

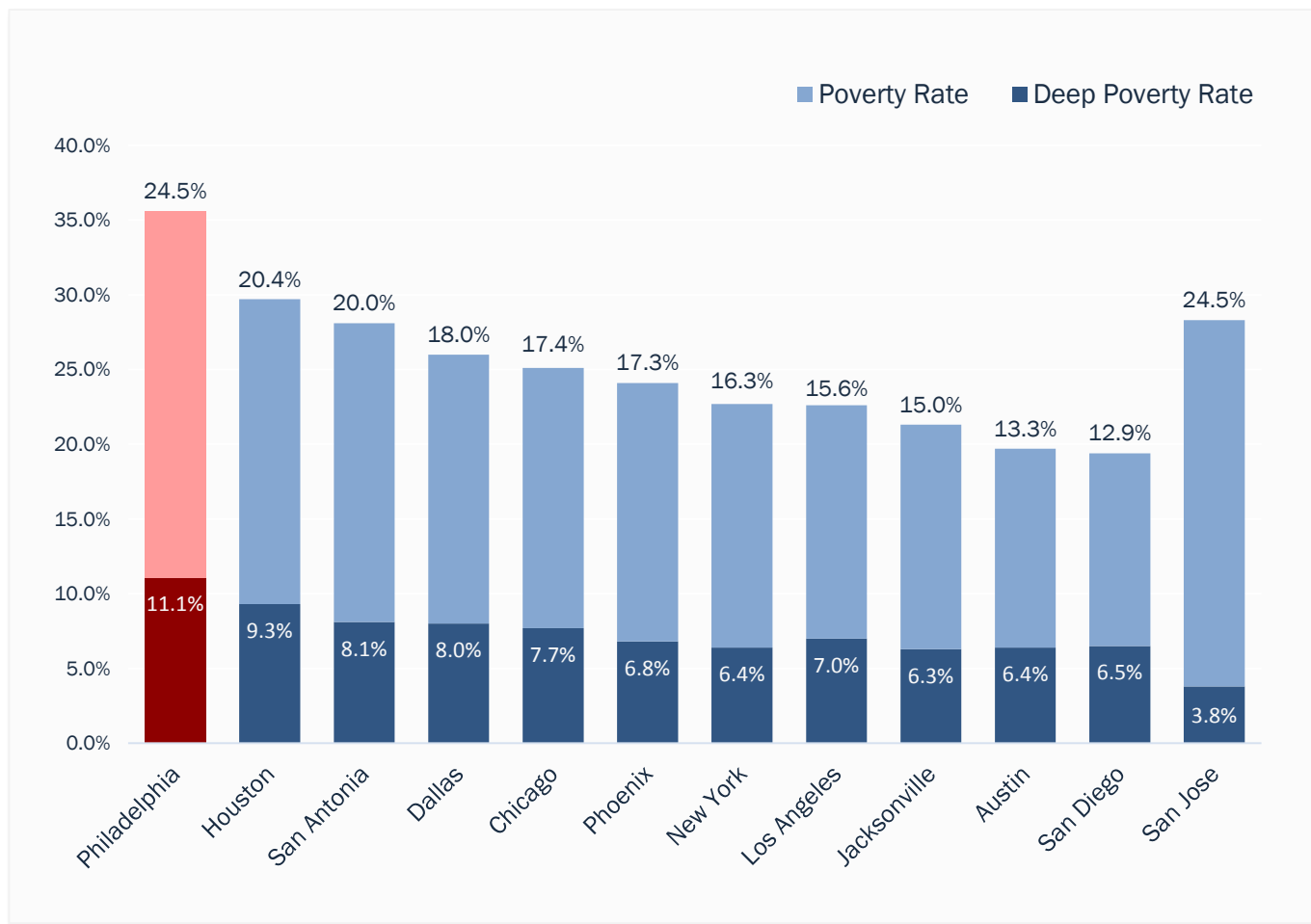
Blueprint for Attainable Housing



BUILDING INDUSTRY ASSOCIATION
of Philadelphia

Philadelphia remains the poorest big city in America.

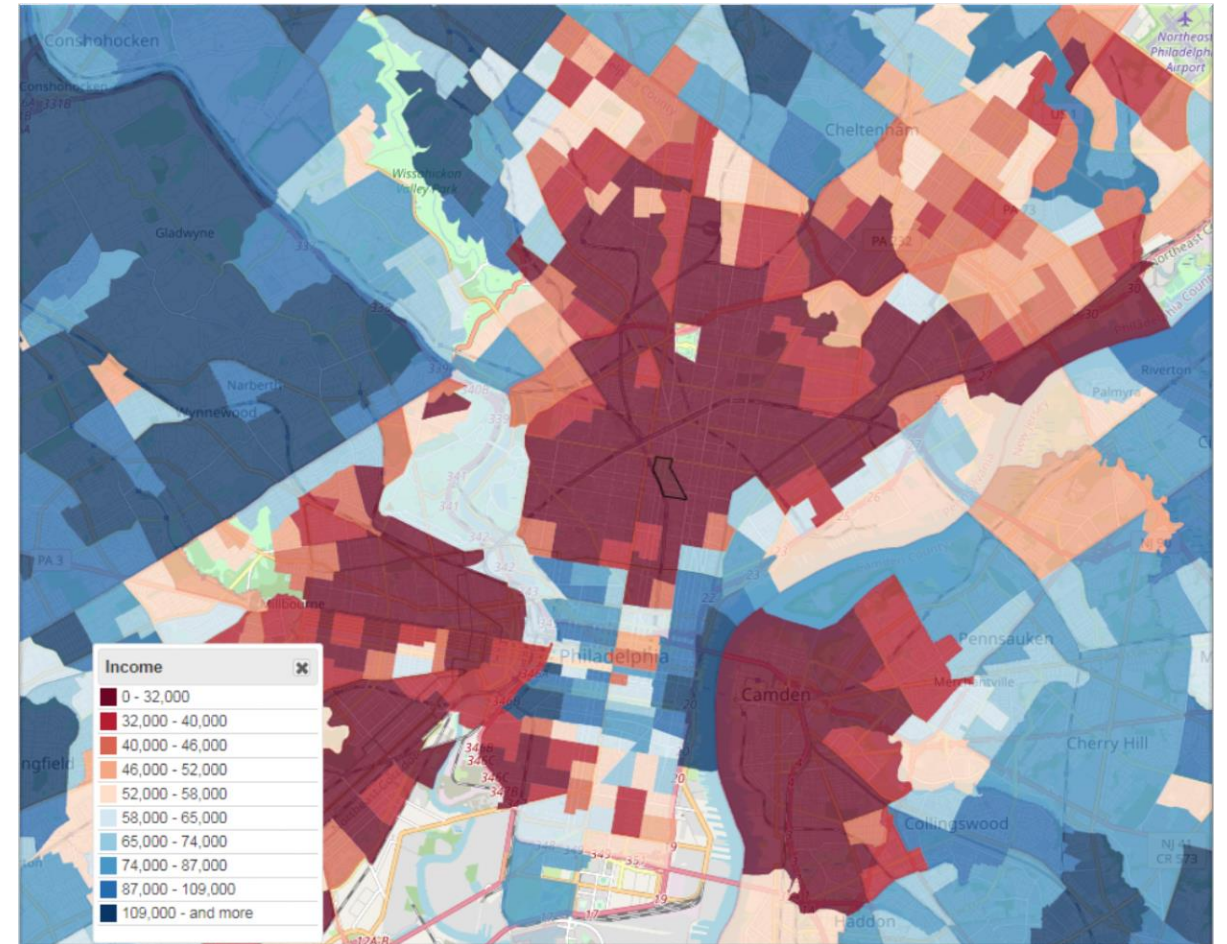
- Highest overall poverty rate among the nation's ten largest cities.
- Nearly a quarter (24.5%) of Philadelphians – 377,116 of us – live in poverty.
- Highest percentage of residents living in deep poverty, with 11.1% of us with incomes below 50% of the overall poverty rate.
- Includes a child poverty rate of 34.6% that also ranks highest among the ten largest cities.
- About 529,000 people—40% of the city's households—are cost-burdened.

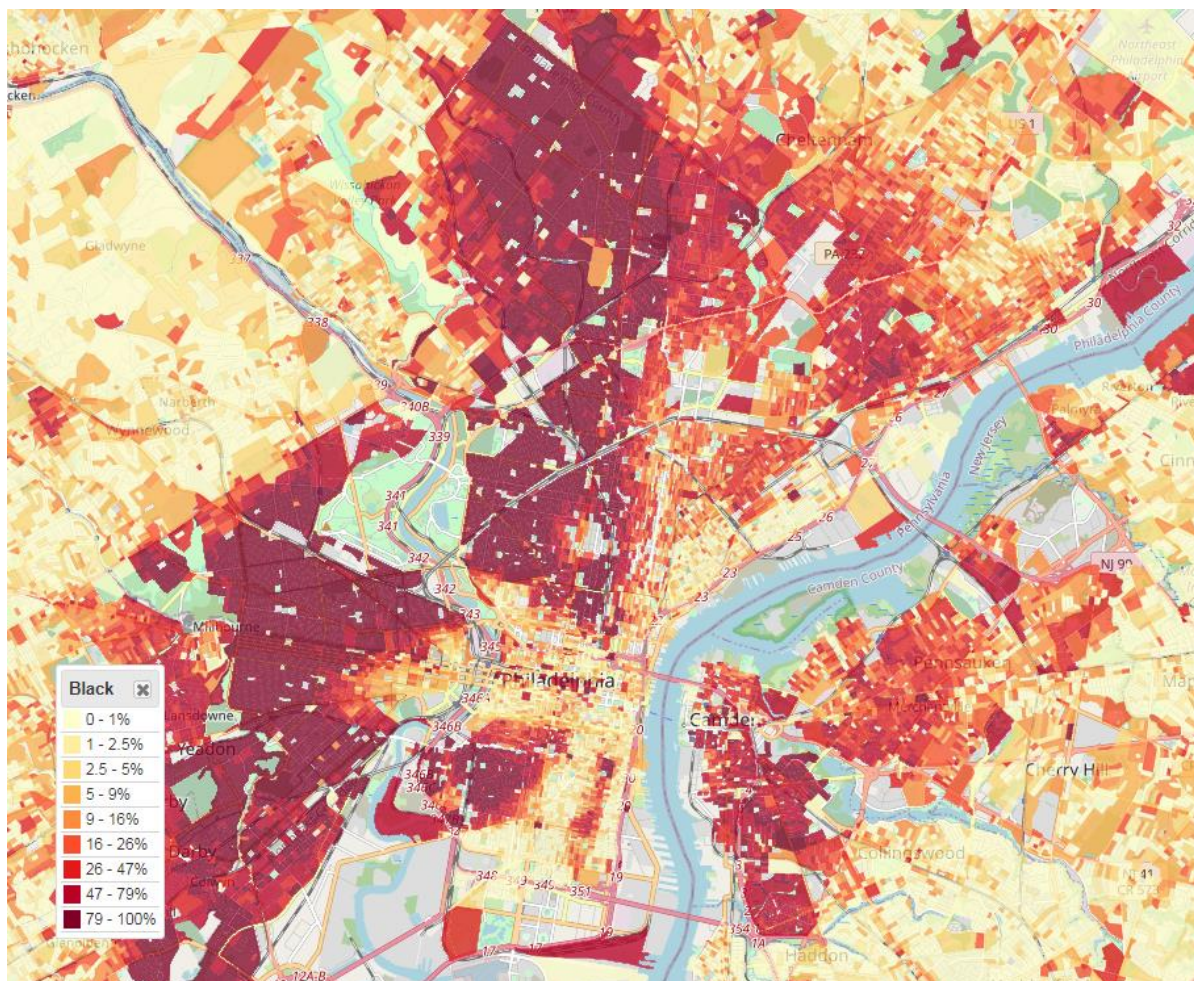


“One major challenge that limits opportunity and increases inequality in America is the incredible segregation of cities.”

-- RAJ CHETTY, WILLIAM A. ACKMAN PROFESSOR OF PUBLIC ECONOMICS AT HARVARD UNIVERSITY.

- Segregated by income with clear concentrations of poverty and wealth.
- From 2000 to 2018, poverty rates decreased in 15 zip codes, predominately Center City and surrounding areas but increased in 31 zip codes – 12 areas above a 30% poverty rate, including five above 40%.





Philadelphia is ranked the third most segregated city in America.

- Income and race maps align.
- Such disparities erode opportunity for the hundreds of thousands of low and middle-income Philadelphians.
- Trends threaten the trajectory of the city as a whole.
- Economic growth and housing development often exclude those already living in the City's poorer neighborhoods.

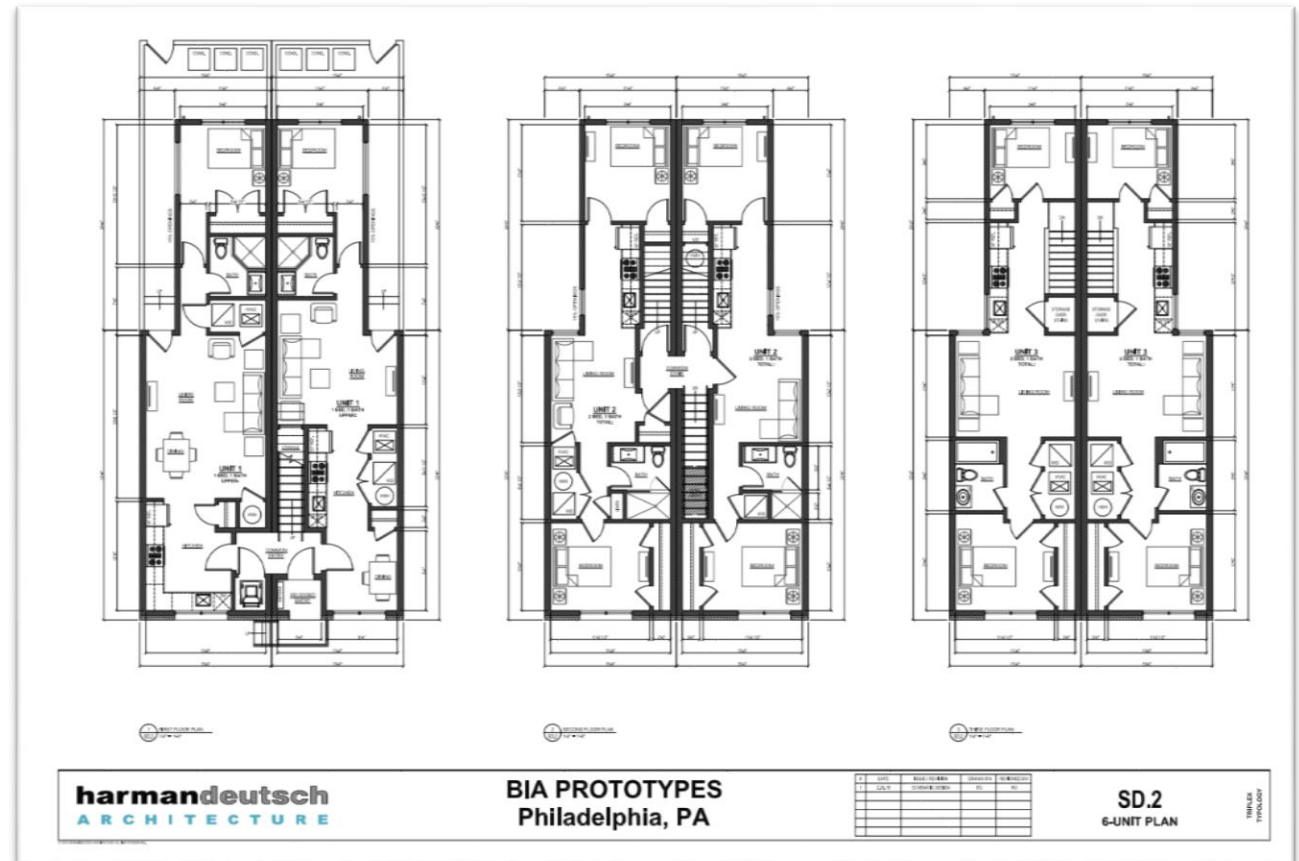
Why is the BIA committed to building more affordable housing?

- First and foremost, it's the right thing to do.
- We can leverage the expertise and capability of private sector residential developers to accelerate the delivery of affordable housing.
- Augment City efforts and the long-standing work of CDCs.
- Support more equitable and inclusive growth throughout Philadelphia.



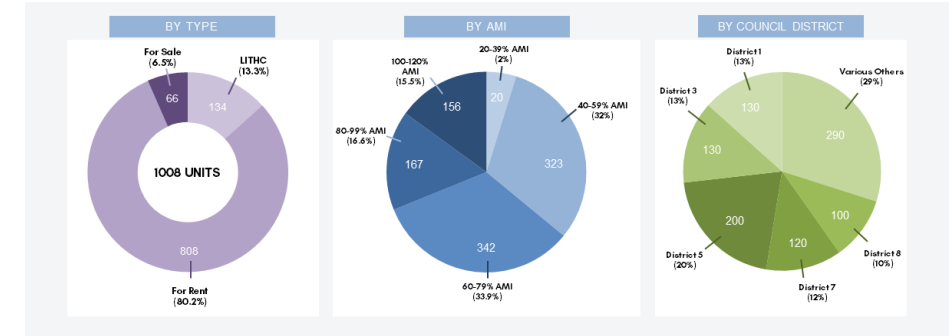
BIA's *Blueprint for Attainable Housing*

- Proposes a proactive, collaborate approach in partnership with the City, City Council, and community stakeholders.
- Offers scalable models that will allow developers of all sizes to deliver attainable housing for rent and for sale.
- Engages with the designers, suppliers, and other service providers in our membership to reduce development costs.
- Works in tandem with organizational goals for furthering diversity, equity, and inclusion within the BIA and the industry.

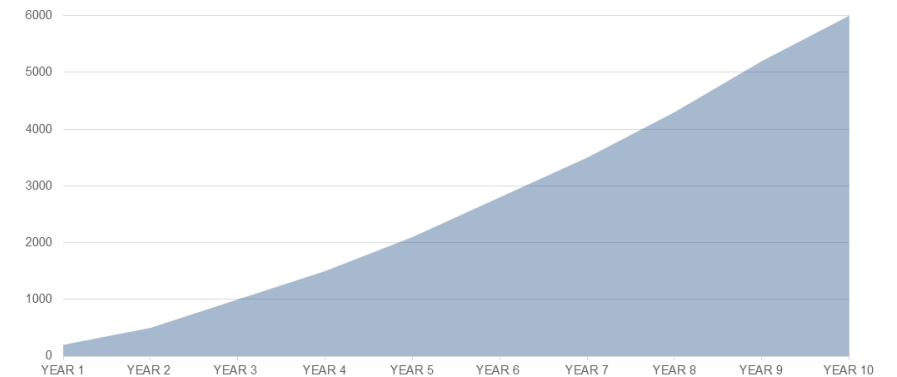


1000+ Units in 3 Years

- BIA members are on track to deliver more than 1,000 attainable units over the next three years.
- Located in at least 5 councilmanic districts.
- Sixty-five percent of these units will serve households at 40-79% of AMI
- Goal is 6,000 units in 10 years.



Projected 10-Year Goal





Rental Model



Sample Large Building



harmandeutsch
ARCHITECTURE

BIA PROTOTYPES
Philadelphia, PA

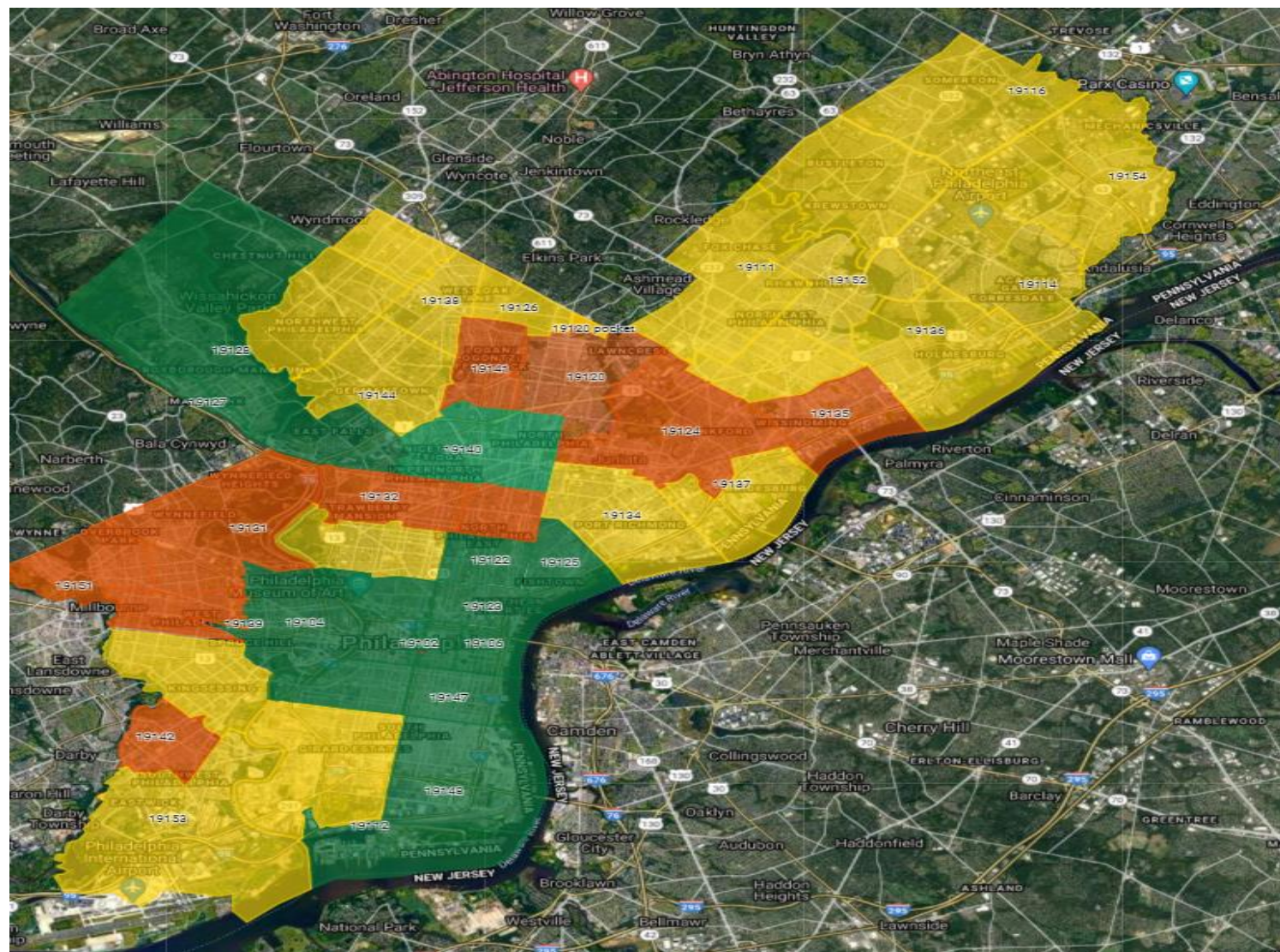
#	DATE	REVISION	REVISION BY	REVISION FOR
1	1/24/21	SCHWABE DESIGN	DS	KS

SD.1
FLOOR PLANS

TRIPLEX
TYPOLOGY

Sample Triplex

Interactive Map





Interactive Proformas

Rental Affordability Model			
<input type="checkbox"/> Green Roof Bonus	Land Cost		\$ 1,365,000
<input type="checkbox"/> Moderate Income Bonus	Lot Size		10,000
<input type="checkbox"/> Low Income Bonus	Zoning		RM-1
	Total # of Units		21.83
	Total Allowable Building Size		Listed Below
	Stories Allowed By code		3.00
	Stories you want		4
	Rental zone		B Area
	Estimated Building Size		30,000.00
	Total Residential Units		21
	80% AMI		-
	60% AMI		4
	50% AMI		4
	Market Rate Apartments		13
	With Levers		
	Average Rent PSF		
	Market Rate Rents	\$ 2.35	\$ 1,777
	Affordable Rental Rates	\$ 1.24	\$ 937
	OPERATING INCOME		
	Market Rate Rental Income		\$ 277,200
	Affordable Rental Income		\$ 89,944
	Less Vacancy	5%	\$ (18,357)
	Total Rental Income		\$ 348,787
	Expenses		
	Management	5%	\$ (17,439)
	Operating Expenses	22%	\$ (76,733)
<input type="checkbox"/> Old Tax Abatement	Taxes (Based on Current tax abatement)		\$ (30,450)
	Net Operating Income (before mortgage payment)		\$ 224,165
	PROJECT COSTS & FINANCING		
	Total Project Cost		\$ 6,572,250
	Down Payment (25%)	25%	\$ (1,643,063)
	Loan Amount		\$ 4,929,188
	Interest Rate		4.5%
	Term		30
<input type="checkbox"/> 3 Year Interest Only	THE 'GAP'		
	Net Operating Income		\$ 224,165
	Mortgage payments		\$ 299,706
	ANNUAL PROCEEDS		\$ (75,541)
	Investor Return		-4.60%
	BANK FINANCING WOULD REQUIRE MIN DEBT SERVICE RATIO OF 1.25		
	THIS PROJECT HAS DEBT SERVICE RATIO OF		0.75
	Eligible for Bank Financing (If then needs to be above 125%)		
	Gap to get to 8%		\$ 206,986
	Gap to get to 1.25 Debt Service		\$ 120,374
	How much of a subsidy do we need to make this work		
	Annual Subsidy		\$ 206,986
	Per Month Per Affordable Unit		\$ 2,156



Interactive Proformas

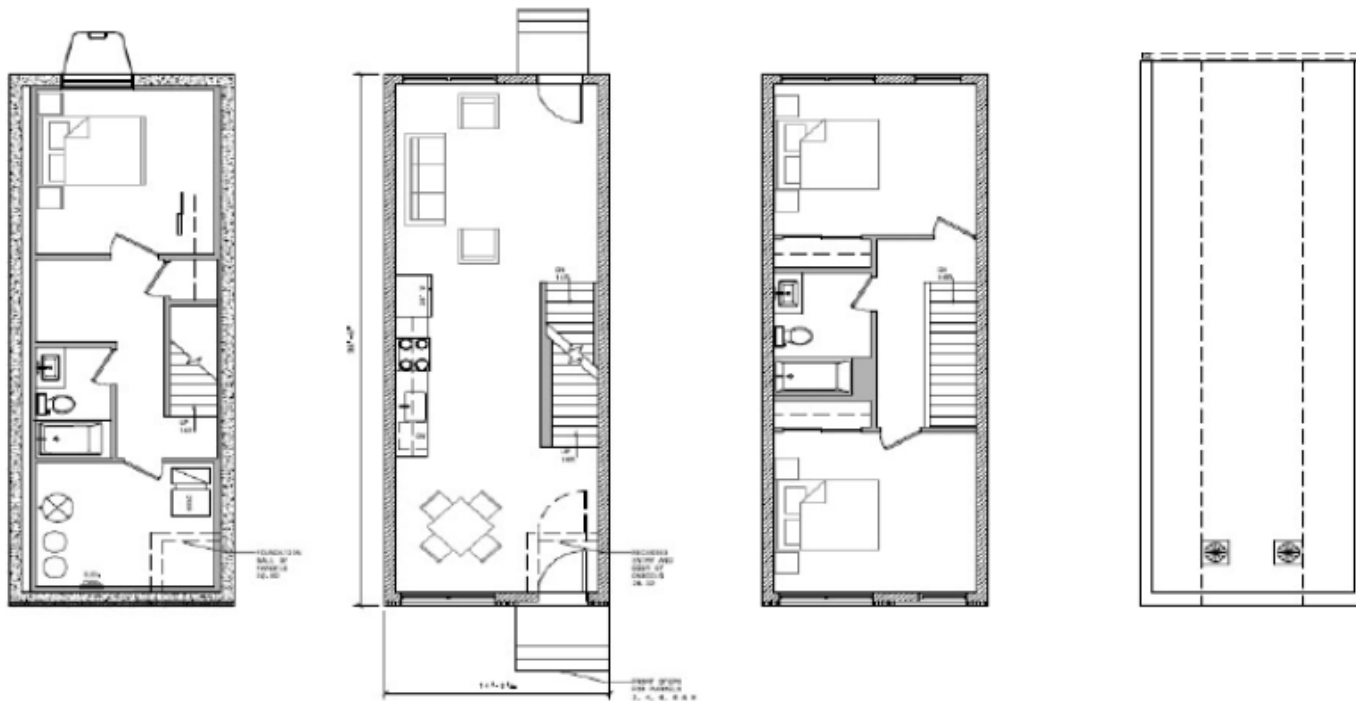
Rental Affordability Model			
<input type="checkbox"/> Green Roof Bonus	Land Cost		\$ 2,600,000
<input type="checkbox"/> Moderate Income Bonus	Lot Size		10,000
<input checked="" type="checkbox"/> Low Income Bonus	Zoning		RM-1
	Total # of Units		40.00
	Total Allowable Building Size		Listed Below
	Stories Allowed Bycode		4.00
	Stories you want		4
	Rental zone		B Area
	Estimated Building Size		30,000.00
	Total Residential Units		40
	80% AMI		-
	60% AMI		4
	50% AMI		4
	Market Rate Apartments		32
	With Levers		
	Average Rent PSF		
	Market Rate Rents	\$ 2.33	\$ 1,763
	Affordable Rental Rates	\$ 1.24	\$ 937
	OPERATING INCOME		
	Market Rate Rental Income		\$ 676,800
	Affordable Rental Income		\$ 89,944
	Less Vacancy	5%	\$ (38,337)
	Total Rental Income		\$ 728,407
	Expenses		
	Management	5%	\$ (36,420)
	Operating Expenses	22%	\$ (160,249)
<input checked="" type="checkbox"/> Old Tax Abatement	Taxes (Based on Current tax abatement)		\$ (36,400)
	Net Operating Income (before mortgage payment)		\$ 495,337
	PROJECT COSTS & FINANCING		
	Total Project Cost		\$ 7,992,500
	Down Payment (25%)	25%	\$ (1,998,125)
	Loan Amount		\$ 5,994,375
	Interest Rate		4.5%
	Term		30
<input checked="" type="checkbox"/> 5 Year Interest Only	THE 'GAP'		
	Net Operating Income		\$ 495,337
	Mortgage payments		\$ 269,747
	ANNUAL PROCEEDS		\$ 225,590
	Investor Return		11.29%
	BANK FINANCING WOULD REQUIRE MIN DEBT SERVICE RATIO OF 1.25		
	THIS PROJECT HAS DEBT SERVICE RATIO OF		1.84
	Eligible for Bank Financing (If then needs to be above 125%)		
	Gap to get to 8%		\$ -
	Gap to get to 1.25 Debt Service		\$ -
	How much of a subsidy do we need to make this work		
	Annual Subsidy		\$ -
	Per Month Per Affordable Unit		\$ -



For-Sale Model



Sample Affordable Home Exterior



Affordable Homes Floorplan



Features of a For-Sale Affordable Home:

- 2-Story
- 3 Bedrooms (2 above grade, one in basement)
- 2 Bathrooms

RECENT LEGISLATION: Bill No. 190606-AA03 effective 1/1/2020

Non-Competitive Sales

- A Non-Competitive Sales, as permitted pursuant to the Disposition Policy, is not considered a competitive sale.
- The City may direct the transfer of property or properties to a specific entity without a competitive process for:
 - The development of an assemblage (50% of land)
 - Business expansion
 - Affordable Housing Development or Community based facilities
 - Mixed-Use Developments where 51% of the units are for affordable housing—Both For-Profit & Non-Profit Developers may submit
 - Side/rear yards, Garden/Community Garden Agreement





29 CITY LOTS - 15 @ 120% AMI and 14 @ Market Rate

PROJECT & UNIT DATA

	<u>AVERAGE</u>	<u>120% AMI SINGLE</u>	<u>MARKET RATE SINGLE</u>
		<u>FAMILY HOME</u>	<u>FAMILY HOME</u>
<u># of Units</u>	29	15	14
<u>GROSS SF of Units</u>	1,333	1,150	1,530
<u>Anticipated Sales Price</u>		229,990	299,990
<u>Selling price per GROSS SF</u>			
<u>Building \$ per SF</u>		148	127
<u>Construction Cost</u>		170,000	195,000
		TIS HOUSE WILL BE APPRAISED FOR \$269,990	
<u>Purchase Price</u>	\$ 200,000.00		

PROFITABILITY

SALES PRICE		\$ 7,649,710.00
SELLING & TRANSFER COST	6.8%	\$ 516,355.43
		\$ 6,061,200.00
PROFIT		\$ 1,072,154.58
TOTAL PROFIT		\$ 1,072,154.58
PROFIT MARGIN		17.69%

COST BREAKDOWN AND DETAILS

	<u>TOTAL</u>	<u>Borrower</u>	<u>Loan</u>
Purchase Price	200,000.00	200,000.00	-
Acquisition cost*	406,200.00	406,200.00	-
Improvements**	5,280,000.00	-	5,280,000.00
Site Improvements	25,000.00	25,000.00	-
Interest for debt only	150,000.00		150,000.00
TOTAL	\$ 6,061,200.00	\$ 631,200.00	\$ 5,430,000.00
Acquisition cost*			
Dev fee	\$ 100,000.00		
Loan Fee	\$ 35,000.00		
Doc Prep & Misc	\$ 28,000.00		
Title	\$ 25,000.00		
Transfer tax	\$ 8,200.00		
Plan Set & GEOTECH &	\$ 100,000.00		
GL & RE TAXES	\$ 50,000.00		
Legal	\$ 50,000.00		
Appraisals	\$ 10,000.00		
TOTAL	\$ 406,200.00		
House Building Costs**			
House Costs	\$ 5,280,000.00		
TOTAL			

49% MARKET RATE AND
51% @ 120% AMI

BEST FINANCIAL OUTCOME
FOR DEVELOPER



29 CITY LOTS - 2 @ 60% AMI, 5 @ 80% ami, 8 @ 120% AMI and 14 @ Market Rate

PROJECT & UNIT DATA

	<u>AVERAGE</u>	<u>60% AMI SINGLE</u>	<u>80% AMI SINGLE</u>	<u>120% AMI SINGLE</u>	<u>MARKET RATE</u>
<u># of Units</u>	29	<u>FAMILY HOME</u> 2	<u>FAMILY HOME</u> 5	<u>FAMILY HOME</u> 8	<u>SINGLE FAMILY</u> 14
<u>GROSS SF of Units</u>	1,333	1,150	1,150	1,150	1,530
<u>Anticipated Sales Price</u>		129,990	179,990	229,990	299,990
<u>Selling price per GROSS SF</u>					
<u>Building \$ per SF</u>		143	143	143	137
<u>Construction Cost</u>		165,000	165,000	165,000	210,000
<u>Purchase Price</u>	\$ 60,000.00				

97% LTV 3.92% 30 YR AMORT	MORTGAGE	\$591	\$813	\$1,040
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PROFITABILITY

SALES PRICE	\$	7,199,710.00
SELLING & TRANSFER	6.8% \$	485,980.43
COST	\$	6,050,460.00
PROFIT	\$	663,269.58
TOTAL PROFIT	\$	663,269.58
PROFIT MARGIN		10.96%

COST BREAKDOWN AND DETAILS

	<u>TOTAL</u>	<u>Borrower</u>	<u>Loan</u>
Purchase Price	60,000.00	60,000.00	-
Acquisition cost*	400,460.00	400,460.00	-
Improvements**	5,415,000.00	-	5,415,000.00
Site Improvements	25,000.00	25,000.00	-
Interest for debt only	150,000.00		150,000.00
TOTAL	\$ 6,050,460.00	\$ 485,460.00	\$ 5,565,000.00
Acquisition cost*			
Dev fee	\$ 100,000.00		
Loan Fee	\$ 35,000.00		
Doc Prep & Misc	\$ 28,000.00		
Title	\$ 25,000.00		
Transfer tax	\$ 2,460.00		
Plan Set & GEOTECH &	\$ 100,000.00		
GL & RE TAXES	\$ 50,000.00		
Legal	\$ 50,000.00		
Appraisals	\$ 10,000.00		
TOTAL	\$ 400,460.00		

49% MARKET RATE AND
7% @ 60% AMI
17% @ 80% AMI
26% @ 120% AMI

LEAST ACCEPTABLE BY LENDER
UNDERWRITING

Main Assumptions

- \$165,000-\$170,000 to build a 2-story 1,150 SQFT including finished basement.
- No storm water management or private cost (street paving) is included as this would mostly be infill construction.





No Subsidies

SCENARIO #	SCENARIO	MARKET RATE	60%AMI	80% AMI	100% AMI	120% AMI	SUBSIDY
1	BY RIGHT UNDER 190606 - BEST ALLOWABLE OPTION FOR DEVELOPERS	49%				51%	\$0
2	BY RIGHT UNDER 190606 - MAXIMUM AFFORDABILITY THAT DEVELOPERS CAN DO BY RIGHT DUE TO LENDER CONSTRAINTS	48%	7%	19%		26%	\$0
3	ALL 120% AMI - NO MARKET RATE					100%	\$0

What can we do with subsidies?

SCENARIO #	SCENARIO	MARKET RATE	60%AMI	80% AMI	100% AMI	120% AMI	SUBSIDY
4		48%	17%	19%		17%	\$9,750
5		20%			40%	40%	\$11,220
6		48%	10%	21%		21%	\$14,750
7		48%		26%		26%	\$20,750
8					50%	50%	\$21,804
9		25%	25%	25%		25%	\$23,000
10		25%	25%	25%		25%	\$23,000
11		20%	20%	20%	20%	20%	\$25,620
12	SPLIT MARKET RATE AND 60% AMI	48%	52%				\$31,650
13			25%	25%	25%	25%	\$38,943
14	ALL 80% AMI - NO MARKET RATE			100%			\$39,250
15	ALL 100% AMI - NO MARKET RATE				100%		\$46,254
16	NO MARKET RATE - ALL AFFORDABLE SPLIT EVENLY		33%	33%		33%	\$57,250
17	ALL 60% AMI - NO MARKET RATE		100%				\$81,500



Building Support for the *Blueprint*

- Identify decision-makers and influencers.
- Form strategic partnerships/coalitions.
- Advocate for removing legislative barriers to attainable housing:
 - Land disposition
 - Zoning and permitting
 - Infrastructure improvements
 - Funding



Next Steps

- We will invite Builder Members to submit an expression of interest to the committee.
- Associate Members providing integral services and products will be invited to submit packages for use in the development of *Blueprint* units.
- Reach out to City and community partners.
- Advocate to remove barriers to attainable housing and add incentives.
- Support the work of our DEI Committee to increase diversity, equity, and inclusion in housing development through education, partnerships, and mentoring.



Thank you!