

*Putting the  
Unity Back into  
CommUnity*  
SHARSWOOD/BLUMBERG CHOICE NEIGHBORHOODS

## Housing Task Force Work Session #6

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Tuesday, April 21, 2015

6:00pm - 7:30pm

Sharswood I - 1425 N.23rd Street

Philadelphia, 19121

# Agenda

## I. Welcome & Introductions

Housing Task Force  
Work Session #6  
TUESDAY, APRIL 21, 2015

### I. Welcome & Project Updates

Philadelphia Housing Authority (PHA) – Nicholas Dema

### II. Group Discussion on Housing Goals, Indicators and Metrics

Wallace Roberts & Todd (WRT) – Garlen Capita

### III. Overview of Market Study Findings/Highlights

Real Estate Strategies (RES) – Meg Sowell

### IV. Questions & Answers

(ALL)

### V. Closing & Next Steps

Philadelphia Housing Authority (PHA) – Nicholas Dema

# Welcome & Project Updates

## Choice Neighborhoods Planning Process

- Completion of work sessions
- Development of Draft Transformation Plan Strategies (Housing, Neighborhood, People)
- Submittal of Draft Transformation Plan to HUD May, 2015

## Norman Blumberg Site Redevelopment

- PHA has received environmental clearance from HUD for the Blumberg site
- PHA has submitted a disposition/demolition application to HUD
- PHA is currently working with PHA residents on completing the relocation assessments

## Acquisition/Condemnation

- Acquisition for the 500 public and 800 private properties are on schedule to be acquired by September 2015

# Preliminary Housing Plan Goals



- **Goal 1:** Consolidation of vacant and underutilized parcels for future development
- **Goal 2:** Redevelopment of Norman Blumberg site to connect streets, lower density, and incorporate LEED ND criteria
- **Goal 3.** Provide infill housing that encourages private investment, strengthens the neighborhood fabric and promotes private investment
- **Goal 4:** Develop a mixed-income community with homeownership opportunities for Philadelphia's workforce community

# DRAFT Housing Goals and Strategies

Need	Goal	Strategy	Outcome/ Measure
<p>The Sharswood/Blumberg neighborhood has experienced significant disinvestment resulting in 180 vacant buildings and over 1,200 vacant lots causing neighborhood blight and safety issues.</p>	<p><b>1. Consolidation of vacant and underutilized parcels for future development</b> (housing, commercial, mixed-use and recreational)</p>	<p>S1: Condemnation - PHA working with PRA to acquire nearly 800 private and 500 public parcels in the Sharswood area.</p> <p>S2: Stabilization of acquired parcels</p> <p>S3: PHA top lead multi-year redevelopment process and engage development partners.</p>	<p>☐ Acquisition/consolidation of 1,300 parcels for redevelopment.</p>





Map showing vacant land and buildings  
Image Source: WRT



Map showing preliminary acquisition strategy  
Image Source: PHA

# DRAFT Housing Goals and Strategies

Need	Goal	Strategy	Outcome/Measure
<p>The Norman Blumberg site was built at a density that is not in keeping with the 2- and 3-story row homes found throughout the Sharswood neighborhood. The superblock pattern that disrupts the connectivity of the existing neighborhood.</p>  <p><b>Existing Blumberg Site</b> Image Source: PHA</p>	<p><b>2. Redevelopment of Norman Blumberg site to connect streets, lower density, and incorporate LEED ND criteria.</b></p>  <p><b>Blumberg Site Redevelopment Plan</b> Image Source: PHA</p>	<p>S1: Relocation of existing Blumberg residents.</p> <p>S2: Site demolition of multi-family buildings.</p> <p>S3: Rehab of Blumberg Senior building and development of replacement units.</p> <p>S4: Reconnecting streets through the site (23<sup>rd</sup> Street; Bolton Way; Bucknell Way)</p> <p>S5: New development is designed to strengthen neighborhood character utilizing LEED ND criteria and best practices in urban design.</p> <p>S6: Financing strategy to maintain affordability and maintenance.</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Relocation tracking % of returning resident households</li> <li><input type="checkbox"/> Total number of units demolished</li> <li><input type="checkbox"/> Total number of units replacing previously removed Public Housing inventory</li> <li><input type="checkbox"/> Improved living conditions for Blumberg Seniors (Measure how well rehab met resident goals based on CNA survey)</li> <li><input type="checkbox"/> New site is well connected to existing neighborhood</li> <li><input type="checkbox"/> LEED ND Score (Certified, Silver, Gold, Platinum)</li> <li><input type="checkbox"/> Total number of units built that obtain certification</li> <li><input type="checkbox"/> Housing quality – attractive; energy efficiency; accessibility; maintenance</li> <li><input type="checkbox"/> Financing secured</li> </ul>

# LEED for Neighborhood Development (ND)

"LEED" stands for Leadership in Energy and Environmental Design is a system for rating neighborhoods

## NEIGHBORHOOD PATTERN & DESIGN (NPD)

- ✓ Open Community
- ✓ Compact Development
- ✓ Walkable Streets
- ✓ Street Network
- ✓ Affordable Rental Housing
- ✓ Transit Facilities
- ✓ Affordable For-Sale Housing
- ✓ Access to recreation facilities
- ✓ Access to civic & public places
- ✓ Local Food Production
- ✓ Universal Accessibility

## SMART LOCATION AND LINKAGE (SLL)

- ✓ Smart Location
- ✓ Bicycle Network
- ✓ Reduced Automobile Dependence
- ✓ Housing and Jobs Proximity

## GREEN CONSTRUCTION & TECHNOLOGY

- ✓ LEED Certified Green Buildings
- ✓ Energy Efficiency in Buildings
- ✓ Reduced Water Use
- ✓ On-Site Energy Generation



Lower North District Plan  
Focus Area/Ridge Avenue  
Image Source: PCPC



Mixed-Use Larger  
-Format Retail with  
Residential Above



Infill Housing



Redevelop Blumberg  
Apartments



Adaptive Reuse of Schools



# LEED-ND Platinum Project



Image Source: WRT

Developer: Jonathan Rose Companies

Owner: APM - Asociación Puertorriqueños en Marcha

Designer: WRT- Wallace, Roberts & Todd

## Paseo Verde

- LEED ND Platinum (scored 80+ points)
- Transit-oriented development (adjacent to SEPTA Temple University Station)
- 120 units of affordable and market-rate rental housing
- 30,000 square feet of retail and commercial space
- Within walking distance of jobs (3600 jobs on the Temple Campus), schools, services, groceries, shopping, parks and recreation facilities
- Blue roof system to capture and store rainfall on the roof
- Photovoltaic panels for solar energy
- Green roof courtyards
- Native and drought resistant plantings
- Low flow plumbing fixtures save water and energy
- Fitness Center, Health Services and Family Services located on-site



# DRAFT Housing Goals and Strategies

Need	Goal	Strategy	Outcome/Measure
Replace deteriorated housing stock with quality affordable housing	<b>3. Provide quality affordable housing</b>	<p>S1: Target household incomes of 50-120% AMI</p> <p>S2: Develop housing designed for a range of family needs (accessible, quality construction...)</p>	<input type="checkbox"/> Number of affordable homes built with AMI targets

# DRAFT Housing Goals and Strategies

Need	Goal	Strategy	Outcome/Measure
<p>The Sharswood neighborhood has a 36% long-term vacancy rate; significant blight and disinvestment.</p> <p>14% of the land area in the neighborhood is vacant compared with a 5% vacancy rate for the City overall</p>	<p><b>3. Provide infill housing that encourages private investment, strengthens the neighborhood fabric and promotes private investment.</b></p>	<p>S1: PHA to lead process to identify private development partners for assembled properties</p> <p>S2: Unbundle development opportunities into project sizes that small local developers can successfully compete</p> <p>S3: Create a marketing strategy to attract investment</p> <p>S4: Lead a developers bootcamp to help prepare small local developers to participate</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Total number of units occupied. Percent vacancy rates pre and post development.</li> <li><input type="checkbox"/> Total number of newly constructed or rehabilitated units that do not replace any previous Public Housing</li> <li><input type="checkbox"/> A range of development partners from larger organizations to small for profit and non-profit developers</li> <li><input type="checkbox"/> % of development dollars going to local developers</li> <li><input type="checkbox"/> A range of unit types</li> </ul>
 <p>Photos of existing neighborhood blight and disinvestment Image Source: WRT</p>			

# Impact of Housing Development Activities

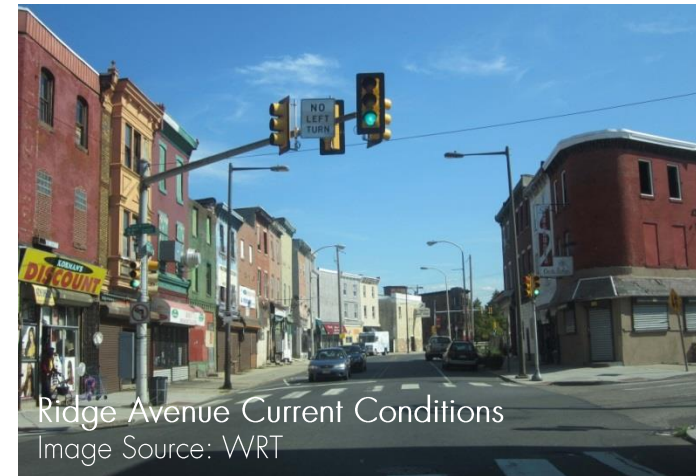
## Opportunities to Create a “Neighborhood of Choice”

- One-for-one replacement of Blumberg housing in new, modern properties
- New Housing on now vacant sites
- Development of mixed-income rental and for-sale housing
- A viable neighborhood for residents of all incomes, ages, and ethnicities

## More Patrons for Retail Stores and Service Establishments

- New retail comes after there are more customers
- Better stores, more selection
- Additional jobs at new establishments

## Support for Schools, Community Facilities, and Recreation



# DRAFT Housing Goals and Strategies

Need	Goal	Strategy	Outcome/Measure
<p>The neighborhood has a higher low-income population compared to the rest of the city;</p> <p>70% of the units in Sharswood are renter occupied compared to 49% of the City</p>	<p><b>4. Develop a mixed-income community with homeownership opportunities for Philadelphia's workforce community</b></p>	<p>S1: Develop a housing program that meets market demand</p> <p>S2: Develop a range of housing types to fit a range of family needs</p> <p>S3: Homeownership in addition to one-for-one replacement</p>	<p>65% rental/35% homeownership</p> <p>Total number of Choice Neighborhoods housing developments in the Transformation Plan with varying income categories.</p> <ul style="list-style-type: none"> <li>• Very Low Income families making 50% or below of AMI (Area Median Income);</li> <li>• Low Income families making 50-80% of AMI; Median income families making 80-120% of AMI;</li> <li>• Market Rate units receive no housing subsidies and have no income restrictions.</li> </ul>
 <ul style="list-style-type: none"> <li>▪ Family Size: 4</li> <li>▪ Median Annual Income: \$68,632 (85% of AMI)</li> </ul>	<p><i>Lamar and Lynette are working parents with two children. They are currently renting and looking for an opportunity to purchase their first home. Lamar makes \$49,632 a year in his first year as a Philadelphia Police Officer and Lynette earns \$19,000 a year as an early childhood education assistant.</i></p>		

# Overview of Market Study Findings

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Real Estate Strategies



Sharswood/Blumberg Neighborhood Image Source: WRT

# Overview of Market Study Findings

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## Market Analysis Objectives

- Accommodate one-for-one replacement – No net loss of units targeted at 30% of income.
- Capitalize on market strengths to build a Neighborhood of CHOICE, where people want to live!
- Create a mixed-income neighborhood
  - ✓ Opportunities for households at all income levels.
  - ✓ Renters and owners.

# Components of Mixed-Income Housing

1. Housing for very low-income households – 30% of adjusted income for shelter
2. Affordable Housing:
  - Rental - 50-60% of the Area Median Income -- now \$28,400 (1 person, 50%) --\$48,660 (4 person, 60%)
  - For-Sale – 80-120% of the Area Median Income – lower with special programs (e.g., Habitat for Humanities)
3. Market-rate housing – No restrictions on purchasers or income.

## Overview of Market Study Findings

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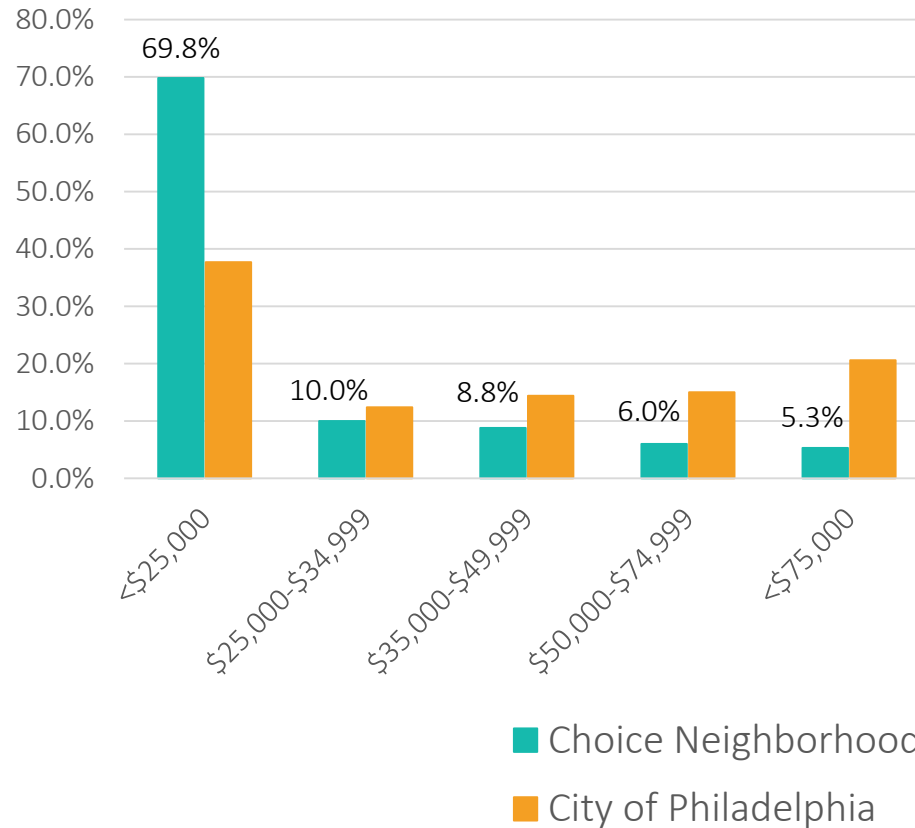


# Overview of Market Study Findings

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## Demographics – Choice Area / City

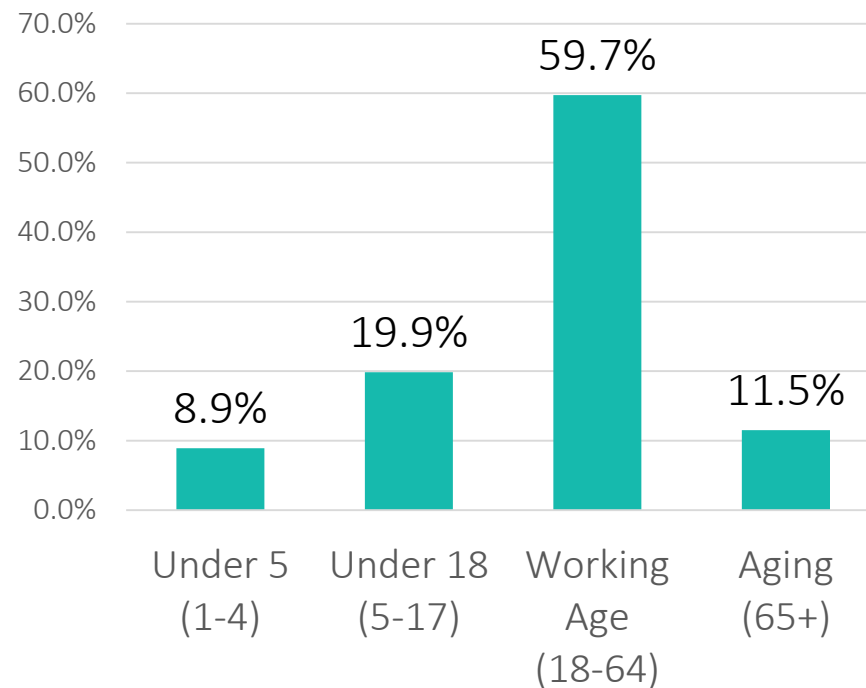
**Percent Households by Income in 2014**



- Population and Households in 2014
  - 5,879 residents (1,310 at Blumberg excl. senior tower)
  - 2,336 households
  - 73% of population 25+ are High School graduates or higher (84% Citywide)
- Median Household Income \$15,071 (\$34,957 Citywide)

# Demographics – Choice Area (Age)

2013 Percent of Population by Age



- Median Age –  
Neighborhood 31.7 years  
Citywide 34.1 years
- 956 Choice Area Households 55+
- 29% Youth Population (Under 18)
- Single Female with Children  
Neighborhood 29%  
Citywide 14%

## Overview of Market Study Findings

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# Choice Area Housing and Households

## Overview of Market Study Findings

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### Household Size - 2010 Census

	<u>Number</u>	<u>Percent</u>
1-Person	841	37.4%
2-Person	524	23.3%
3-Person	348	15.5%
4-Person	245	10.9%
5-Person	151	6.7%
6-Person	80	3.6%
7+ Person	<u>61</u>	2.7%
Total Households	2,250	

- Small Households = 1-2 Bedrooms
- Smaller number with 3-4 Bedrooms

### Housing Units in 2014

- Total = 2,905
- Vacant = 536 (19.6%) vs. 10.3% Citywide

### Housing Tenure in 2014

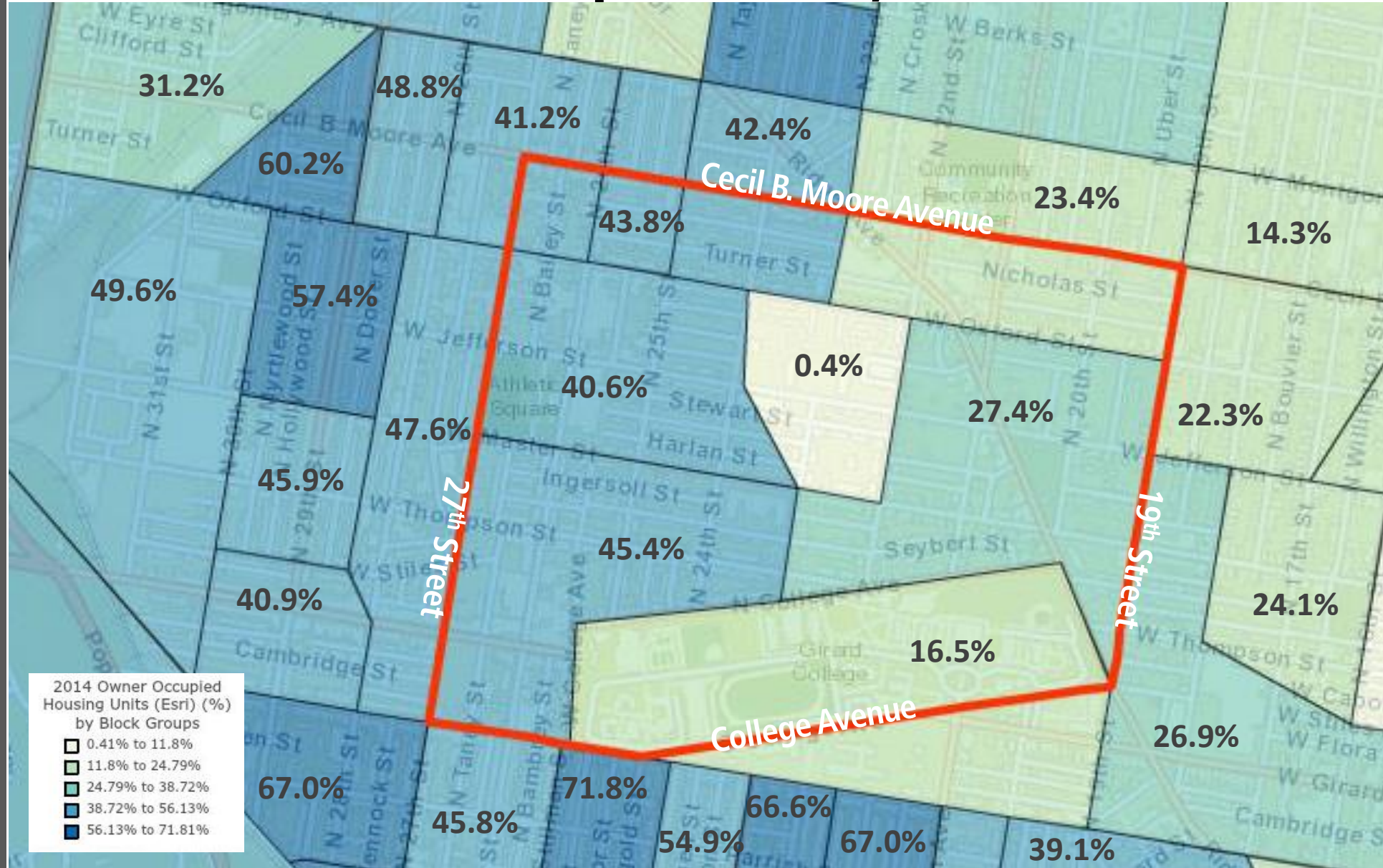
- Homeowners = 29.8% vs. 52.3% Citywide
- Renters = 70.2% vs. 47.7% Citywide

***In 2010, 345 Choice Area owner households  
were 55+ years old!***

# Percent Owner-Occupied Units, 2014

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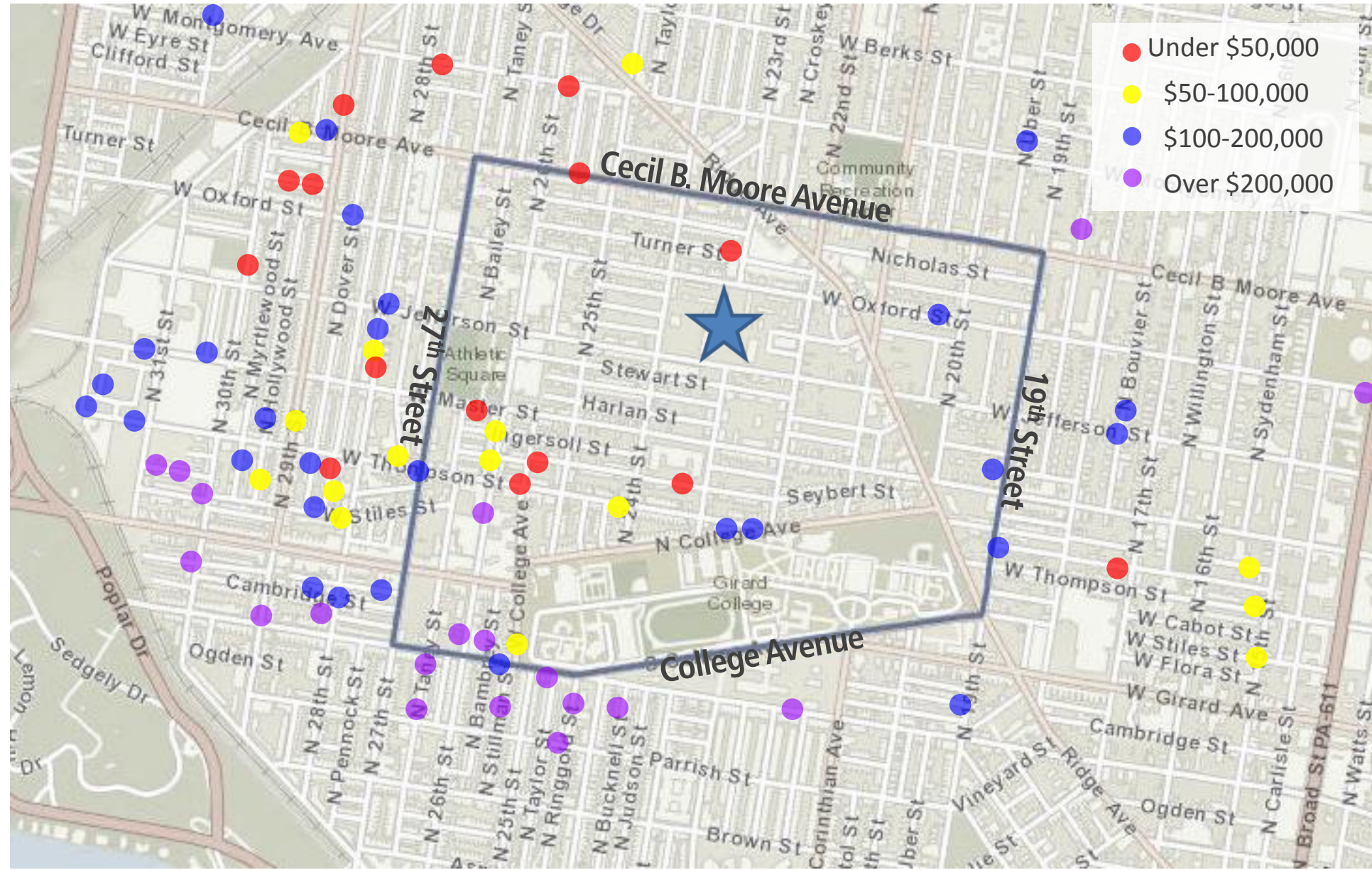


# Home Sales/Sale Prices

December 2013 - Present

## Overview of Market Study Findings

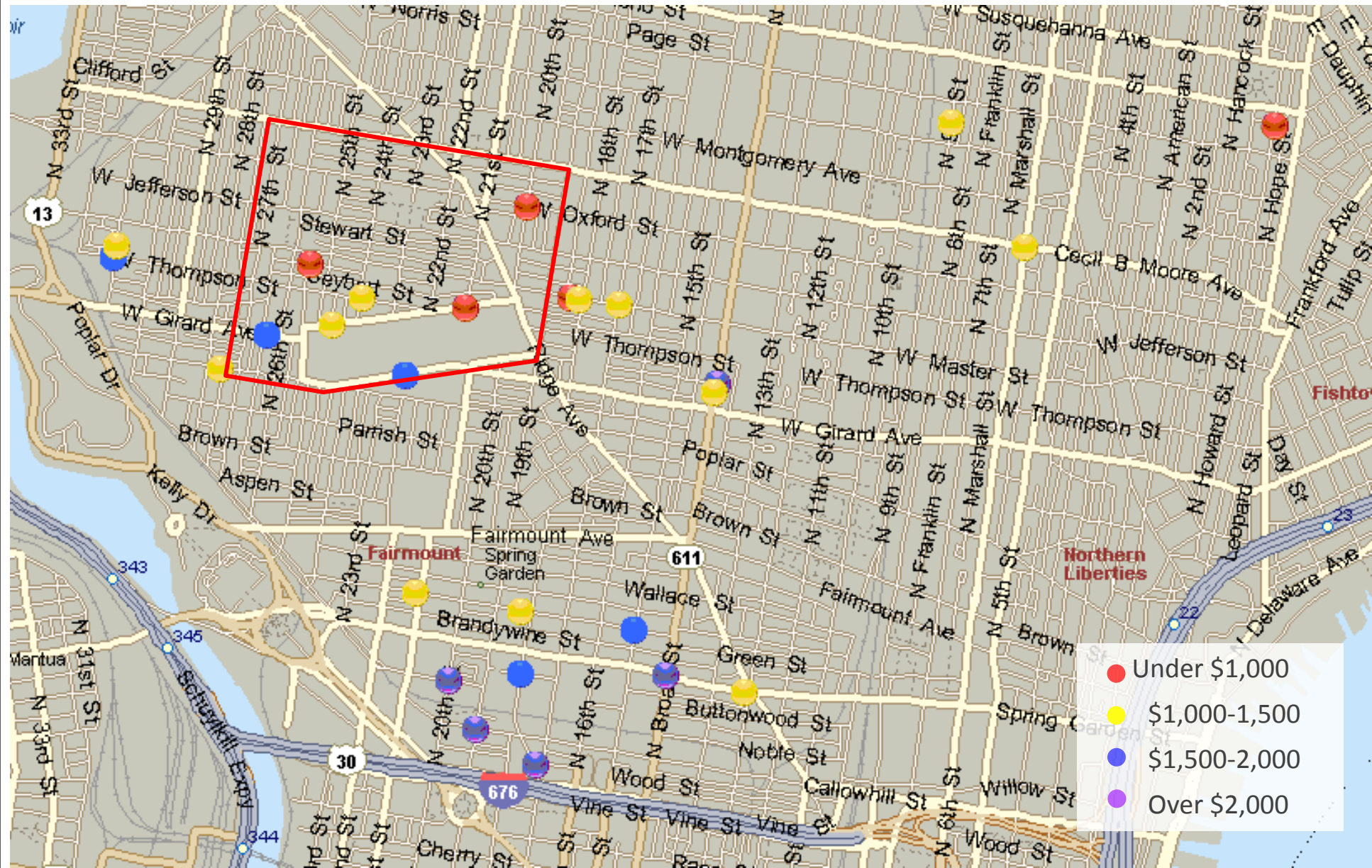
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# Advertised Rents, 2 Bedroom Market-Rate Units

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## PHA's Preliminary Housing Strategy – Presented November 6, 2014



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Description	Number of Units
Phase I	57 New Rental Units
Blumberg Senior	96 Existing Rental Units w/ Building Rehab
Phase II & Later	630 Rental Units (Approximate) <ul style="list-style-type: none"> <li>• 530 Affordable</li> <li>• 100 Market Rate</li> </ul>
Phase II & Later	420 Homeownership (Approximate) <ul style="list-style-type: none"> <li>• 320 Affordable</li> <li>• 100 Market Rate</li> </ul>
<b>1,203 Total New Units</b> (65% rental/35% homeownership)	

# MARKET SUPPORT???

*If this housing is built in the Choice Neighborhood, will people come here to live?*

Overview of  
Market Study  
Findings

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# Housing Strategy - Phase I

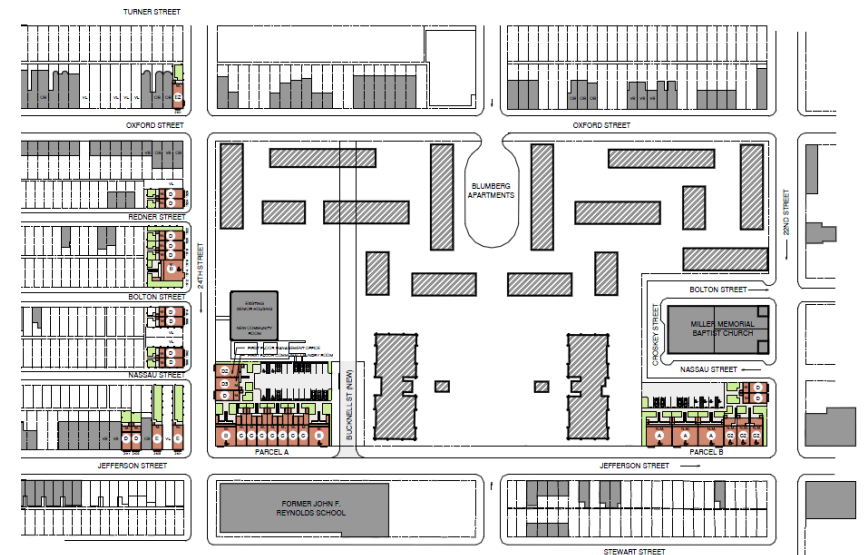
## Characteristics:

- 57 Rental units
- 1-4 Bedrooms
- All rents at 30% of income



## Market Conclusion:

- Strong market support! (for Phase I)



Rendering of Planned Phase I Townhouses  
(40 on-site and 17 off site units on 24<sup>th</sup> Street)

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# Housing Strategy – Blumberg Senior and More Senior Housing!

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### Proposed Development

- Renovations of the existing 96-unit building; likely to improve occupancy.
- Property will benefit from positive neighborhood change.

### Market Conditions

- More than 7,200 seniors 55+ in the Market Area with incomes below \$15,000.
- Market Area senior properties had few – or no vacancies when surveyed. Most had no vacancies.
- Waiting lists were very long for properties with rents at 30% of income, but shorter for properties with higher rents.

# Housing Strategy – Senior Housing (continued)

## Overview of Market Study Findings

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## Market Conclusion

- There is market support for Blumberg Senior Housing.
- In addition, there is market support for another senior rental development, but most of the units will need to rent at 30% of income.
- A new senior property with 60 units would need to attract (capture) about 1% of Market Area seniors 65+!

# Housing Strategy

## Rental Housing – Phase II and Later

### Overview of Market Study Findings

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- Proposed Development (PHA Proposal):
  - 630 Rental Units (Approximate)
  - 530 Affordable + 100 Market-Rate
- Target 348 of 530 Affordable for one-to-one replacement with rents at 30% of income. (405 existing-57Phase = 348 units)
- Market Conditions
  - Almost 18,000 non-elderly market area households have incomes below \$25,000.
  - Housing complexes charging 30% of income are full with long waiting lists.
  - PHA's average wait times are 8+ years at most properties.
- **Market Conclusion - Ample Market Support!**
  - Include handicap-accessible units for non-elderly families with disabled member in other developments.

# Overview of Market Study Findings

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## Phase II Rental Housing (continued)

- Proposed development (remainder of Phase II Rentals in PHA Proposal) after one-for-one replacement:
  - 182 Affordable = Tax Credits to reduce rents
  - 100 Market-Rate
- Market Recommendation:
- A better balance of affordable and market-rate may be more appropriate to achieve the objective of *Mixed-Income Housing*

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### Phase II Rental Housing (continued)

- Proposed Revision – Recommended:
  - 150 Units with Low-Income Housing Tax Credits (LIHTCs) = Slight reduction
  - 150 Units market-rate = at least 50 additional units
  - Increase by decreasing sales housing (to be discussed soon).

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## Phase II Rental Housing (continued)

- Rental development in mixed-income properties.
- No restrictions on market-rate units.
- Sharswood-level rents at 50%, 60% of median
- LIHTC Rents for 2015:

Unit Size	50% Gross Rent	60% Gross Rent
1 Bedroom	\$760.00	\$912.00
2 Bedroom	\$912.00	\$1,095.00
3 Bedroom	\$1,054.00	\$1,265.00
4 Bedroom	\$1,176.00	\$1,411.00
Rents include all utilities!		

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## Phase II Rental Housing (continued)

Market Conditions – LIHTC without deep subsidies:

- Many households are too poor for tax credit properties
- Fewer market area non-elderly households; 7,500 have 2014 incomes from \$25,000-\$50,000, the general range for LIHTCs.
- BUT –
  - LIHTC units help protect families from rent increases as the area improves, and
  - Help families who would be strapped financially by market-rate rents and market-based rent increases.



## Overview of Market Study Findings

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# Phase II Rental Housing (continued)

## Market Conditions – Performance of Market-Rate, 12/31/14

- Vacancy rate for a sample of market area properties was 7.3% -- results largely from excess student housing with high rents.
- Mixed-income Paseo Verde project has no vacancies!
- Median rent for the sample was \$1,750 per month plus most utilities.
- Average property size was 153 units.
- Market is pushing north and west, toward the area.

## Overview of Market Study Findings

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# Phase II Rental Housing (continued)

## Market Conclusions:

- Choice area can be competitive for market-rate units in a mixed-income setting.
  - Can capture households with Center City workers.
  - Will need to be priced competitively in relation to Art Museum, Northern Liberties.
  
- Location within the area will be a critical key to pricing and market success.
  - Market rate units in well located mixed-income rental properties can command rents from \$1,250 - \$1,500
  - Price depends on location, unit sizes, features, amenities!

## Overview of Market Study Findings

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# Phase II Rental Housing (continued)

Summary, Recommended Phase II Rental Development Program:

- 348 replacement units
- 150 LIHTC units
- 150 market-rate units
- 648 total Phase II rental units

(PLUS 60 more senior units)

# Housing Strategy – Phase II Homeownership

Proposed Development (PHA Proposal)

- 420 Homeownership (Approximate)  
(320 Affordable + 100 Market-Rate)
- May be overly optimistic in the market

Market Conditions – Affordable Sales Housing

- Lower North market is steady – usually about one sale per month or one every two months = 8-12 units/year.
- Sales prices are \$140,000 - \$175,000.
- Higher prices come when housing is built with a project identity – NOT scattered sites; e.g., Ingersoll Commons, 16th & Master.

## Overview of Market Study Findings

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# Overview of Market Study Findings

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## Phase III – Homeownership (Cont.)

### Affordable Sales Housing Constraints:

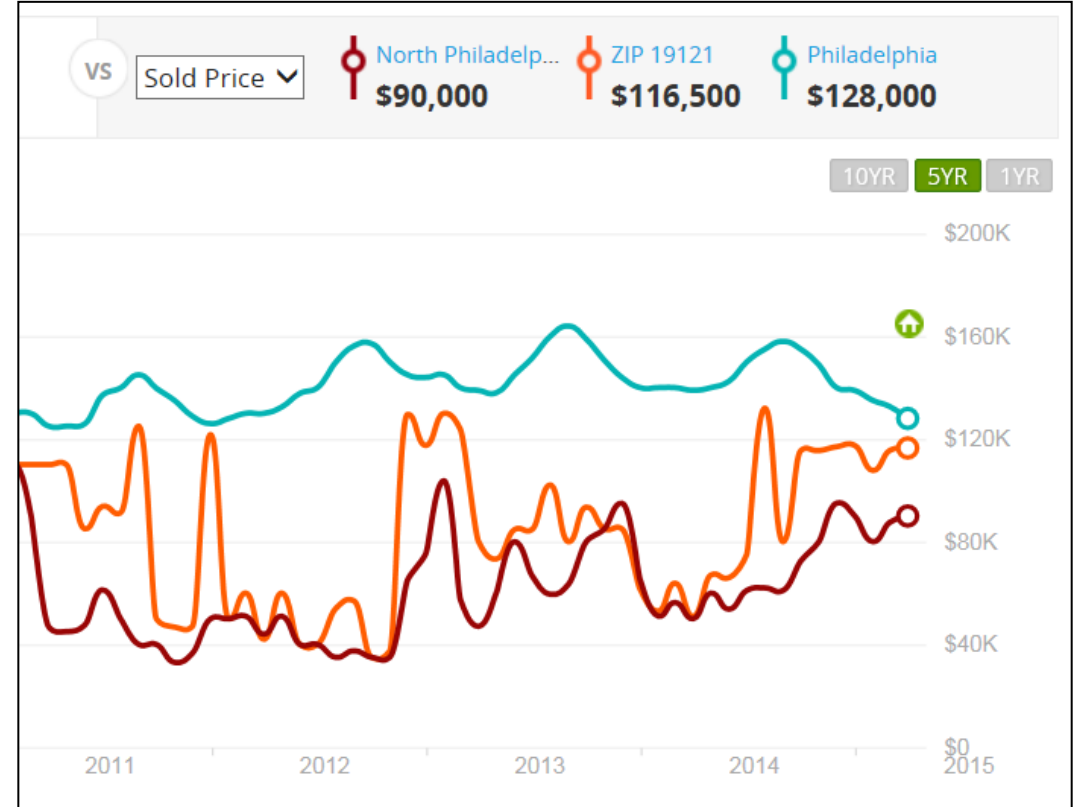
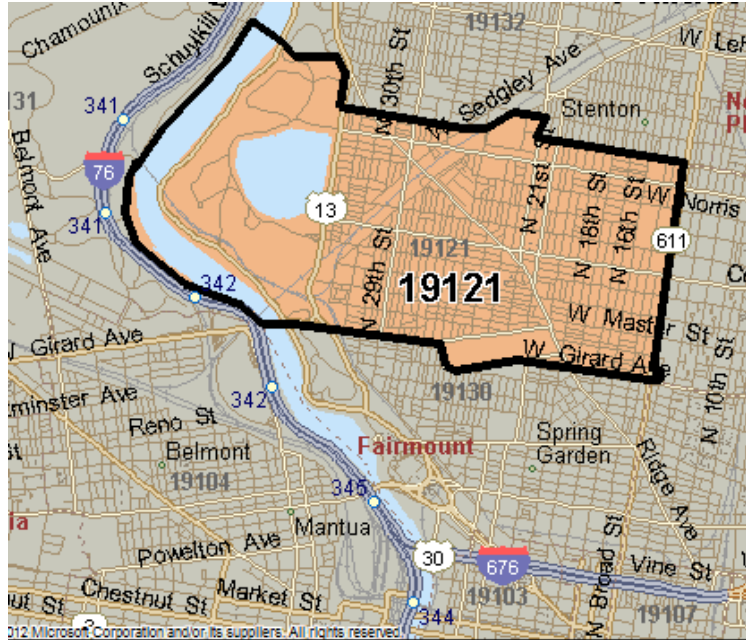
- Low household incomes – Affordable issues even with subsidies.
- Tighter lender credit standards – Families can't qualify.
- Resource limitations – Subsidies for sales housing are limited.

### Market Conclusions – Affordable Sales Housing

- Realistic (but aggressive) level for affordables =
  - 60 to 75 units over 5 years, or 12 to 15 units/year.
- Develop in mixed-income sales housing communities with mix of affordable and market-rate units!

# Phase III – Homeownership (Cont.)

Market-Rate Sales Housing – Prices in Zip 19121 are increasing.



Overview of  
Market Study  
Findings

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# Overview of Market Study Findings

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## Findings – Market-Rate Sales

### **But, Zip 19121 sales are low, per Multi-List:**

- 15 listings of new construction homes since 1/14.
- 11 sold; 1 under contract; 3 for-sale.
- Least expensive priced at \$174,000.
- EXCLUDES affordables; e.g., Ingersoll Commons, Strawberry Mansion Friends.

### **Wide price variations in/near Choice Area**

- Stronger in areas south and east.
- LOCATION WILL MATTER!

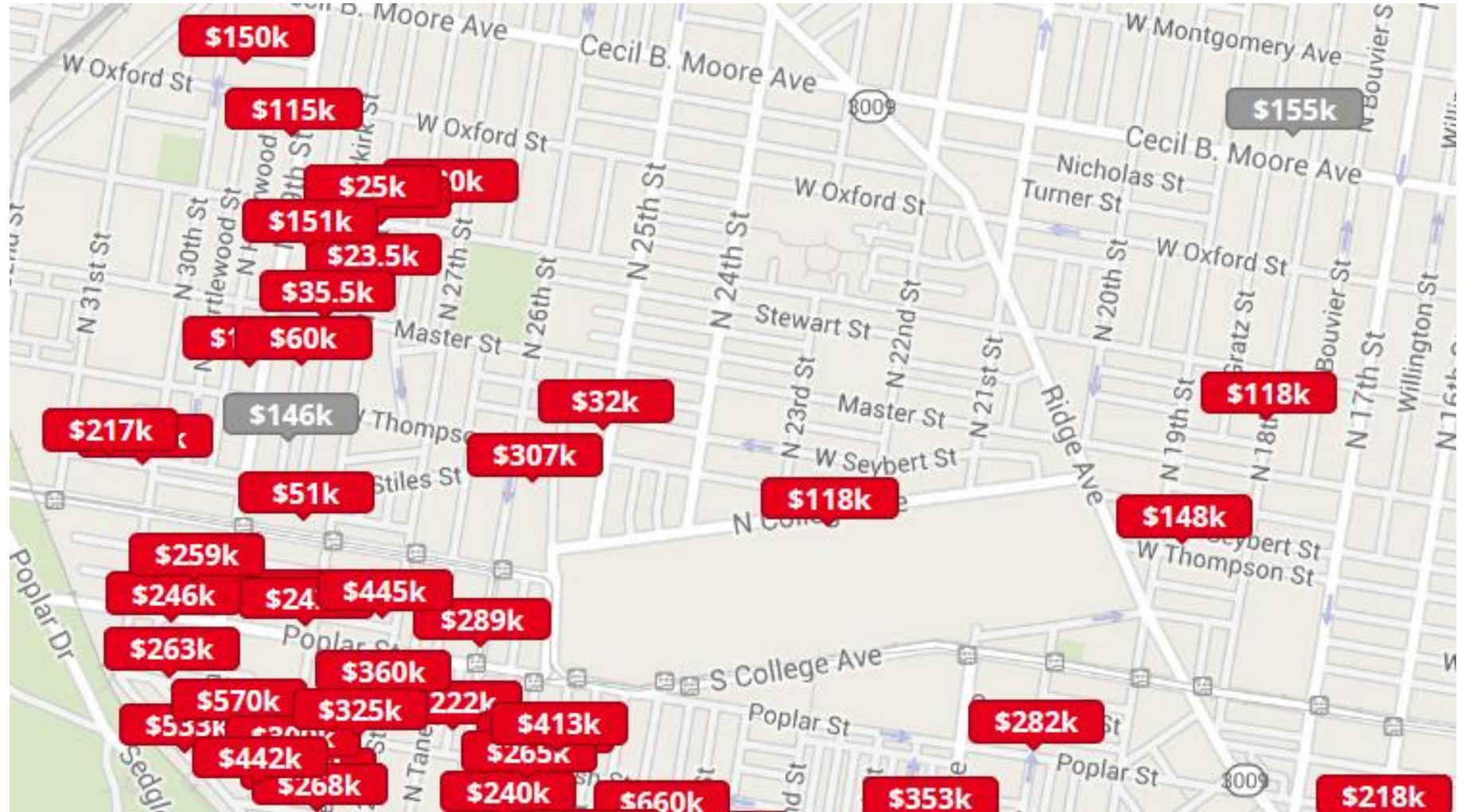
### **Purchasers usually are more sensitive than renters to issues affecting long-term home values – must address:**

- Crime
- Schools

# Recent Home Sales – Trulia

## Overview of Market Study Findings

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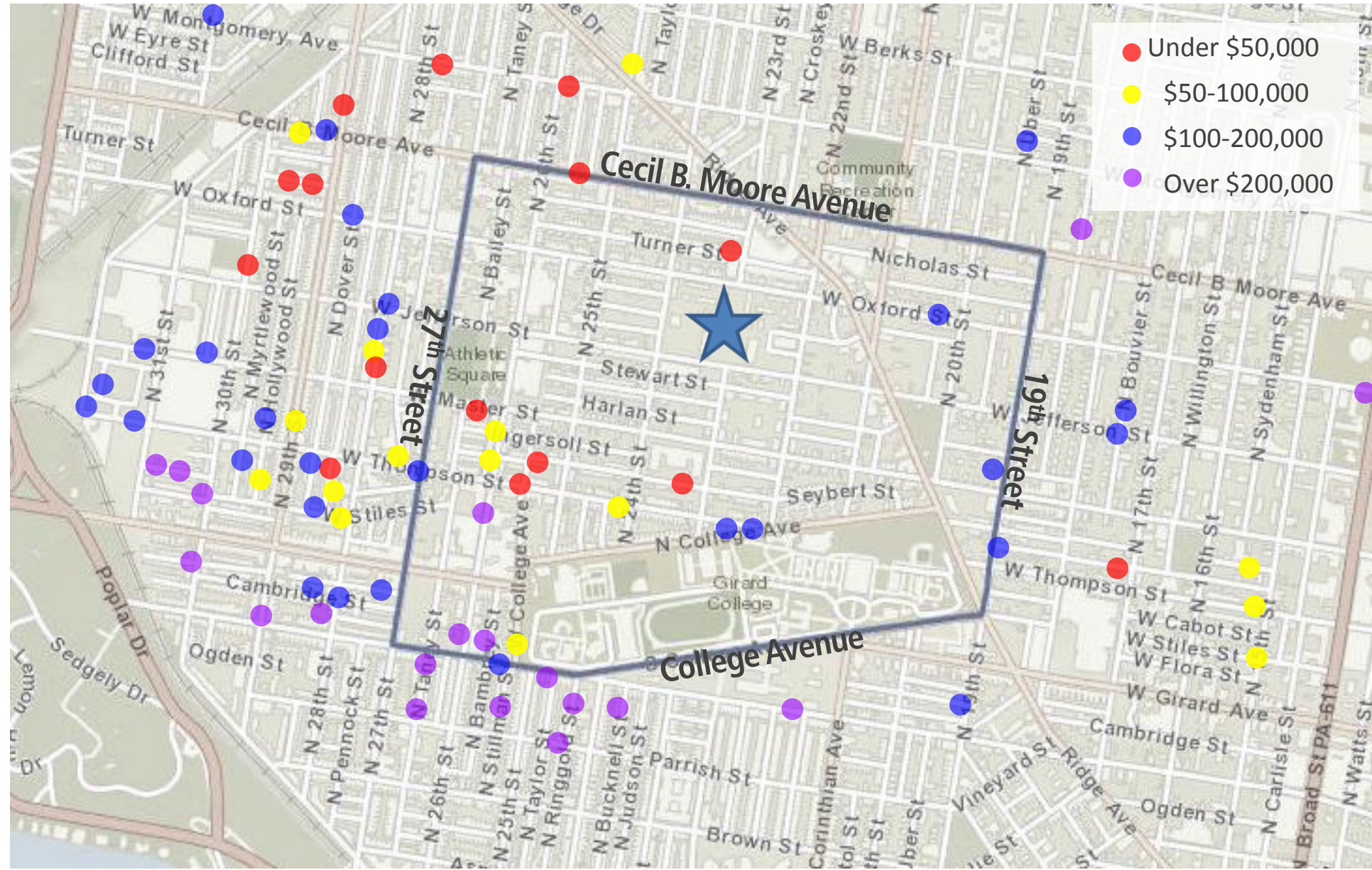


# Home Sales/Sale Prices

December 2013 - Present

## Overview of Market Study Findings

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# Strategy – Build a Market for Choice Area Ownership and Rental

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Principles:

- Create a Neighborhood of Choice.
- Offer a “Critical Mass” of development to show change:
  - Fix a block.
  - Move to the next.
- New housing AND rehabilitation/upgrades.
- Remember need for open spaces and plan for them.

# Overview of Market Study Findings

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## Strategy (continued)

The Reinvestment Fund (TRF) – Strategy for successful neighborhood revitalization:

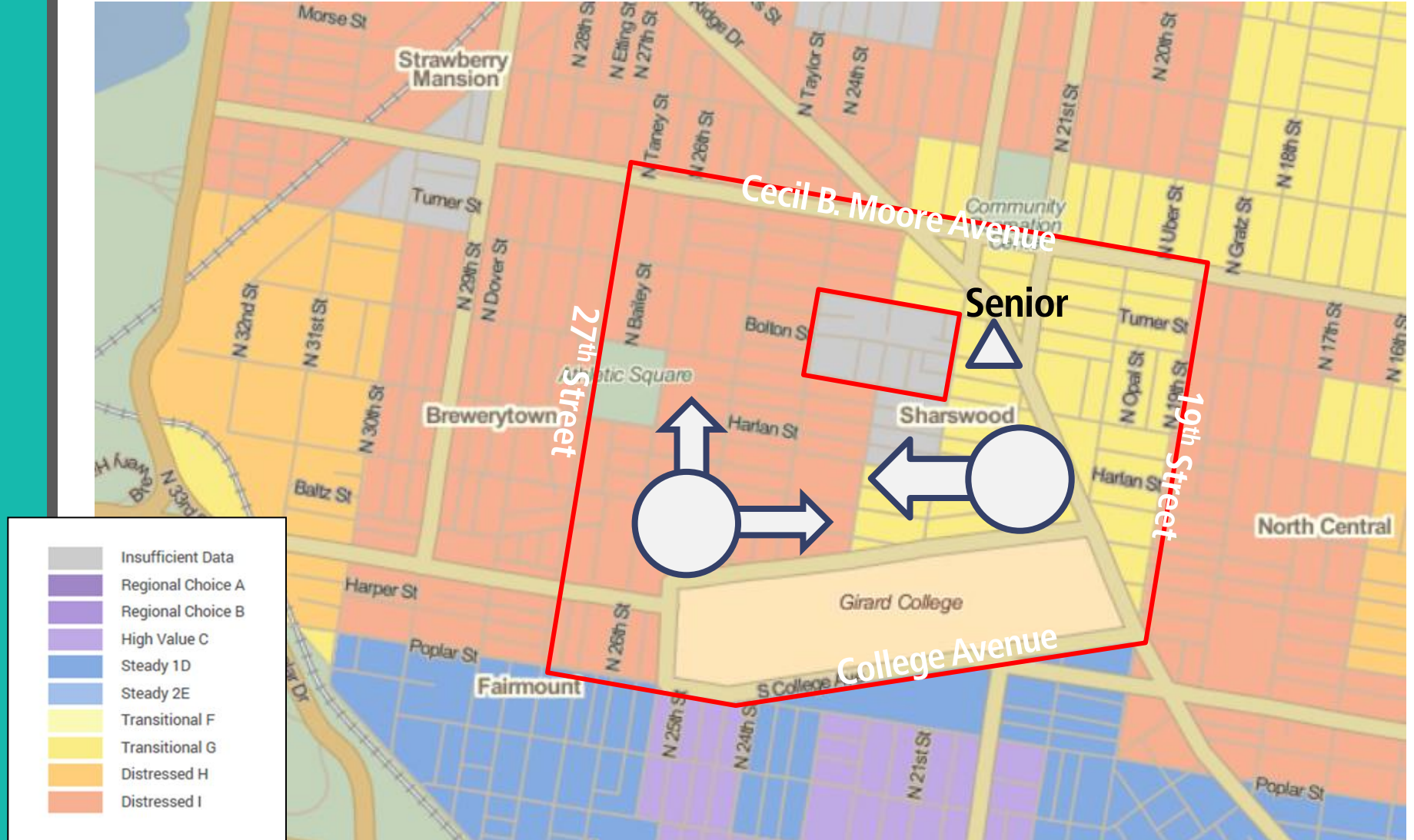
- Public subsidy is scarce and it alone cannot create a market;
- Public subsidy must be used to leverage, or clear a path, for private investment;
- In distressed markets, invest into strength (e.g., major institution of place, transportation hub, environmental amenities) – **“Build from Strength”**;
- All parts of a city are customers of the services and resources that it has to offer;
  - Government action is tailored to the market conditions;
- Decisions to invest and/or deploy governmental programs must be based on objectively gathered data and sound quantitative and qualitative analysis.



# Market Value Analysis (The Reinvestment Fund – 2011)

## Overview of Market Study Findings

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# Marketing Recommendations

## Overview of Market Study Findings

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### Market New Homes

- Sales and marketing office:
  - Visible Ridge Avenue location
  - Marketing materials
  - Web presence
  - MODEL HOMES as in suburban locations
  - Base price with extras
  - Involve Realtors

### Small builder involvement, especially in rehabilitations

- Some are active in the area now.
- Better shot at MBE, WBE builders.
- Competition may reduce costs.

# Thank You!



# Closing & Next Steps

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## Choice Neighborhoods Planning Process

- Submit Draft Transformation Plan to HUD
- Public Meeting – Review and Comment on Draft Plan
- Revise Draft Transformation Plan
- Submit Final Transformation Plan

## Norman Blumberg Site Redevelopment

- Relocation
- Demolition
- Redevelopment
- Reoccupancy



# Key Milestones

	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December
Planning Process Kick-Off																								
Housing Task Force Session #1																								
Housing Task Force Session #2																								
Neighborhood Economic Dev.																								
Needs Assessment/Community Surveys										-----														
Housing Task Force Session #3																								
Housing Task Force Session #4																								
Preliminary Plan Presentation																								
Plan Outline																								
Housing Task Force Session #5																								
Housing Task Force Session #6																								
Draft Transformation Plan																								
Draft Plan Presentation Open House																								
Final Transformation Plan																								