending.

1704 Felton Street, 19151



According to eCLIPSE, court-ordered documents were obtained by the owner. No fence was placed surrounding ID property.

2233 N. 16th Street, 19132



Property is misclassified in eCLIPSE as unsafe, and should be ID.

5823 N. 21st Street, 19138



Front of property. Rear shown in following picture.



5823 N. 21st Street, 19138 con't

The rear of the property has bricks falling from the structure and a notice of demolition that expired in 2023. City Controller's Office Investigators observed evidence of occupants residing in the ID property.

5045 Hoopes St, 19139



The damage sustained to the property impacted on the adjacent homes.

3333 Rand Street, 19134



Portions of the ID property have fallen to the ground and sections of loose bricks can weaken the overall structure. It also appears the property sustained fire damage.

1523 N Conestoga St, 19131



Supports were installed to maintain the ID property.

2555 N 11th St, 19133



The exterior has sustained significant damage, exposing interior supports.

2828 W Lehigh Ave, 19132



The damage sustained to the commercial ID property created unsecured access points.

614 Pallas St, 19104



The collapsed middle property created an unsafe environment for the two adjacent structures, which also appear to be unsafe.

RECOMMENDATIONS

The City Controller's Office has developed recommendations to address the above findings. These include:

- Create an active recruitment program to hire additional inspectors.
- Dedicate resources to implement a payment collection process that can recover more demolition costs from private property owners.
- Establish a tracking system within eCLIPSE that includes the stages of imminently dangerous properties, allowing inspectors to prioritize demolitions.
- Collaborate with the courts to reduce delays and assist inspectors to complete follow-up inspections within the required 10-day timeframe.