Delaware Valley Regional Planning Commission

RESIDENTIAL INVESTMENT

RESIDENTIAL INVESTMENT IN CENTERS

PHASE I and II FINAL REPORT

JANUARY 2004

JANUARY 2004

Delaware Valley Regional Planning Commission

RESIDENTIAL INVESTMENT IN CENTERS

RESIDENTIAL INVESTMENT

PHASE I and II FINAL REPORT

JANUARY 2004

JANUARY 2004

Created in 1965, the Delaware Valley Regional Planning Commission (DVRPC) is an interstate, intercounty and intercity agency that provides continuing, comprehensive and coordinated planning to shape a vision for the future growth of the Delaware Valley region. The region includes Bucks, Chester, Delaware, and Montgomery counties, as well as the City of Philadelphia, in Pennsylvania; and Burlington, Camden, Gloucester and Mercer counties in New Jersey. DVRPC provides technical assistance and services; conducts high priority studies that respond to the requests and demands of member state and local governments; fosters cooperation among various constituents to forge a consensus on diverse regional issues; determines and meets the needs of the private sector; and practices public outreach efforts to promote two-way communication and public awareness of regional issues and the Commission.

Our logo is adapted from the official DVRPC seal, and is designed as a stylized image of the Delaware Valley. The outer ring symbolizes the region as a whole, while the diagonal bar signifies the Delaware River. The two adjoining crescents represent the Commonwealth of Pennsylvania and the State of New Jersey.

DVRPC is funded by a variety of funding sources including federal grants from the U.S. Department of Transportation's Federal Highway Administration (FHWA) and Federal Transit Administration (FTA), the Pennsylvania and New Jersey departments of transportation, as well as by DVRPC's state and local member governments. The authors, however, are solely responsible for its findings and conclusions, which may not represent the official views or policies of the funding agencies.

TABLE OF CONTENTS

List of Maps and Figures

[1] Metro areas with stronger residential markets and regional growth statistics.

Executive Summary

This two-year, two-phase policy report analyzes residential development trends region-wide and explores the barriers to residential investment in the region's older urban communities. Building permit activity, lending patterns and other data is documented and analyzed to visualize trends in housing over the last decade. Interviews and questionnaires are then used to uncover issues from the perspective of both residential developers and municipalities and counties as to how residential investment is approached and encouraged in the region's older urban areas (inner ring suburbs, boroughs or cities). Furthermore, six case studies are included that illustrate successful residential developments in urban areas throughout the region, including affordable, senior, family, rental and for-sale units.

The goals of this policy paper are to provide an analytical snapshot of the region's housing growth and investment patterns, realistically outline certain barriers to redeveloping older urban areas and highlight successful ways to overcome these obstacles. DVRPC is working diligently with its member governments to encourage reinvestment in inner ring suburbs, cities and boroughs by providing information and educational opportunities as well as grant programs. DVRPC will continue to work closely with municipal officials and county representatives, with the guidance of the Regional Housing Committee, to promote convenient and affordable housing for the Delaware Valley's residents.

Please see the Appendices at the conclusion of the document for contact information on specific programs and county/municipal housing resources.

RESIDENTIAL INVESTMENT

ANALYSIS OF TRENDS AND BARRIERS TO RESIDENTIAL INVESTMENT IN CENTERS

PHASE I of II

Chapter One: Background and Introduction

The nine-county bi-state region encompassing the Philadelphia metropolitan area, not unlike many other metropolitan regions across the United States, faces issues and barriers to residential development. The pattern of residential development from the view of an airplane window would look very similar to other sprawling metropolitan areas: towns and cities spread across the landscape with higher concentrations of buildings, a greater mix of uses and higher land use density clustered around a central city with multiple centers. In the suburbs, densities tend to decrease, commercial corridors are found along major roadways, houses become larger and are spaced further apart, and multi-family dwellings and mixes of uses become an exception instead of the rule. Development along highway corridors stretches out into the hinterlands, which are increasingly being developed to meet the ever-growing demand for more space.

The region's growth statistics are startling. The Philadelphia region has experienced only 3% population growth over the last decade, yet an additional 33% of the region's land has been developed over the same time period[2]. The region cannot accomplish sound long range planning goals, such as open space and farmland preservation, while losing land at such an alarming rate. These sprawling development patterns need to be curtailed if the region's overall quality of life is to be maintained and enhanced.

How can we transform the region's predominant development trends from sprawl to clusters of towns and bustling centers of activity while saving parks, open space and farmland? One method is to refocus efforts and spending on residential construction and rehabilitation in the region's core cities and first generation suburbs that lie along or within close proximity to our major roadways and rail lines. Redirecting our energies away from sprawling development patterns towards reinventing existing towns and cities as desirable places to reside, is not a new concept. It has been reflected in

[2] Flight or Fight: Metropolitan Philadelphia and its Future. Metropolitan Philadelphia Policy Center, September, 2001.

DVRPC's as well as individual member governments' long-range planning goals for years. Whether it is new construction, rehabilitation of existing housing stock or adaptive reuse of obsolete commercial or industrial structures, the goal is clear: to mitigate the trend of rapid land consumption and outwardly expanding growth and neglected, deteriorating centers and cities. Ways and means are needed to focus a greater share of investment back into our cities and towns, recreating their viability and attraction as residential centers.

DVRPC's HORIZONS 2025 Plan

DVRPC prepared and adopted the *Horizons 2025* Land Use and Transportation Plan following a two year planning process to update and expand the Direction 2020 Land Use and Transportation Plan. *Horizons* aims to guide future growth and development in the Delaware Valley Region. The planning process involved a series of public involvement workshop sessions and produced a series of separate reports on various planning issues. One report in particular, fits well with the scope of this study, by documenting the region's growth trends and offering policies to guide future growth: *The Regional Land Use Plan: A Vision of Renewal for the 21st Century*, the third of five reports published throughout the planning process. In order to fully grasp and address the region's diverse development patterns, the Year 2025 plan identifies various planning and policy approaches. Four types of geographic areas were proposed in order to organize the plan and define specific policy and implementation strategies: Core Cities, First Generation Suburbs, Growing Suburbs and Rural Areas (see Figure 1 and Map 1).

***Centers*- as defined in the Horizons Year 2025 Land Use and Transportation Plan:**

⇨ Provide focal points in the regional landscape that serve to reinforce or establish a sense of community for local residents, while at the same time, recognizing regional significance from the perspectives of government, service, economic or multiple uses.

⇨ By focusing growth around existing and emerging centers, more of the region's open space and natural features have a chance of being preserved, sprawl development can be curtailed, and a greater sense of community can be realized throughout the region.

FIGURE 1: CENTERS: Horizons 2025 Land Use Plan

Centers as defined in *Horizons:*

Metro Center- **The two square miles of Center City Philadelphia, bounded by the Delaware and Schuylkill rivers from Spring Garden to South Street. This dense, compact, mixed-use area includes the City's central business district and office core with nearly 300,000 jobs as well as major tourism and entertainment destinations. It is also the place of residence for nearly 49,000 people. It serves the entire region as well as portions of three states.**

Metro Sub-Centers- **Defined based on a region-wide significance and stages of development. Two *Mature Urban Centers*, the cities of Trenton and Camden, reflect existing job concentrations and regional importance as Core Cities. *Four Suburban Growth Centers,* King of Prussia/Valley Forge, International Airport/I-95, Cherry Hill/Voorhees/Marlton and the Princeton/Route 1 Corridor, which extends into Middlesex County, reflect the dramatic job growth concentrations that have emerged as satellite centers around Philadelphia.**

Regional Centers- **Reflect a variety of settings including county government centers, central business districts of older boroughs, city neighborhoods and towns and emerging concentrations of industrial, office and retail facilities, with residential concentrations, in both urban and suburban areas. Generally, these centers serve a county or portion of a county. Three levels of Regional Centers have been identified reflecting their different stages of development and the need for different planning policy approaches in the future.**

County Centers- **Existing centers of importance on a countywide or sub-county scale, that provide a stable concentration of housing, jobs and services. Five of the eight county seats are designated as County Centers, as are certain older boroughs, first generation suburbs and Philadelphia neighborhoods. County Centers have a compact development pattern with a balanced mix of residential and worker population. Certain County Centers provide services, shopping and employment for their surrounding rural areas.**

Revitalizing Centers- **Centers in need of directed action to renew and stabilize neighborhoods and reverse trends of declining population and/or jobs (greater than 5% over the last decade, with forecasts for continued losses). They are compactly developed, mixed-use communities that have served as focal points for employment, services, or cultural activities.**

Growth Centers- **Existing or emerging centers forecasted to have increasing concentrations of people, jobs and services. They have land available for new development, existing or planned sewage capacity and current county and municipal policies favoring continued growth and expansion. Growth Centers are generally well served by existing highways, but may lack sufficient public transit service.**

Source: DVRPC adopted 2025 Land Use & Transportation Plan, 2002.

Study Purpose

Phase I of a two-year, two-phase study, covers topic areas defined in consultation with the Regional Housing Committee. Phase I includes an in-depth and comprehensive look at housing-related lending and building activity statistics in the region to properly document and assess current housing trends. Data analysis and discussion along with maps illustrate geographic distribution of housing and lending activity. Housing Mortgage Disclosure Act data (HMDA), census data, building permit data, and school enrollment statistics are examined. In addition, the role that zoning, subdivision and land development regulations play on housing and lending trends is explored.

Alternatives to current residential trends are further examined, consistent with DVRPC's Year 2025 Land Use Plan policies. Of course, along with any discussion of possible solutions, implementation challenges present themselves. This report also addresses key challenges and barriers that the development community faces when attempting to redevelop residential areas in centers and core cities. Ideas and strategies are plentiful, but effective results can not occur if certain barriers are not overcome.

The report's first phase concludes with a discussion of various public and private sector roles in overcoming barriers to redevelopment, specifically pertaining to housing. There is also a section introducing the second phase of the report, summarizing and highlighting the chosen case studies to be discussed in detail in chapter five.

Phase II covers the role and importance of state building codes and how the codes support or hinder residential investment practices, in addition to the in-depth overview of the six case studies on successful redevelopment efforts region wide. The New Jersey Rehabilitation Sub-code is discussed in regards to its positive influence on developers rehabilitating houses in the State of New Jersey.

Chapter seven provides a thorough overview of housing programs at the federal, state and local level which support and encourage residential investment in centers. Lastly, chapter eight summarizes the barriers from earlier chapters and then highlights some specific ways to overcome those barriers within the bi-state nine-county area and how DVRPC can continue to promote residential development in centers and core communities.

Regional Housing Committee and Study Advisory Committee

The Regional Housing Committee provides a forum for discussing housing issues facing the Delaware Valley and provides direction in housing research and planning activities for DVRPC staff. The quarterly Committee meetings allow member agencies to speak on project-related concerns and to give updates on pertinent housing activities taking place throughout the region. This forum provides opportunity for discussion and offers committee members the insight to better direct future funding and programmatic goals towards meeting the housing needs of the region's populous. The current study is a logical outgrowth of the committee and DVRPC's overall mission, linking specific work program goals of the Housing Committee to the broader framework of DVRPC's long-range land use planning policies.

Due to the detailed nature of this report, the Regional Housing Committee and DVRPC staff thought it beneficial to assign a Study Advisory Committee to provide feedback and to guide the report's progress more closely. The Regional Housing Committee continues to meet quarterly to review general report direction and progress and is responsible for review and approval of the final product(s).

The Advisory Committee was composed of members of the following agencies: Pennsylvania Housing Finance Agency, Chester County Planning Commission, New Jersey Department of Community Affairs, Pennsylvania Department of Community and Economic Development and the City of Philadelphia. [3] The Advisory Committee discussed study content and data needs and provided review and comment on the draft final report for Phase I, as well as the case studies defined in Phase II.

---

[3] Please see Appendix A for membership.

Chapter Two: Documenting the Trends

Existing Trend: Suburban Sprawl/Decentralization

Not foreign to metropolitan regions throughout the country, the Philadelphia region is confronted with suburban sprawl. One of the biggest issues is how much land is being consumed related to the flat rate of population growth. The region's accelerating land consumption provides an early warning about the loss of open space and farmland and the need for a different approach towards development, with the goal of steering residential investment back into existing centers and core cities.

Population Growth/Census Analysis

Even though, geographically, the City of Philadelphia represents the urban center of the nation's 6th largest metropolitan region, the City itself has witnessed a population decline of 16% since 1960. Today the City houses only 28% of the DVRPC nine-county region's total population according to the 2000 Census. Over the last three decades, the City has lost roughly 50,000 households and 200,000 jobs.

As with other metropolitan areas, the Philadelphia area's real estate developers have responded to increasing market demand for lower-density, larger-lot residential development located outside older central neighborhoods and urban places (see Maps 1 and 2). In addition, the tax burden of City residents and employees discourages many from staying in or moving to Philadelphia. Some developers are increasingly discovering methods to work around the most common barriers to building residential developments and rehabilitating units and structures for residential use.

Pennrose Properties, Inc., for example, is promoting affordable housing in the form of scattered infill developments throughout neighborhoods in Philadelphia (and elsewhere) where the housing market is rebounding. Others are developing market rate housing by reusing some of the City's prestigious historic properties and older buildings, commanding high rents for an increasingly coveted Center City location. Rehabilitation has become more financially feasible through the City's real estate tax abatement programs, detailed on page 91 of this report.

One issue perplexing developers, planners, and housing professionals is how to coax significant market demand for housing back to centers and cities. With the help of the country's recent push towards urban revitalization and smart growth, metropolitan regions, including Philadelphia, are warming up to the idea. These trends are occurring but are not yet widely accepted and the numbers to date are small. Nevertheless, the shift back to urban areas is measurable and growing both nationally and locally.

Most of the housing opportunities in cities are either upscale and therefore out of the price range of the typical household or in unattractive or blighted areas not considered desirable places to live. In addition, most families and singles shy away from residing in first generation suburbs and older boroughs. Reasons for this include parking problems, traffic and noise issues, and a basic preference for suburban dwellings with yards, pools, shopping malls, plenty of parking, and in general, more space. Moreover, households with school age children want to live in the best school districts and fear overcrowding in their current districts, often resulting in a backlash and community resistance when a developer and the municipality talk of residential construction of any type.

Affordability

According to DVRPC's studies, older/existing homes in the region are considered affordable to the majority of moderate income households, but those wishing to purchase new construction homes will have more difficulty in finding affordable options in desirable locations. The cost differential alone is staggering, with the average-priced new home selling for $239,000 in 1999, far above the average existing home sale price of $155,000. Most of the new housing that has developed in growth areas around emerging job centers is therefore not affordable to the region's moderate income households. Existing homes are, in many cases, located in neighborhoods where infrastructure and important amenities have been overlooked and outdated as well as inconveniently located in relation to the region's major employment centers.[4]

By taking a closer look at housing development patterns and the geographic dispersion of home loans throughout the Greater Philadelphia region, sprawling growth patterns are increasingly evident. Geographic Information Systems (GIS) mapping of the HMDA and building permit data, indicating the number of and amounts of loans and permitting activity, provides a visual aid to the distinct patterns of growth that blanket the region. Most residential development over the last decade, has occurred along highways extending further out from the central core of the region, opening up additional rural areas and open space to development. This ex-urban development is disjointed and scattered in and around new growth areas of outlying suburbs, leaving behind decaying and neglected inner-ring suburbs and central city neighborhoods.

HMDA Data and Analysis of Trends

The HMDA was enacted by Congress in 1975 and is implemented by the Federal Reserve Board's Regulation C. This regulation provides the public with loan data that can be utilized in the following ways:

- Determining whether financial institutions are serving the housing needs of their communities;
- Targeting public-sector investments so as to attract private investment to areas where it is needed; and
- Identifying possible discriminatory lending patterns.

Regulation C applies to certain financial institutions, including banks, savings associations, credit unions, and other mortgage lending institutions. In 2001, there were approximately 19 million loan records for calendar year (CY) 2000 reported by 7,713 financial institutions. In 2000, 7,829 financial institutions reported approximately 23 million loan records for CY 1999.

---

[4] "Choices: A Report on the State of the Region's Housing Market" The Reinvestment Fund, 2002.

Using the loan data submitted by these financial institutions, the Federal Financial Institutions Examination Council (FFIEC) creates aggregate and disclosure reports for each metropolitan statistical area (MSA) available to the public at central data depositories located in each Metropolitan Statistical Area. DVRPC is the designated depository in the Philadelphia metropolitan area.[5]

Mapping HMDA loan data through GIS produces a snapshot of lending activity and geographic patterns of residential new construction and home-improvement activity. To make the display of information even more useful and understandable, 2000 HMDA data is layered with the different levels of "centers" as defined in DVRPC's Horizons 2025 Land Use and Transportation Plan. Maps 3 and 4 highlight where loan activity is taking place and where loans are occurring in relation to designated centers within the region, by the level of growth occurring now or expected to occur in the future.

Emerging residential growth patterns are recognizable through lending patterns and other similar mapped data, especially over the last few decades. Most of the growth and activity is occurring outside of core communities and urban areas, concentrated in outer-lying "new" suburbs. By overlaying the "Centers" as defined in the *Horizons* 2025 plan, it is even more evident where the actual residential development is happening and where the region should direct future growth to protect valuable resources and curb sprawl development (Map 1). Similarly, as illustrated in Maps 3 and 4, "Value of Loans Originated-Home Purchase Loans" and Number of Loans Originated" (Maps 3 and 4, consecutively), residential activity is concentrated in fast-growing counties outside of the region's core cities and first generation suburbs. For further information and analysis regarding 2000 HMDA data, please reference DVRPC's website, www.dvrpc.org for a data bulletin prepared solely on the topic of HMDA (Analytical data report #9).

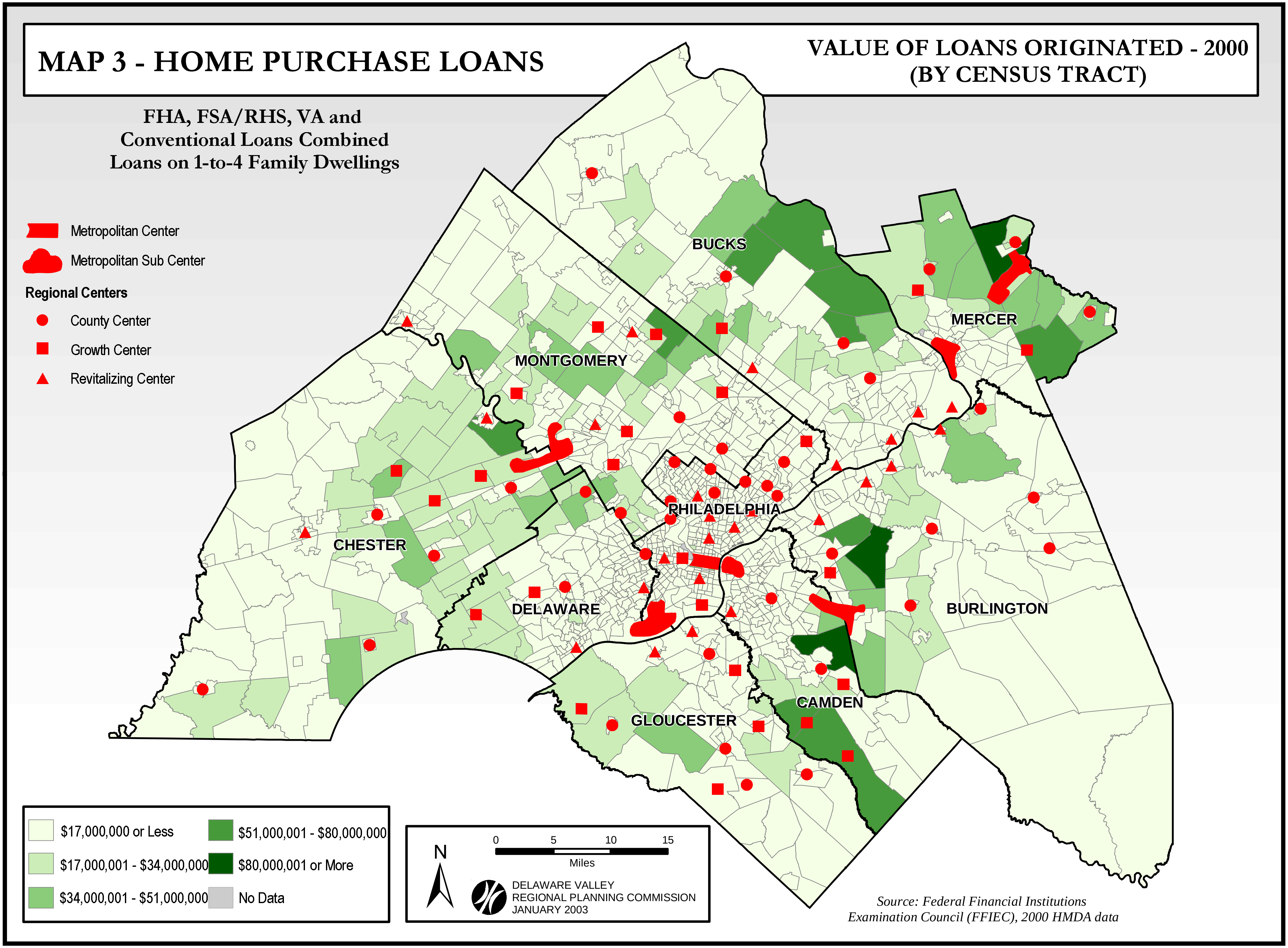
[5] Federal Financial Institutions Examination Council, 2001, (ffiec.gov/hmda).

FIGURE 2: **Municipalities with a High Volume Loan Activity in the Eight Suburban Counties of the DVRPC Region (2000)**

County	Municipalities with the most # of home *purchase* loans in 2000	Municipalities with the most # of home *improvement* loans in 2000
Bucks County	Buckingham, Plumstead and Newtown Twps.	Plumstead, Buckingham, Lower Makefield, Newtown and Middletown Twps.
Burlington County	Mount Laurel Twp. and Southern portion of Evesham Twp.	Mt. Laurel Twp.
Camden County	Winslow Twp. Southeastern portion of Gloucester City, Voorhees Twp.	Winslow Twp., Gloucester City and Voorhees Twp.
Chester County	n/a	East Bradford, West Goshen, West Whiteland and Upper Uchlan Twps.
Delaware County	Bethel and Upper Chichester Twps.	Upper Chichester Twp.
Gloucester County	Northern portion of Glassboro City	Glassboro City, Harrison, Washington, Deptford, Eastern section of Greenwich Twp.
Mercer County	Washington and Lawrence Twps.	n/a
Montgomery County	Limerick and Hatfield Twps.	Hatfield, New Hanover and Limerick Twps.

Source: DVRPC 2000 HMDA data. HMDA data was unavailable for Philadelphia County by census tract at the time of this study

According to the 'Amount of Loans Originated-Home Purchase Loans' map (Map 3), HMDA data for home purchase loans, eleven municipalities within the 9-county DVRPC region recorded over $68 million in loan activity for the year 2000. These include Schuylkill, Montgomery, Solebury, Upper Makefield, Newtown, Princeton, Washington, Moorestown, Mount Laurel, Voorhees, and Winslow Townships. These townships and other fast-growing municipalities form a rather distinctive ring on the map of the region, indicating the pattern of residential growth in support of the national trend of suburban sprawl.

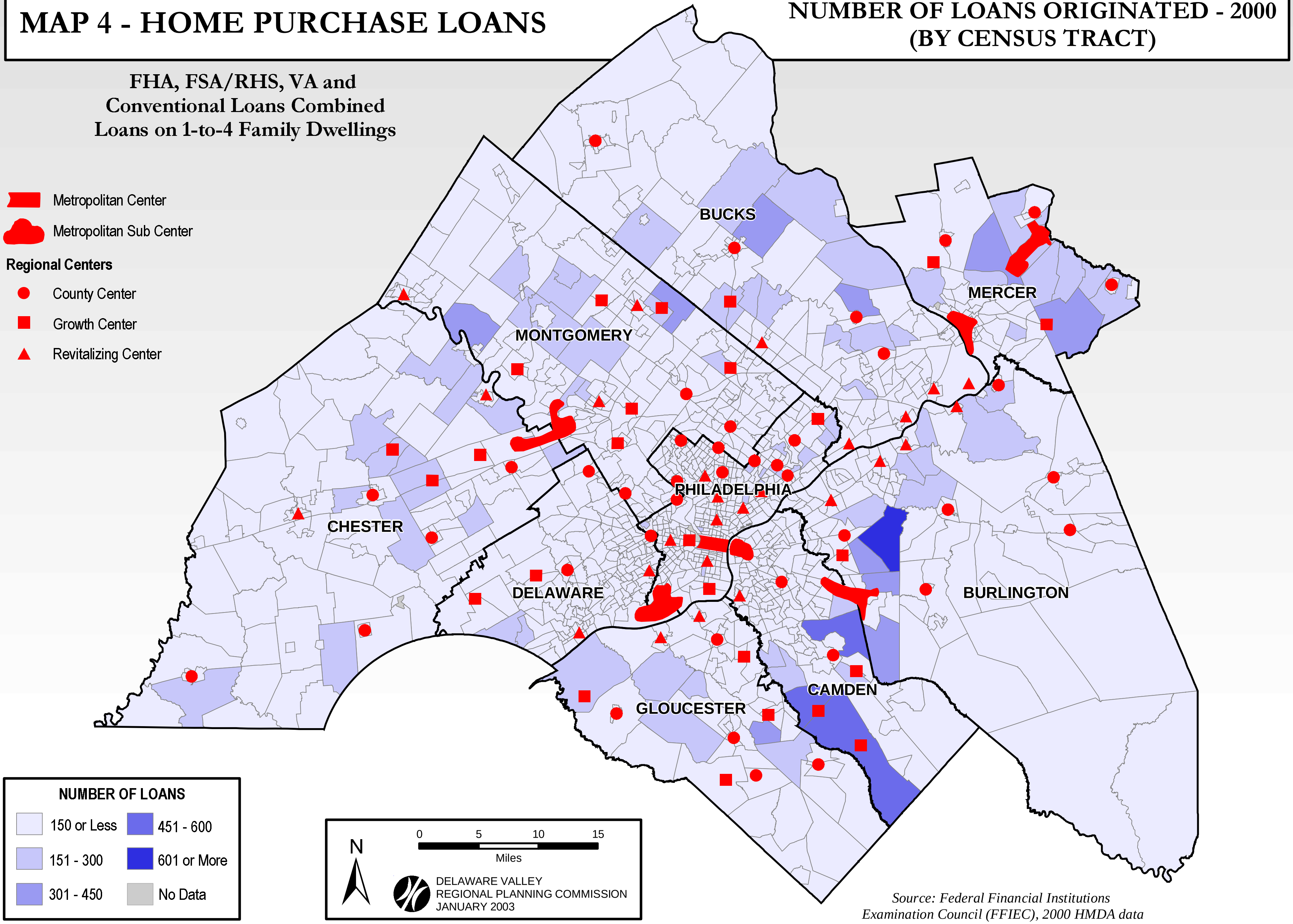


MAP 3 - HOME PURCHASE LOANS
VALUE OF LOANS ORIGINATED - 2000
(BY CENSUS TRACT)
FHA, FSA/RHS, VA and
Conventional Loans Combined
Loans on 1-to-4 Family Dwellings
Metropolitan Center
Metropolitan Sub Center
Regional Centers
County Center
Growth Center
Revitalizing Center
BUCKS
MERCER
MONTGOMERY
PHILADELPHIA
CHESTER
DELAWARE
BURLINGTON
CAMDEN
GLOUCESTER
$17,000,000 or Less
$17,000,001 - $34,000,000
$34,000,001 - $51,000,000
$51,000,001 - $80,000,000
$80,000,001 or More
No Data
N
0
5
10
15
Miles
DELAWARE VALLEY
REGIONAL PLANNING COMMISSION
JANUARY 2003
Source: Federal Financial Institutions
Examination Council (FFIEC), 2000 HMDA data

MAP 4 - HOME PURCHASE LOANS

NUMBER OF LOANS ORIGINATED - 2000 (BY CENSUS TRACT)

FHA, FSA/RHS, VA and
Conventional Loans Combined
Loans on 1-to-4 Family Dwellings



Source: Federal Financial Institutions Examination Council (FFIEC), 2000 HMDA data

Building Permit Activity

Building permit data for 1990-1999 shows growth patterns similar to those indicated through HMDA loan origination data. Figure 3 lists municipalities in Bucks, Burlington, Camden and Montgomery Counties that reported 2000+ building permits for the decade.

FIGURE 3: Municipalities with the Highest Level of Building Permit Activity 1990-2000

Municipalities with the greatest Building Permit activity	# of permits	County
Mount Laurel Township	4130	Burlington County
Limerick Township	3573	Montgomery County
Gloucester Township	3389	Camden County
Lower Makefield Township	3228	Bucks County
Montgomery Township	3125	Montgomery County
Evesham Township	3080	Burlington County
Burlington Township	2778	Burlington County
Buckingham Township	2704	Bucks County
Washington Township	2285	Gloucester County
Upper Providence Township	2161	Montgomery County
Winslow Township	2112	Camden County
Plumstead Township	2010	Bucks County
Warrington Township	2005	Bucks County

Source: Census 2000 and DVRPC Data Bulletin #65, "New Housing Units Authorized by Building Permits, 1990-1999."

Gloucester and Mercer Counties have five municipalities each reporting building permits in the 1051-2200 range (the next highest activity category), whereas Chester and Delaware Counties have three municipalities each within this range. Again, as supported by the HMDA data on loan origination trends, first generation suburbs and older boroughs had the least building permit activity *and* home loan activity in the 1990s.[6]

[6] All building permit data can be viewed at www.dvrpc.org.

Southeastern Pennsylvania, consistent with ongoing assumptions and evidence of current residential trends, has many inner-ring, first generation suburbs as well as neglected and blighted census tracts in the City of Philadelphia reporting negligible amounts of building permit activity in the 1990s (less than 350 total permits for the decade).

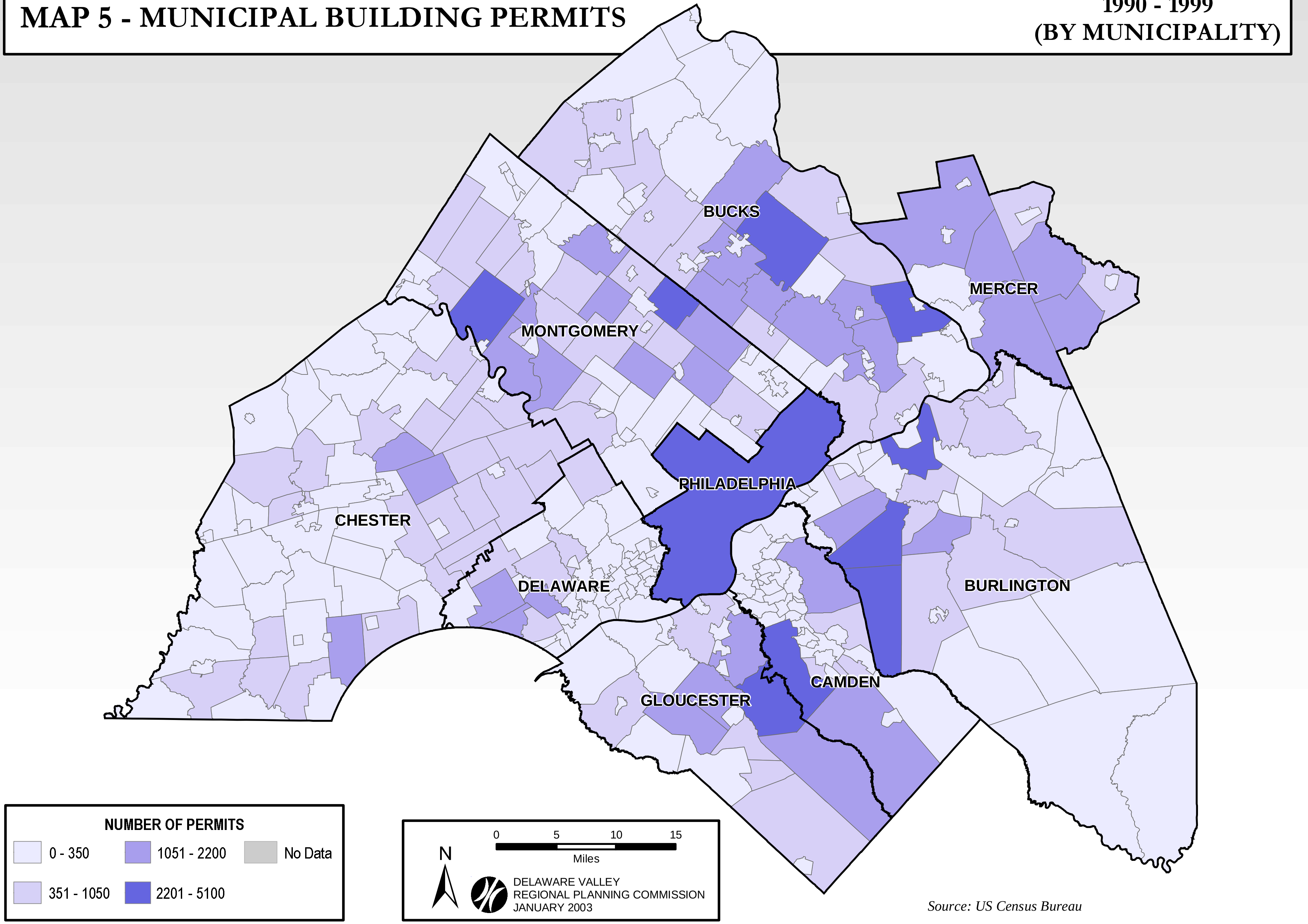
When looking at annual county building permit totals from 1995 through 1999, some interesting facts are uncovered. Bucks and Chester Counties both saw a decrease in building permit activity from 1995 to 1996, while Delaware County, Montgomery County and Philadelphia County all saw significant increases. Philadelphia County experienced a 38% increase in permits from 1995 to 1996 and a 28% increase from 1996 to 1997. The next two time periods indicate sharp declines for Philadelphia though, with a drop in building permit activity by 47% between 1997 and 1998 and another 19% between 1998 and 1999.[7]

For Montgomery County, the largest annual increase in building permit activity was in 1996 (19%) followed by a slight 1.3% increase in 1997, another significant rise of 11% in 1998 and then a slight drop of 3.4% from 1998 to 1999.

[7]The sharp decline of 47% in Philadelphia County from 1997 to 1998 is skewed by the 38% increase of building permit activity in 1996 over 1995 numbers.

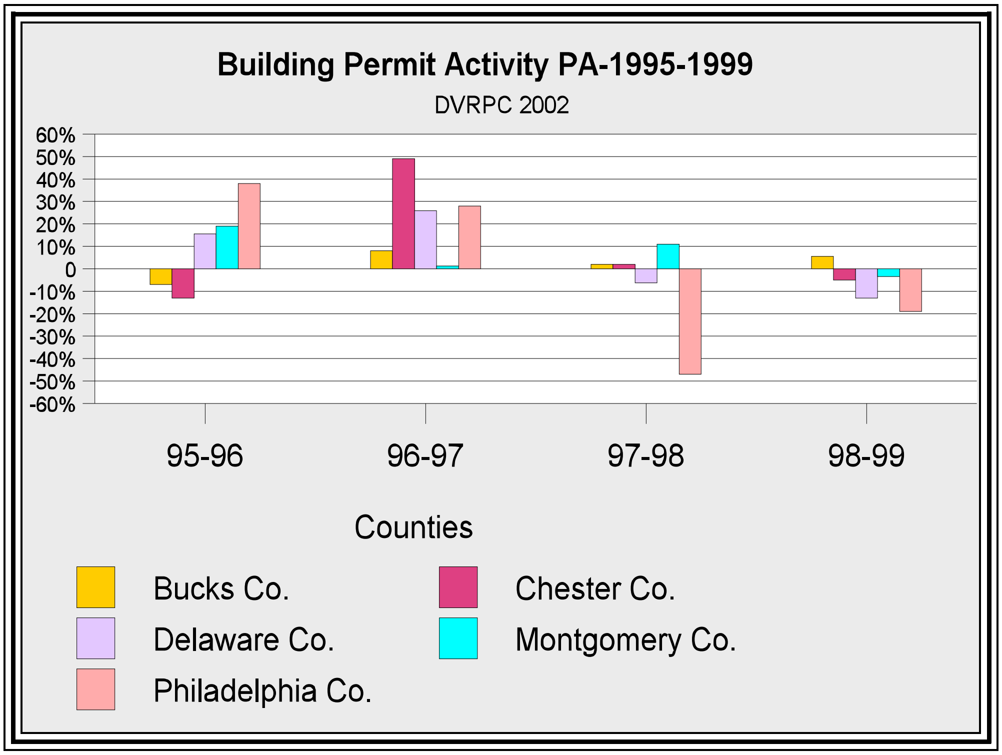
MAP 5 - MUNICIPAL BUILDING PERMITS

1990 - 1999
(BY MUNICIPALITY)



Source: US Census Bureau

Figure 4: Building Permit Activity, Pennsylvania



Source: DVRPC 2002

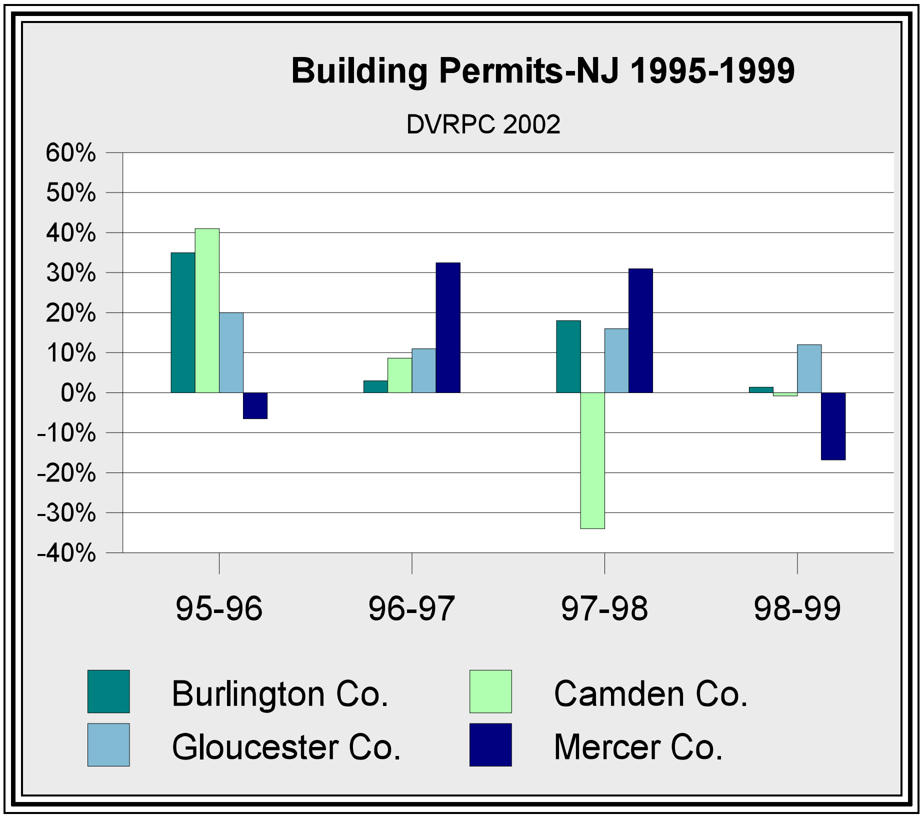
In Delaware County, a county with many first generation, older suburbs, building permit activity peaked in 1997 with an increase of 26% over 1996 and an increase of nearly 16% over 1995 numbers. In 1998 and 1999 though, the trends changed for Delaware County, when it experienced a drop in building permit activity of 6.3% and 13% respectively.

Chester County experienced its greatest spurt of new construction growth in 1997, with an increase of 49% over the previous year's total building permits. This sharp increase in building permit activity links closely to Philadelphia's population exodus to suburban locations. In 1998 growth within the county stabilized to 2% and actually dropped by 5% in 1999.

Bucks County did not witness the large swings in building permit activity that the other counties experienced in the late 1990s, but did see increases in new construction activity for 3 consecutive years, from 1997 to 1999, 8%, 2% and 5.5%, respectively.

As illustrated in Figure 5, building permit activity in the four New Jersey Counties in the DVRPC nine-county region indicate some similarities and some differences in building permit trends, in relation to the five southeastern Pennsylvania counties during the late 1990s. Burlington, Camden and Gloucester Counties all witnessed tremendous growth in new construction building permit activity between 1995 and 1996, with increases of 35%, 41% and 20%. Mercer County, however, saw a 6.5% drop in new construction building permits in 1996, yet jumped 33% in 1997. Burlington County remained stable between 1996 and 1997, while Camden County had an increase of 9% in building permits and Gloucester County's permits increased by 11%. In 1998, however, Burlington's building permits went up by 18%, Gloucester by 16% and Mercer by 31% over 1997 numbers, while Camden County permits fell sharply by 34%. Both Gloucester and Burlington Counties experienced consecutive growth for all four years, while Mercer County had sharp growth in from 1996 to 1997 (33%) and from 1997 to 1998 (31%), but then dropped from 1998 to 1999 by 17%. In Camden, after a 34% decrease in permits from 1997 to 1998, permit activity for new construction continued to fall, by about 1% in 1999 compared to 1998 levels.

Figure 5: Building Permits, New Jersey



Source: DVRPC 2002

Comparative Costs of Renting/Owning in the Greater Philadelphia Region (1990)

The financially burdensome costs of owning a house, sometimes limit many households to renting. Since 1990, even rental costs have become prohibitive for many households to afford. Figure 6 indicates the costs of purchasing and owning a home as being significantly more expensive than renting (based on 1990 figures). However, with rental rates escalating over the last decade and mortgage rates dropping, especially since the fall of 2001, more people are reconsidering home-buying as an affordable and smarter alternative to renting (see Figure 7 for rental rates and costs of owning a home in 2000). Bucks, Chester and Montgomery counties have the most expensive stock of housing available for sale, while Philadelphia and Delaware County generally offer a more affordable housing product. Rental rates are relatively similar throughout the nine-county region.

FIGURE 6: **Comparative Costs of Renting/Owning in the Greater Philadelphia Region (1990)**

County	Median Cost of Renting	Median Cost of Owning (with mortgage)
Bucks	$604	$1,018
Chester	$581	$1,066
Delaware	$526	$843
Montgomery	$593	$991
Philadelphia	$452	$570
Burlington	$597	$957
Camden	$507	$863
Gloucester	$521	$866
Mercer	$570	$1,048
Averages	**$550**	**$913**

Source: U.S. Census Bureau, Census 2000, Table DP-4 Profile of Selected Housing Characteristics: 2000.

FIGURE 7: Comparative Costs of Renting/Owning in the Greater Philadelphia Region (2000)

County	Median Cost of Renting	Median Cost of Owning (with mortgage)
Bucks	$736	$1,429
Chester	$754	$1,503
Delaware	$662	$1,252
Montgomery	$757	$1,423
Philadelphia	$569	$800
Burlington	$758	$1,393
Camden	$635	$1,252
Gloucester	$645	$1,273
Mercer	$727	$1,495
Averages	**$613**	**$1,147**

Source: U.S. Census Bureau, Census 2000, Table DP-4 Profile of Selected Housing Characteristics: 2000.

Analysis of Renting/Owning Trends 1990-2000-Selected Slow Growth Metropolitan Areas

In order to effectively analyze the cost differential between renting and owning a home and to accurately measure the level of increases since 1990, it is helpful to compare and contrast the cost of living in other slow-growth metropolitan areas such as Baltimore, Pittsburgh and Detroit.

Philadelphia is consistent with other metropolitan areas in the percentage increase in rental rates for the decade, as illustrated in Figure 8. Philadelphia saw residential rents rise approximately 26% while Baltimore saw an almost identical percentage increase in rents over the same time period. The Detroit metropolitan area saw only a slightly higher increase in rents than Greater Philadelphia or Baltimore with 29% average increases. Pittsburgh saw a 33% increase in average metropolitan rents in 2000 over 1990 rates.

FIGURE 8: Comparative Costs of Renting/Owning (1990 vs. 2000) Selected Slow-growth Metropolitan Areas

Metro Area	Average % Increase 1990-2000 Median Rent	Average % Increase 1990-2000 Cost of Owning with mortgage
Baltimore	26.6%	37.5%
Detroit	26.6%	48.8%
Philadelphia	26.11%	43.6%
Pittsburgh	33.3%	43.4%

Source: U.S. Census Bureau, Census 2000, Table DP-4 Profile of Selected Housing Characteristics: 2000.

Comparative Costs of Renting/Owning (1990 vs. 2000)
For Other Metropolitan Areas[8] (Atlanta, Boston, Washington D.C.)

The metropolitan areas of Atlanta, Boston, and Washington D.C., were chosen primarily because of their reputation for strong real estate markets. Atlanta is different from Boston and Washington D.C. in the fact that it is a newer city and a faster growing one, located in the Sunbelt of the Southeastern United States. Development patterns there are different, more sprawling, as D.C. and Boston still have traditionally more compact residential center cities. All three cities report rent and for-sale housing rates higher than most slow-growth 'rust belt' cities such as Baltimore, Philadelphia, Pittsburgh and Detroit. It is interesting, though, to see the rate of increase in monthly rental and mortgage payments across the chosen metropolitan areas as illustrated in Figure 9. Some results are more different than may be initially expected.

[8]Metro areas with traditionally strong real estate markets or recent growth trends.

FIGURE 9: Comparative Costs of Renting/Owning (1990 vs. 2000) in Other Selected Metropolitan Areas

Metro Area	Average % Increase in Median Rent 1990-2000	Average % Increase Cost of Owning w/mortgage 1990-2000
Boston, Massachusetts	19.5%	36.6%
Atlanta, Georgia	37.4%	38.1%
Washington, D.C.	29.0%	35.6%
Philadelphia	26.1%	43.6%

Source: U.S. Census Bureau, Census 2000, Table DP-4 Profile of Selected Housing Characteristics.

Sharp increases in rental rates in the Atlanta market area reflect the metropolitan area's rapid growth during the 1990s. Atlanta's population increased by more than 30% for the decade, engulfing land further and further outside the urban core for residential and commercial/office development. The end of the decade witnessed an increasing amount of investment filtering back into downtown Atlanta and surrounding inner-ring suburbs, with attempts to curb massive sprawl and reignite Atlanta's center city as a choice location for residential opportunities.

Boston is a metropolitan area that seems to remain stable and prosper in a world of its own, relying on its charm and reputation that seems to sell itself. Residential markets, both rental and for-sale, have remained stable and healthy for decades and continue to prosper from a constant influx of people attracted to its unique qualities and world-renowned, higher-education institutions. Boston is known for its relatively high cost of living, however, the increase in rental rates over the last decade reflects a slower rise than other metropolitan areas. This indicates a stronger overall market that has remained stable and healthy throughout economic downturns, whereas other metropolitan areas such as Atlanta grew more rapidly, susceptible and more vulnerable to downswings in the economy and real estate markets.

Washington D.C. is another residential market that has remained healthy and prosperous over the last few decades. The real estate market serves various niches and supports a high cost of living. Rental rates and costs of owning a home have increased consistent with other similar metropolitan areas in terms of population growth and stability. Philadelphia has experienced larger swings in its residential market, witnessing a significant City to suburb exodus, while its population declined.

Smarter Development

Referred to as "Smart Growth," revitalization, re-urbanizing, or the like, a central theory has evolved to shift the methods in which the nation has grown over the last 50 years. DVRPC's 2025 Plan follows suit, as it aims to shift the Philadelphia metropolitan area's future growth towards similar ideals: curbing sprawl and reinvesting in our region's urbanized areas, core communities and existing growth centers. Without more people and rebuilding, these markets will not rebound. Residents are needed to patronize restaurants and stores and to utilize local services. In such locales, the infrastructure is already there, albeit in need of upgrading and modernizing. The key is not developing further green spaces where new infrastructure is needed resulting in expanded commuting times for residents, less open space and farm land and underutilized services and infrastructure in our existing centers. The question remains: How do we, as public organizations or local governments, encourage developers to invest money and time to help rebound these neglected areas?

The City of Philadelphia, which itself once housed nearly 60% of the region's population (1950s), now only represents "home" to 30% of the region. Philadelphia has experienced abandonment and decay at higher rates than most other U.S. cities over the last 50 years.[9] At the same time, due to smaller family size, delayed marriage, and additional single households, the region has experienced an overall increase in households (12%). Over the last 20 years, the number of households grew three times faster than the population (12% to 4%). Looking at the map of population change from 1990 to 2000, it is clear that the inner-ring suburbs, in addition to the cities of Philadelphia, Trenton, Chester and Camden, have also lost population to the outlying suburbs.

---

[9] The Reinvestment Fund's "Choices: State of the Region's Housing Market" Report for Mayor John Street's Neighborhood Transformation Initiative.

There is also a mismatch in housing affordability and location, which only appears to worsen by the decade. The region remains one of the most affordable metropolitan areas in the country to purchase a home, yet the ‘affordable’ housing products are often found in areas lacking the factors to attract residents: access to major employment centers, the region’s better school districts and declining infrastructure. Thus, the question is, which comes first: housing in areas where other factors and services need improvement or improvements, in hopes that new construction and residents will follow?

Some movement is gradually occurring. Center City Philadelphia has witnessed the start of an urban revival over the last decade. Trendy loft apartments and condominiums are scattered throughout downtown neighborhoods in close proximity to the various ‘hot beds’ of restaurants and shops found in the City. Towns along the ‘Main Line’ Philadelphia suburbs, offer attractive shopping venues, coffee shops and an occasional 2nd floor flat, whereas most of the residential components there are found in village-type neighborhoods and larger apartment complexes on the edges and back streets of these suburban townships.

Whatever the location preference of residents, a few factors preside, summed up nicely in a quote from a speech given at a New Urbanism conference in 2001, “We all want homes that are well built, relatively affordable, and appropriately located so that our cities, schools, and transit system can accommodate them.” [10]

Residential reinvestment activity can come in various forms, however, most desirable types of residential development practices are contrary to the current patterns of development in the Greater Philadelphia Region. What are ways the region and its municipalities, along with the real estate community, can improve residential investment patterns to preserve the rural qualities of remaining undeveloped land and re-establish inner-ring suburbs and cities as attractive and desirable places to live, work and play?

---

[10] Carl Guardino of Silicon Valley Manufacturing Group, a presentation on “Engaging Employers” for the Congress of New Urbanism’s “Wealth of Cities” conference, 2001.

Chapter Three: Obstacles to Residential Development in Existing Centers

Numerous policy papers and viewpoints can be found on the barriers to redevelopment, particularly residential investment in core city neighborhoods and first-generation suburbs that have seemingly been forgotten over the last few decades. This two-part study will address the barriers found to be particularly challenging in the Greater Philadelphia Region. By first examining local trends in the context of national and metropolitan statistics, it is clear that Philadelphia and other surrounding cities and towns suffer from very similar urban ills, and developers here face similar road blocks in realigning older suburbs and core cities to compete in the 21st century housing markets.

This chapter begins to identify and explain the various implementation stumbling blocks, who faces them and where. The answers have been provided informally through person to person interviews with area developers and through questionnaires completed by municipal and county officials throughout the region. The results can give direction and insight towards future policy decisions. An additional goal of this report is to rank and designate various barriers among the size and location of communities for awareness in how to best address specific barriers. The second phase of this study will address barriers through developers' experiences in completing projects successfully, within the region's current political and regulatory context. By taking a close look at several case studies and identifying key stumbling blocks particular to each unique situation, officials and decision makers can identify strategies to overcome these obstacles, while developers pursuing similar projects can take steps to avoid similar pitfalls. This section highlights several categories of barriers as well as varying viewpoints among the development community, municipal/county planning and housing professionals and financial partners/lenders. The "Barrier Matrix", Figure 10, found later in this section on page 33 also reflects the views of the Study Advisory Committee and those opinions of developers interviewed throughout the study.

Developer Interviews-A Different Perspective

In 2002, DVRPC staff contacted some of the area's most prominent and successful housing developers, in order to most accurately discuss and review barriers specific to the Greater Philadelphia Region; to see why the development community pursues residential construction/rehabilitation opportunities where they do; and, if done so in older suburbs and cities, the challenges that they face.

The major findings are divided into several subject categories: financing, codes/regulations, citizen/community protest, programs and policies and market forces:

Financing

- Time-consuming processes for foreclosing on vacant tax-delinquent properties
- Construction costs are continuing to rise, but grant monies remain the same
- It can take six or seven different funding sources to make one project work
- Cost of labor drives location (For example, in the City of Philadelphia, the labor unions control prices which can drive development costs upward.)

Citizen/Community Protest

- Affordable housing is an extremely tough sell, especially family housing, even in urban neighborhoods, inner-ring suburbs and older boroughs.
- "Senior" developments are the only accepted format of affordable housing in most communities.
- Urban homeowners do not want rental housing, especially families with children as it is perceived to place further stress on the local school systems.
- Senior housing meets minimal resistance in Pennsylvania suburbs, while family affordable housing or rental housing in general is nearly impossible to produce, especially pertaining to tax base issues and schools.
- Affordable housing still carries with it very negative connotations: "welfare recipients."
- Educating the public on 'affordable' housing and what it truly means is an ongoing process and priority.
- The developer needs to play the role of the deliverer of goods- the "help" called in to fill in the gap in the fabric for a municipality; usually the municipality has a "problem property" they want dealt with, and want to pursue options for reuse and redevelopment and the developer provides a solution. Everyone is at ease from the beginning because a trusted partnership is formed in which the municipality and its citizens formulate an idea and come

The Role of Decision Makers/Public Programs and Policies

- Development in the City of Philadelphia can be very difficult to do, due to prohibitive labor costs, an archaic/antiquated license/inspection department and other time-consuming and expensive processes (building codes, zoning approvals, etc.).
- 9% tax credits are nearly impossible to obtain for senior rental housing in New Jersey; the state only funds about two projects a year in its competitive pool for credits.
- There is very little market rate housing being built in the City of Philadelphia due to the union issues and the bureaucracy; zoning approval itself is an 8- to 9-step process.
- State law is favorable in New Jersey, for affordable housing production.
- Most municipalities prefer and push for tax-ratable developments such as office buildings for the real estate tax revenues.
- Township officials tend to make decisions based upon their constituency who often fear increased impact on their schools and roadways.
- The Uniform Building Code in New Jersey does make the development climate a little easier because there are no variances.
- The individual jurisdictions are where the system starts to break down.
- In Trenton- entrenched administration at the civil service level; building and codes department does not have a cooperative attitude and it just takes too long and costs too much money.
- Camden is improving as the state initiates more control over City departments.
- The size of the municipality definitely steers the ease of the development process. The larger the municipality or city, the more structures are in place, and usually the more difficult and expensive the process.
- Governing bodies need to find ways to bring “clean” projects/properties to the developer, provide a green light on zoning, reasonable land owners, a market to a noticeable return on investment and neighborhood involvement ensuring that the proposed development is meeting the community’s “vision.”
- Approval at the local level is continuously noted as the biggest barrier to redevelopment and infill housing and is said to be even more complicated in New Jersey because the developer has to go through the filter of an attorney.
- Lack of planning background of planning commissioners
- Trying something new is an extremely difficult sell.
- Municipalities and governments need to change the codes to allow for and encourage the types of developments they want.

Market Forces

- Infill for-sale housing is the easiest sell, but usually has little impact. It is difficult to find sizeable sites, usually resulting in small projects here and there. Scattered-site development is difficult to do.
- It is also challenging to build in the first generation suburbs and older boroughs due to a lack of available land with appropriate zoning along with the inability to ask for high enough rents to make development there profitable; even in the affluent Main Line communities, the land values are high, yet rents are still relatively low.
- In Pennsylvania, many of the first generation suburbs are simply not gentrified enough, at this point in time, to attract professionals to live there and developers to build there.
- Elected officials often do not realize that developing market-rate housing in some sections of the City (Camden, Chester, Philadelphia, etc.) is not feasible, that the market will only bear what the developers are currently building.
- A market study needs to be done in areas where redevelopment is desired.

Summary and Description of Barrier Categories:

Financing- Many developers find it difficult to secure financing through traditional lenders, encounter a very competitive process for low-income housing tax credits and limited public subsidies, or find themselves having to layer several forms of subsidy and/or financing sources to make a deal work (especially affordable housing projects). Developers producing market-rate housing often have to charge 'luxury' rental rates to make a profit over especially high building/development costs in larger cities, including Philadelphia. Many lending institutions and investors will often reject loans to developers because of a lack of specific experience in infill or rehabilitation, an unsatisfactory credit rating and/or a lack of appropriate leveraging and equity. Lending institutions also demand other stringent requirements such as collateral, personal guarantees on construction completion, project lease-up and higher interest rates.

Citizen Opposition/Social Issues- NIMBYs There are always citizens, no matter how great the project appears to be, who protest a particular development in their neighborhood or oppose the design/density/type of units, etc. This can cause major delays and great concern to the developer as a result of lengthy review, delayed approval processes, extra time and associated costs.

Neighborhood Decay- Neighbors and existing residents, even in larger cities, often reject multi-unit projects, especially rental, because of a fear of neighborhood decline, receding property values and a change in the types of new residents.

Decisions made by governing body/municipality- Many times the 'type' of development that occurs in a municipality is based on the level of tax revenue it will generate for the locale. Residential use is often not a priority for this reason. DVRPC has recognized the importance of this issue and is currently writing a policy paper entitled "The Ratables Chase" in 2003.

Market Driven- Developers will build where people want to buy.

Regulatory/Approval Processes- Especially in larger cities, the sheer number of processes, departments and agencies that the developer must approach for approvals is daunting. Also, most of these processes are associated with fees that add up to be very expensive, whereas in areas outside of the cities, the costs tend to be less prohibitive.

Codes and Code Enforcement- Code enforcement is often a problem in older, declining boroughs and towns as well as in larger cities. Also, codes are often so outdated and onerous that it is intimidating and frustrating for developers wanting to rehabilitate properties. (See Chapter Six on Building Codes for more information).

Land Acquisition/Assembly- Obtaining clear title and acquiring land from a private owner/or multiple owners, and then assembling the land is a time-consuming, costly and frustrating process in core cities and older suburbs, especially in the absence of a well organized and managed "Land Bank" program.

Environmental Costs- Often with adaptive reuse and rehabilitation projects, costs associated with environmental testing for hazardous materials and soil boring, can be very steep and cause a project that was previously financially feasible to become cost prohibitive.

Due-diligence requirements/costs- Redevelopment projects often require many more steps, processes, paper work and fees than Greenfield development in outlying areas.

Zoning- If a property is not zoned for the developer's intended use, it can be a time-consuming and frustrating process to apply for and obtain zoning changes and variances.

Infrastructure- Infrastructure in older boroughs and suburbs and cities is often in need of replacement or upgrading which can create additional expenses for the developer.

Time Factors- Redevelopment and infill development typically takes longer with the aforementioned processes and procedures.

With these factors and issues in mind, it is easy to understand the hesitation by many developers to pursue residential development in older communities. However, by looking at how we got here, through public policy decisions and local attitudes and development preferences, we are able to look ahead while learning from the past.

FIGURE 10

Barriers for Residential Infill and Redevelopment of First Generation Suburbs and Core Cities

Barrier	Cities		Older Boroughs/ First Generation Suburbs	
	PA	NJ	PA	NJ
Financing	A conditional barrier	A significant barrier	A conditional barrier	A conditional barrier
Citizen Opposition/Social Issues	A conditional barrier	A conditional barrier	A significant barrier	A conditional barrier
Neighborhood Decay/Concerns	A significant barrier	A significant barrier	A conditional barrier	A conditional barrier
Municipal Preference Driven	A conditional barrier	A conditional barrier	A significant barrier	A significant barrier
Market Driven	A significant barrier	A significant barrier	A significant barrier	A significant barrier
Regulatory/Approval Processes	A significant barrier	A significant barrier	A significant barrier	A significant barrier
Code Enforcement	A significant barrier	A conditional barrier	A conditional barrier	A conditional barrier
Land Acquisition and Assembly	A significant barrier	A conditional barrier	A conditional barrier	A conditional barrier
Environmental/Clean-up Costs	A significant barrier	A conditional barrier	A conditional barrier	A conditional barrier
Due Diligence Process/Costs	A significant barrier	A significant barrier	A significant barrier	A significant barrier
Zoning	A significant barrier	A significant barrier	A significant barrier	A significant barrier
Infrastructure	A significant barrier	A significant barrier	A conditional barrier	A conditional barrier
Time Factors	A significant barrier	A significant barrier	A significant barrier	A significant barrier

A significant barrier *A conditional barrier*

Source: DVRPC 2002

Land Use Patterns, Public Policy, and Development

Public policy has a hand in driving the location of real estate investments and subsequent geographical patterns of housing development:

- Public support is more easily attained for Greenfield development (vs. redevelopment/Brownfield development) and maintaining existing neighborhoods.

- Development further beyond central city locations occurred partly as a result of a lack of reinforcement of the city centers and a lack of cultural significance to establish attachment by its residents.

- Center cities were focal points of urban decay, industrial pollution (air and noise), poverty, overcrowding and social ills.

- Transportation and communication advancements made the "suburban flight" possible and very attractive to urban residents, especially to those who could afford the luxury of living outside of the 'bad' city into lush, green suburban areas. Initiated, as well by the construction of the Interstate Highway system and a lack of support for public transit.

- The outer-edge, fringe/edge cities became the "place to be". Land costs were cheaper, land and air were unspoiled, homes were larger and nicer, all away from the ills of the inner city.

- FHA loans discriminated against inner city housing purchases and facilitated development of suburban locations.

By recognizing where the obstacles lie and how successful projects are completed, it will allow local officials, developers and regional and state policy makers to reassess current policies and adopt new policies and streamline current processes to make residential investment in centers more of a feasible and attractive pursuit, for all involved. An education process needs to take place to encourage local decision makers and officials to consider changing outdated processes and attitudes towards growth, as well as creating opportunities for localities and developers to partner in reaching common goals.

Affordable Housing Development in New Jersey

As noted previously, most cities in the region face similar barriers to redevelopment and infill. In Camden, the North Camden Land Trust has found the foreclosing of tax delinquent properties a very lengthy and frustrating process, as well as the scarcity of non-profit grants and financial assistance. The need for layered financing is intense and growing. Especially as construction costs continue to increase, public financing becomes even more difficult to obtain and the requirement for more than one public subsidy has become a necessity. Builders also decry their perception of over-regulation by DEP (the State's Department of Environmental Protection) and blame it for causing 2001's 18% statewide decline in home construction. The so-called "septic rule" requires proposed developments of six or more homes to undergo more in-depth environmental reviews, prohibiting the development of septic-reliant subdivisions or homes. Such rules, in spite of their environmental quality goals, have likely contributed to higher housing costs.

According to housing advocates, New Jersey falls short of meeting the "need" for affordable housing units by nearly one million units. Only 26,000 units have been built for low and moderate income families as a result of the 1985 Fair Share Housing Act, whereas the actual need may actually be up to 900,000 units.[11] Additionally, New Jersey has open space preservation goals that many developers and builders feel stifles the housing market. An initiative to preserve one million acres has put the squeeze on land for home construction and contributes to increasing home prices.

New Jersey has taken a special interest in Brownfield remediation and reuse. The availability of vacant and underused properties near or adjacent to the various ports, has gotten special interest. In 1993, The Industrial Site Recovery Act was enacted to make it easier and slightly less expensive to redevelop and reuse Brownfield sites. The law set standards for permissible levels of contamination in groundwater and soil and for proper

[11] Parmley, Suzette. "Builders delve into housing shortage in N.J." Philadelphia Inquirer, Thursday April 11, 2002.

site testing, investigation and work plans. With the supply of "Greenfield" sites shrinking, brownfield redevelopment has become a key part of the development process for municipalities, the state, and developers.

Developers and community development organizations in New Jersey, who are involved in the creation of housing, whether it be infill or rehabilitation of existing housing stock or reuse of a previous industrial or commercial property for residential use, have come to recognize government subsidy as a necessity, especially for the production of affordable housing.

City of Philadelphia-Overwhelming Obstacles to a Residential Rebirth?

The City of Philadelphia has a complex set of departments, procedures, programs and processes that can make it difficult to pursue redevelopment projects, especially large-scale developments. The current City Council and Mayoral staff, along with various City departments, are working to correct the City's archaic systems which stand as stumbling blocks for developers interested in reinvesting within City neighborhoods (see Figure 11).

The Mayor's Plan to tackle blight throughout the City, The Neighborhood Transformation Initiative (NTI), is one step in the right direction to clean up and redevelop neglected areas of the City. Today there are more than 26,000 vacant residential buildings and 31,000 vacant lots within the City limits. This is a result of decades of out-migration of City residents and loss of jobs in the once prosperous manufacturing sector that moved to cheaper locations or closed down due to technological advances that led to their demise. The City was unable to keep up with the fast pace of decline in the 60s, 70s and 80s and entered the 90s in such a state of disrepair that bankruptcy loomed. As the City was declining, neighborhood redevelopment and improvement programs were cut, just as Federal housing and community development programs were cut during the 1980s, which only worsened Philadelphia's state of decay.

Even though housing development in the City of Philadelphia is commonly perceived as costly and complicated, some developers have found ways around or over these 'barriers'. Phase II of this report examines more closely case studies of developers who have used 'adaptive reuse' to their advantage, turning old, decrepit, underutilized or abandoned structures into some of the region's most glamourous and expensive loft and luxury rentals and condominiums. However, even where this has been done, it does not solve the problem of making the city an affordable and attractive place to live. Not only do residents have to pay higher rents within most neighborhoods of Center City but also incur the city's high Wage Tax. This obviously deters developers from building in the City, especially in trying economic times. Since developing in the City is already more expensive and more complicated than building in the outer suburbs, developers must charge higher rents and asking prices in order to make even a marginal profit, thus exacerbating the affordability issue. See figure 11 for further summary of barriers to residential redevelopment and investment in the City of Philadelphia.

The NTI program aims to address previously ineffective programs in hopes of directing redevelopment in areas of the City where it is needed most and in a much more efficient and effective manner. Recent consolidation of the different housing and community development and redevelopment departments and authorities in the City under one leadership as well as a proposed land bank program, spell future success for the NTI program and the rebirth of residential development in the City of Philadelphia.

Figure 11

SUMMARY of Barriers for PHILADELPHIA residential redevelopment/investment

- Ineffective land bank program-clear title process difficult and time-consuming
- Outdated and complex tax system
- Complexities of rehabilitation and reuse projects
- Brownfield redevelopment-environmental clean-up complications and associated costs
- Poor public school systems
- Archaic Rehabilitation Code and related administrative process
- Prohibitive Labor Costs and labor-related rules

Source: DVRPC 2002

Starting Small

Core Cities and Boroughs throughout the region would appear easier to redevelop than larger cities such as Philadelphia and Camden, with less complicated tax and policy structures and political pressures along with fewer city-related perceptions such as poor schools and crime. This isn't always the case. However, many existing centers and older communities and boroughs have jumped at the opportunity to recreate mixed-use vibrant centers of apartments, homes, stores and eating establishments, while others continue to decline.

Many residential properties in the older suburbs and boroughs suffer from decay and are in great need of rehabilitation and reinvestment. Most residents who can afford to, move outward into newer suburbs where houses and land is more generous and larger scale shopping and commercial amenities are a short drive away. It seems to matter very little to the majority of people in this automobile-based society whether or not social and commercial opportunities and activities are within walking distance. Maybe this is because the current generation has never been accustomed to that lifestyle. Most people, teenagers up through middle adult years, are used to depending on the automobile as the primary means for personal transportation.

Older boroughs and the region's cities have many desirable attributes to build on. Current residents have easy access to various forms of public transportation, including SEPTA bus services and regional rail lines. The Main Line suburbs are also served by Amtrak's inter-city service between Philadelphia, Harrisburg and beyond. With a new push towards redeveloping areas in conjunction with transit stations, there could be a whole new level of connectivity and community for many core centers throughout the Delaware Valley. Additionally, infrastructure is already in place, many commercial entities still exist, schools are nearby and many housing options are available.

Developers generally consider redevelopment projects and infill housing projects more complicated than they are worth. The costs to rehabilitate buildings are typically prohibitive for a developer to make a profit without gap-financing. As far as residential-specific reinvestment is concerned, some of the smaller communities in the region that have effectively become "edge cities"[12] tend to favor commercial development over single family dwellings and especially multi-family developments that offer less tax revenue. In addition, lingering concerns about the strength of the market in older neighborhoods and cities often cause doubts for developers with a lack of experience in urban-type residential development. Therefore, the preference for Greenfield development still exists, where public processes are smoother and less time-consuming and where the market is proven.

As found in The Reinvestment Fund's *"A Report on the State of the Region's Housing Market,"* the region is in need of a greater range of choices when it comes to housing. The report, citing the comments and suggestions of housing professionals throughout the metropolitan area, recommends three areas of change:

- More affordable housing opportunities in suburban communities near quality schools and major employment centers.
- Improved cooperation and planning amongst municipalities and higher levels of government, beyond municipal boundaries.
- More market-rate rental and ownership housing opportunities in core communities.

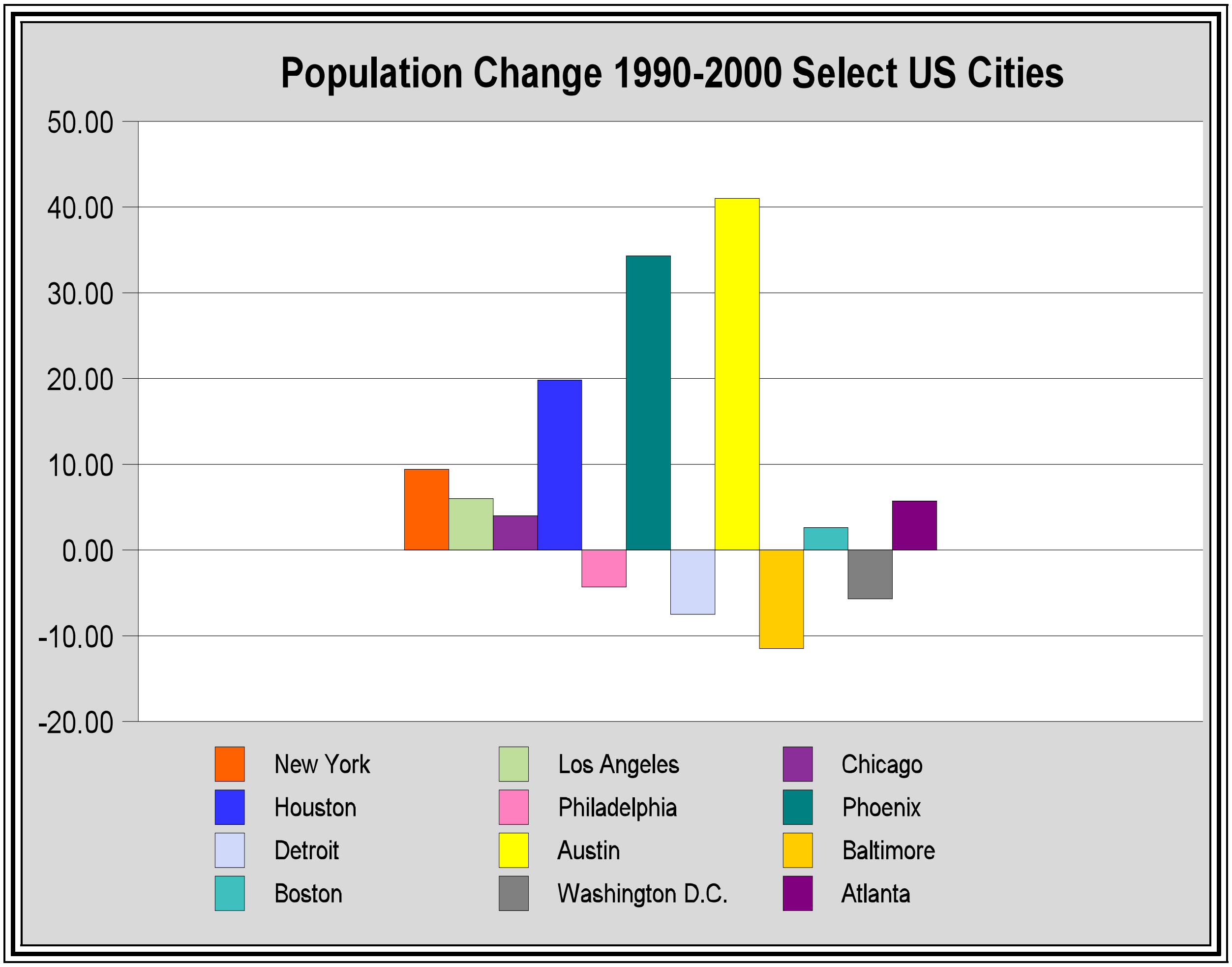
[12] Edge Cities is a planning term often used to describe suburban communities that develop a significant density of commercial/retail/services, creating a level of independence from nearby urban areas for its residents. Edge Cities are usually a result of sprawling Greenfield development, not a continuation of growth from a core area.

Chapter Four: Opportunities and Next Steps

What Do Core Cities and older suburban communities have going for them?

Growing political support and private investment, for starters.

Figure 12



Source: Infoplease.com, 2002. Top 50 Cities in the U.S. by Population and Rank, 1990 and 2000.

1. Back-to-the City movement- an energized housing market

Over the last few years, there has been an intensification of a national trend, focused on the shift in residential opportunities and options back to urban centers. Many of the nation's center cities had experienced population decline or slow growth in the 1990s (see figure 12) . To reverse this trend, Cities are pursuing new and innovative ways to attract developers, as developers are building and readapting creative spaces attractive to new and existing urban dwellers craving the city life and all of its advantages (amenities, cultural and entertainment venues, parks, public transportation, etc.).

Cities such as Baltimore, Detroit, and Philadelphia, which lost population in the 1990s are working on several new marketing and incentive campaigns to draw residents back to city neighborhoods.

2. Municipal and city government programs- encouraging housing demand and production

Programs aimed at attracting residential investment include tax incentives, such as Philadelphia's rehabilitation and new construction tax abatement programs, are offered to developers to encourage both urban infill housing and rehabilitation of underutilized or abandoned commercial structures and office buildings for residential use. These include:

- Re-zoning assistance, land grants, low-cost leases, and low-interest loans.
- Urban Enterprise Zone Programs.
- Creation of redevelopment authorities- to acquire, assemble, clean up and package land for resale.

3. Appeal of urban lifestyle

Easy access to cultural, retail, entertainment and other recreational amenities,

plus the ability for residents to walk to work, the gym, the grocery store, among other conveniences, are often cited as reasons people love city living.

4. Neighborhood diversity and vibrancy

Cities like Philadelphia offer many diverse and unique neighborhoods with ethnic and cultural flavors all their own, attracting different types of people based on certain characteristics, amenities or overall attitude.

5. Unique living spaces

Urban areas, older boroughs and cities alike, offer buildings with rich history and architectural character creating living spaces unique to the box-style apartments and houses found in many suburbs. Loft style apartments and condos as well as roof top decks and gardens are something found almost solely in urban settings.

6. Active public participation/partnerships

Cities today are partnering more and more with non-profit community development corporations or forming neighborhood conservation programs/initiatives to jump-start housing efforts and to stimulate housing production in specific areas.

7. Special service districts[13]

BIDS (Business Improvement Districts)

There are 1,200 BIDs in downtowns, main street districts and commercial corridors across the country that were created by property owners and businesses to improve basic public services. The services provided by BIDs generally are financed by special assessments on the commercial property within the district. Unlike general property taxes, these revenues can be used only for services within the BID. In addition, decisions affecting the use of BID revenues are usually made by a board consisting of private property and business owners. While the power of government is used to insure that all property owners contribute to the BID, oversight is often limited to an annual budget review.

NIDS (Neighborhood Improvement Districts)

NIDS are created by property owners in an area of the city with defined limits and boundaries by vote or by petition in order to provide financing for public improvements. The community issues a special assessment against the real property within the NID to cover cost of improvements to the district. Eligible improvements that could be made with proceeds from the special assessment in an NID include virtually any public improvement. An NID can be created for commercial or residential properties as well.

[13] Community and Economic Development Toolbox. Cornell University and Pennsylvania State Cooperative, 2001.

8. Municipal support

Officials in older towns and boroughs are starting to recognize the need for better planning tools and programs to encourage infill development and redevelopment. Some boroughs and core communities prefer office buildings instead of residential development due to real estate tax revenue. Citizens worry about traffic and overcrowded schools. Each and every municipality within the region has dealt with, in one form or another, the repercussions of rapid sprawl over the last few decades. Whether it is a declining tax base, infrastructure, housing stock, or overburdened roads and schools due to an influx of new housing, everyone has to face these issues and work to change current residential growth patterns.

COUNTY QUESTIONNAIRE

Methodology

In order to assess the types of opportunities municipalities in the region are creating to encourage redevelopment and reinvestment in core cities and older communities, DVRPC staff created a questionnaire for housing and community development offices of the nine counties and the region's four core cities, Philadelphia, Chester, Camden and Trenton (see Appendix B). The following answers are excerpts from the completed questionnaires, as answered by county and city staff members about their respective county and municipal programs encouraging residential reinvestment activities.

Question #1: Implementation Tools, financial incentives, specific programs

Burlington County, Chester County, Delaware County each answered yes to having one or more programs or tools to pass on to individual municipalities seeking methods to attract investment and revitalization.

Question #2: Funding programs and Special programs

Burlington County utilizes all the following tools: Inclusionary Zoning, Property Tax Abatement (through local redevelopment entities), while Chester County reports use of CDBG funds, Home Investment Partnership, County Housing Trust Program, Habitat for Humanity's Self-Help Homeownership program and federal HUD section 202 program (nonprofits). West Chester Borough has a very successful BID in which the business entities drive the planning and implementation processes. LIHTC and Historic Tax Credits have been successfully utilized by for-profit affordable housing developers over the last eight years in the City of Coatesville, and in Oxford, West Chester, Phoenixville and Parkesburg boroughs. Additionally, Habitat for Humanity has made a large contribution towards infill housing with an example being a 40-unit development in Coatesville and others in Phoenixville and West Chester.

In Delaware County, PA Department of Community Affairs (DCED), Brownfields for Housing and Communities of Opportunities plus the various Tax Credit programs are utilized, along with various other funding sources. Montgomery County has a countywide Economic Revitalization Program that supports and grants money to qualifying municipalities for revitalization tasks.

Question #3: CDBG and Main Street Programs

The following counties utilize either CDBG program funds or Main Street Program assistance or both to revitalize older boroughs: Bucks County, Burlington County, Chester County, and Delaware County. One shortcoming though, applies to the Main Street Program when pursuing comprehensive downtown revitalization plans. Main Street funds do not fund construction or physical improvements, only management assistance.

Question #4: Issues, concerns; facilitating redevelopment and infill

In Bucks County, no particular issues or citizen objections for this type of development were particularly noted. Developers just choose to develop elsewhere on new land. In Burlington County, land-assembly is difficult due to multiple property owners; Brownfields and projects that require demolition raise redevelopment/acquisition costs; and many communities want non-residential development, rather than residential because of increased tax revenues and reduced pressure on the school system.

In Chester County, investment in centers ideally would be market driven. One of the persistent problems remains the misconception that affordable housing developments will be poorly managed and be locations of criminal activity. Representatives of the counties and cities who completed the questionnaire cite that continuous education of the public on the good examples of affordable housing is necessary.

Delaware County's questionnaire talks of the difficulties often associated with land assembly and the need for a County-wide Revitalization/Economic Development Plan. Additionally, zoning amendments should be sought out to allow this type of development (i.e. increased densities). Developers need to convince municipal officials, lenders, and residents of the viability of infill development where the market supports it.

Question #5: County Encouragement

In Bucks County there is a long history of promoting "development districts", but without the power to direct growth to these areas, it does little good. The County also works to educate municipal officials, but they cannot control what properties developers buy and where. In Burlington County, officials there also focus on the education process as their method to encourage the shift of investment back into centers and older boroughs.

Chester County developed *Landscapes*, the County's Policy Plan, which in turn established the Vision Partnership Program, which offers planning grants to municipalities that revise their plans and ordinances to come into compliance with *Landscapes*. This implementation program also offers planning grants for urban center revitalization including a housing strategy. The Department of Community Development also helps to identify potential residential development in urban centers and communicate potential sites to developers. The County utilizes CDBG and the newly created County Community Revitalization Program to support reinvestment activities, as well.

Delaware County attempts to spread awareness through training, seminars and conferences offered on similar topics and is currently developing a Countywide Revitalization Program to fund revitalization plans and implementation strategies.

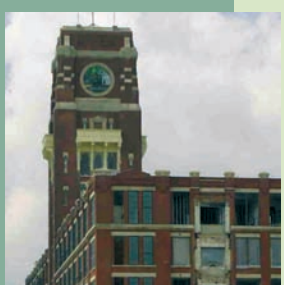
Again, the County sponsors education programs for local officials and partners with municipalities to update ordinances, while developing an updated county comprehensive plan.

As noted in the questionnaire results, several if not all of the nine counties are working with their respective municipalities to encourage reinvestment and redevelopment in areas bypassed by development that has been redirected to newer growth areas. Phase II of this study will highlight several specific projects and their associated success stories, with the intent of encouraging similar projects elsewhere throughout the region. The lessons learned by developers who have pursued and succeeded in developing a quality product in and around core cities and older suburbs will be beneficial to other developers and municipal governments wishing to promote and facilitate reinvestment projects in core communities throughout the region.

RESIDENTIAL INVESTMENT

CASE STUDIES AND POLICY RECOMMENDATIONS

PHASE II OF II



Introduction to Phase II: Case Studies and Policy Recommendations

In order to apply the planning principles and growth strategies DVRPC outlines in its 2025 Land Use and Transportation Plan, as well as shared goals with various planning and policy partners for directing investment back into our region's older suburbs, boroughs and core cities, it is an effective exercise to take a closer look at case studies of developments that have succeeded. Several developers were interviewed for their viewpoints on current policies, residential growth trends, and barriers they have faced in pursuing redevelopment or infill projects in older communities. By examining, on a project-specific basis, the steps taken to overcome the barriers discussed in Phase I of this report, other municipalities and developers will be able to identify and apply similar steps and principles in order to see their own projects succeed.

Several projects, due to diversity of location and project uniqueness, were chosen with the help of the Regional Housing Committee, the Study Advisory Committee and DVRPC staff, as well as projects uncovered through developer interviews and municipal questionnaires. The following projects were chosen for **CASE STUDIES**:

1. Doylestown, Montgomery County, PA: Granor-Price Homes, "Lantern Hill"
2. Downingtown, Chester County, PA: S&S Development Company, "Main Street Village"
3. Burlington City, Burlington County, NJ-Pennrose Properties, "Metropolitan Inn"
4. Burlington City, Burlington County, N J-Pennrose Properties, "J. Frank Budd Building"
5. City of Camden, Camden County, NJ- Dranoff Properties, "Victor Lofts"
6. City of Philadelphia- APM's neighborhood revitalization and housing initiatives in Northeast Philadelphia;

Source: DVRPC 2002

In each case study, a template is used to provide uniform information in a standardized format. Areas of financing, permitting, relationship between municipality and developer, role of municipality, neighborhood and citizen involvement and issues, and project timeline, to name a few, are described in detail.

In conclusion, the study brings to light, through an analysis of current trends and data (Phase I) as well as the Phase II case study findings, various housing policy directives to be pursued through DVRPC and its regional partners to encourage further residential investment in urban areas around the region. DVRPC along with its regional partners and local legislators can aim to address the barriers identified in this report for the success of the region's housing market.

Chapter Five, Phase II: Case Studies

In an attempt to be both geographically and socio-economically representative of residential investment patterns in the region, the case studies offer a little of everything: affordable and market-rate products, new construction and rehabilitation, age-restricted and family, rental and for-sale units. Some developments can be found in older boroughs, a few in core cities, and the remaining, in first generation suburbs, on both the Pennsylvania and New Jersey sides of the Delaware River. The chosen developments vary in size, costs and in obstacles to overcome. They offer a comprehensive summary of barriers to residential investment, ways to overcome the barriers, and to solicit public policy recommendations.

Each case study presents its own unique approach to residential investment in an older suburb or urban area. For the purposes of this report, a template is used to organize findings, allow for comparison of experiences and to aid in evaluating barriers (see figure 13 for categories). There are seventeen categories, completed for each case study with the help of newspaper articles, various research tools, developer interviews and site visits.

Figure 13: Case Study Question Categories[14]

Developer
State
Municipality
Site Location/Address
Site's Previous Use/History
New Construction or Rehabilitation
Zoning
Previous Zoning
Site Specs. (Number of dwelling units, density, price points, total acreage, dwelling types, square footage of non-residential space, if applicable, etc.)
Neighboring Uses
Financing Sources
Notable Stumbling Blocks
Community Position
Public Processes (Code compliance, permitting, land use regulations, etc.)
Other factors worth mentioning
Current Status of Project
Timeline of project (From idea conception to lease-up or unit sale)

Source: DVRPC, 2003.

[14] Not all categories were applicable for each case study.

Case Study One: Lantern Hill at Doylestown

Figure 14: New single-family homes as well as townhouses built in a "Traditional Neighborhood Design" to look like single-family homes. Several styles and unit sizes are available throughout the community.

Developer: Granor-Price Homes

State: Pennsylvania

Municipality: Doylestown Borough, Bucks County

Site Location/Address: Broad Street and Veterans Lane

Site's Previous Use/History: The site was formerly occupied by the Cartex Company, which produced automobile seat cushions and was demolished approximately 15 years ago. Cartex was purchased by the Woodbridge Group with corporate headquarters in Canada.

New Construction or Rehabilitation: An existing stone farmhouse and barn will be rehabilitated and converted into four dwelling units. The rest of the residential structures and the commercial space will be new construction.

Zoning: Traditional Neighborhood Development-1 (TND-1), which provides for a diversity of uses, dwelling types and green spaces in a compact arrangement, promoting internal and external walkability.

Previous Zoning: Planned Industrial, which allowed manufacturing, research, and truck terminals.

Site Specs: The site will contain a total of 117 dwelling units, 66,576 SF of office and 5,792 SF of commercial space on 14.9 total acres. The project is developed at a residential density of 7.8 dwelling units/acre.

Neighboring Uses: Single family detached housing, rental apartments, two high-rise elderly housing structures, shopping center, warehousing.

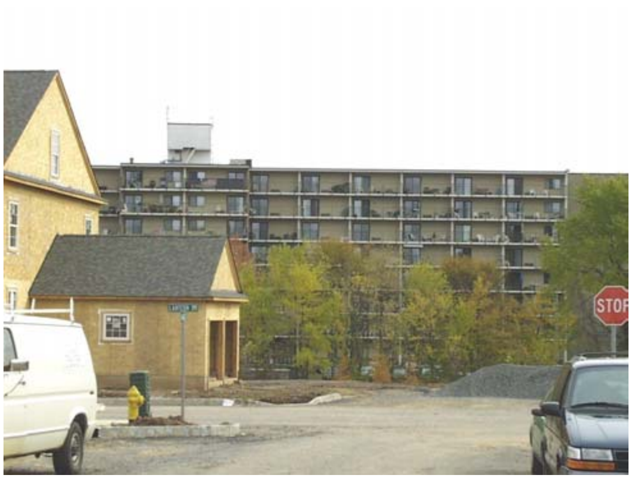


Figure 15: Senior housing mid-rise complex, neighboring the townhouse property

Financing: Financing was provided by a joint venture of Willow Grove Bank and Roxborough-Manayunk Bank, totaling $13,400,000. The land was purchased for $3,000,000. Anticipated residential build-out is $26,000,000 and commercial build-out, $10,000,000.

Notable Obstacles:

- Lack of zoning in place to support proposed uses.
- Lack of community consensus and support for site development, despite recent update of the Comprehensive Plan.
- Difficulties and expenses related to flooding issues along the adjacent stream and negotiating the settlement of a resulting lawsuit by a neighboring landowner.
- The State's decision to remove the site from their environmental 'x' list[15] did not lead to automatic removal from the Federal EPA superfund list.

Community position: Divergent attitude between various players including residents, Planning Commission and Borough Council. The Borough Council was the most supportive of planned development and final plan approval was unanimous.

[15] Superfund Properties not environmentally suitable for residential development.

Public Processes: Code compliance, permitting, land use regulations, etc.: The procedures necessary to get the site ready for building, the plans approved, and all project elements approved, was very difficult, time-consuming and expensive. The public process began with a presentation to the neighborhood at the Bucks County Free Library. Approximately 100 residents and a Philadelphia TV news station attended the meeting. From that point, there were several planning commission meetings where sketch plans were discussed, reviewed, rejected, revised and then finally approved. After an acceptable plan was presented, a zoning amendment was sought. An outside consultant was eventually brought in to complete the ordinance amendment. Architectural plans were integral to seeking acceptance and support.

Other Factors Worth Mentioning: The prior uses had contaminated the groundwater and the site was placed on the CERCLA[16] list. The site was remediated and issued an ACT 2[17] letter by PADEP stating that the site was cleaned up to residential standards. In May of 2002, the EPA issued a letter classifying the site as “No Further Remedial Action Planned” (NFRAP), archiving the site.

Also, sewage facility upgrades were very expensive, due to the need to raise a portion of Veterans Lane within the floodplain. A joint permit from the PADEP and the Army Corp of Engineers was required. ACOE permit is pending. Completion of additional ramps at Broad Street and the Route 611 by-pass will aid viability to the planned office and commercial development.

Current Status of Project: Development approval was granted in December 2001. Approximately 20 dwellings have been constructed and occupied with an additional 35 under construction. Office and commercial buildings had not been started as of December 2002.

Pricing/Rental Rates:

As of November 2002, prices for the various units were reported as follows:

Phase I:	*Twin* - From $273,000
Phase II:	*Twins*- From $280,000
	Townhomes- From $245,000
	Singles- From $315,000

Total Time-Consumption of Project (from idea conception to lease-up): The agreement to purchase the site was signed in October 1998 and it took until January 2002 to get through the approval processes and begin construction.

Lessons Learned: Community support does matter. Design and visuals are important in convincing neighbors of a good project. Transportation linkages and

[16] CERLA- Comprehensive Environmental Response, Compensation, and Liability Act
[17] A letter certifying that all environmental actions necessary were taken to permit use of a previously contaminated site.

traffic concerns are big issues that can affect a project's success. Any mixed-use project will do best to incorporate the commercial components after the residential component has taken hold, successfully.

Case Studies Two and Three: Restoration of Metropolitan Inn and Adaptive Reuse of the J. Frank Budd Building, Burlington City, NJ

Figure 16: The Metropolitan Inn, refurbished, April 2003

Figure 17: The J. Frank Budd Building, restored and ready for occupancy, April 2003.

Developer: Pennrose Properties Inc., of Philadelphia

State: New Jersey

Municipality: Burlington City

Site Location/Address: The Metropolitan Inn: High Street and Broad Street; The J. Frank Budd Building, 235 Penn Street

Site's Previous Use/History: The Metropolitan Inn was once home to the Blue Anchor Tavern where New Jersey's provincial Congress met on July 2, 1776, and formally declared independence from Great Britain. After fire damaged the tavern, the current four-story structure was built in 1856 and became the city's premier hotel, serving guests such as General Ulysses S. Grant, General George McClellan and Woodrow Wilson. The structure is listed on the National Register of Historic Places. West Electronics was built in the 1880s and is also listed on the National Register of Historic Places. Once the J.F. Budd Baby Shoe Factory, at the turn of the century it was one of the largest shoe manufacturers in the world. The two-story brick structure was later used for a textile mill before West Electronics acquired the building in the 1970s.

New Construction or Rehabilitation: Upon completion of the restoration[18] of the Metropolitan Inn, the structure will offer 16 one-bedroom apartment units as well as ground-floor commercial space. The J. Frank Budd Building will offer 31 one-bedroom apartment units for seniors and a community facility. Both developments are historic rehabilitation projects under affordable housing provisions[19] for lower-income senior citizens.

Zoning: The Metropolitan Inn- High and Broad Streets, Burlington City, NJ
C-1 Zoning – Urban Commercial District

Permits retail, restaurants, service establishments, banks, and offices on the first and upper floors of buildings. Residential uses are permitted above the first floor. Minimum lot size is 2,500 square feet with a 25-foot minimum lot width and 35-foot cap on building height.

The developer did note that a "use" variance was required for the Metropolitan Inn's residential component. There were no problems obtaining this. The developer also acknowledged the City and the Mayor for being very supportive of both projects throughout the development process.

J. Frank Budd Building, 235 Penn Street, Burlington City, NJ
R-3 Zoning – Residential District: *Mixed-density residential district*

Permits single family detached dwellings with a minimum lot area of 5,000 square feet, a minimum lot width of 40 feet, and a minimum setback of 25 feet; allows single-family semi-detached units with a minimum lot area of 3,500 square feet, a minimum lot width of 35 feet, and a minimum setback of 25 feet. Also permitted are single-family attached dwellings with a minimum lot area of 2,000 square feet for interior units (2,700 square feet for end units), a minimum lot width of 20 feet for interior units (30 feet for end units), and a minimum setback of 25 feet for all units. Two-family detached units with a minimum lot area of 7,000 square feet, a minimum lot width of 70 feet, and a minimum setback of 25 feet are also allowed in this district.

For the J. Frank Budd Building, parking was not required, but due to the concerns of some neighboring residents about the loss of on-street parking spaces, Pennrose thought it best to accommodate the immediate community by constructing a parking lot at the front of the property as well as additional parking in

---

[18] Both the Metropolitan Inn and the J. Frank Budd Building are on the National Register of Historic Places.
[19] Apartments are reserved for those earning 60 percent or less of the area's median income.

an adjacent vacant lot. Pennrose additionally accommodated neighbors abutting the property by throwing in the costs of a few new fences and roof improvements.

Site Specs: Both buildings will house one-bedroom apartments age-restricted for "senior" residents. Community features include a community room, elevator, laundry facilities, adjacent waterfront park, and convenience to downtown shops, restaurants and services as well as the new Trenton-Camden Light Rail Line. Each apartment unit is handicap accessible. All 52 one-bedroom apartments will be rented for $420 a month.

Neighboring Uses: Lower middle-income residential single-family detached and semi-detached housing primarily surrounds the J. Frank Budd Building. Directly across the Boulevard is another senior apartment mid-rise building that sits directly on the waterfront. The site is within 5 blocks of the main street of the City, High Street, which is lined with shops, restaurants and other services and amenities. Several churches are also within walking distance of the property. The Metropolitan Inn is nestled right into the center of town along the heart of High Street, abutting the light rail line. Residents will have great access to the commercial district, restaurants and services, as well as the light rail service into and out of town.

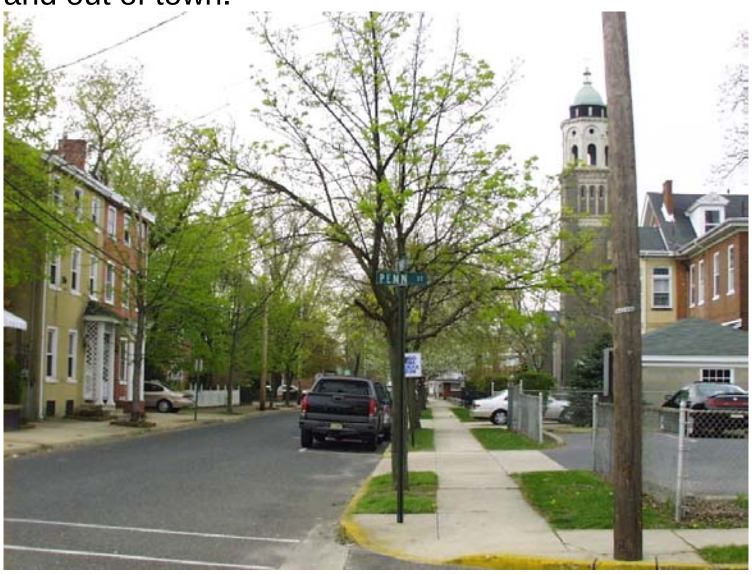


Figure 18: Neighboring uses surrounding the J. Frank Budd Building, primarily single family detached and semi-detached residential, a church, and another mid-rise senior apartment complex.

Figure 19: A beautiful building directly across the street from the Metropolitan Inn, which has been renovated and now houses a restaurant. Other commercial and retail uses line the High Street Corridor.

Financing Sources: Total project cost for both renovations totaled more than $9 million. Both projects are being financed by a variety of development partners in the public and private sectors including the New Jersey Department of Community Affairs, the New Jersey Housing and Mortgage Finance Agency (HMFA), the City of Burlington Redevelopment Authority, the New Jersey Casino Reinvestment Development Authority, the New Jersey Redevelopment Authority and Sovereign Bank.

- $6.1 million in mortgage loans from the New Jersey Housing and Mortgage Finance Agency ($1.6 million for the Metropolitan Inn and $4.5 million for the Budd Building).
- $200,000 from the New Jersey Redevelopment Authority's New Jersey Urban Site Acquisition Program (NJ-USA).[20]
- City of Burlington (CoBRA[21]) $200,000 and $300,000.
- The Department of Community Affairs (Balanced Housing Program) $1.8 million ($834,000 for the Metropolitan Inn and $911,000 for the Budd Building).
- New Jersey Casino Redevelopment Authority, $350,000.

Notable Obstacles:

- Financing package took quite a bit of time to put together and secure, which allowed time for residents within the City to develop grievances to the proposed developments.

[20]A state program that facilitates the acquisition and redevelopment of properties in a designated redevelopment area.
[21]CoBRA- City of Burlington Redevelopment Authority

- While Pennrose carefully met with every community group possible to inform residents of their plans and intentions for the future uses of both structures, slight opposition was faced when the phrase "low income housing" was mentioned, even though both developments would house existing City residents, fulfilling a gap in available affordable housing and would be limited to senior citizens. The City and Mayor aided the developers in this process by continuing to voice their commitment and support in both projects.
- Ceiling leaks at the Metropolitan delayed project completion
- The J. Frank Budd Building was relatively clean for its previous industrial usage. However, there were just slight soil contaminations found near the loading dock location. Further tests, which became time-consuming and expensive, were performed to assure no further contamination, especially to underground water sources.
- Both properties are senior apartment buildings, which is unique to the typical loft apartment market. Potential senior renters at first were reluctant to rent at the Metropolitan due to the bar/restaurant facility that is being renovated and reopened in the building. Potential renters at first resisted the large windows overlooking neighboring residences at the Budd Building.

Community Position:

- Both buildings, if not eyesores, created gaps in the residential and commercial fabric of the town, so residents seem to be very supportive of both projects being renovated, especially for affordable senior apartments to meet a growing aged population.
- The City itself was thrilled and completely supportive of the buildings being restored. The Metropolitan Inn is a nice addition along the increasingly vibrant commercial throughway and the Budd Building is a perfect complement to the senior housing structure across the boulevard by the waterfront.
- Initial opposition to and concern for the idea of lower income residents as well as worries concerning parking were addressed and appeased by the developer.

Public processes: Code compliance, permitting, land use regulations, etc.:
The developer noted no extraordinary issues concerning the issuance of permits or in obtaining site plan approvals. The developer did mention the benefit of the Metropolitan Inn's exemption from local historic requirements under the supervision of the City's Historic Board. This was due to the fact that the building was currently owned by the City's Redevelopment Authority and therefore only had to follow Federal and State historic rehabilitation requirements.

Other Factors Worth Mentioning: The Bar in the Metropolitan Inn is the original bar built in 1751 and has been visited by famous historic figures such as Abraham Lincoln. In fact, part of the Declaration of Independence was signed there. The bar can also be seen in early episodes of the show Bonanza.

Current Status of Project: The Budd Building has been ready for occupancy since February 2003, but has only had its office and property management staff in place since March 2003. Several residents have signed up for apartments and are in the process of preparing for occupancy. At the Metropolitan Inn, a few residents have signed leases, but several units are still available. In addition, the bar, built in 1751, will be refurbished as part of a bar/restaurant on the first floor of the building, occupied by a separate tenant. The Metropolitan Inn was nearly ready for occupancy by tenants, as of April 2003, but due to a recent ceiling leak, construction and repair has resumed and was pushed back occupancy for a month or so. The restaurant/bar is still being refurbished.

Pricing/Rental Rates: The units in both structures will rent to age-restricted[22] occupants at a rate of $420/month.

Total Time-Consumption of Project (from idea conception to lease-up): The project took three years of planning and required public-private financing. The projects were originally scheduled to open for occupancy by the fall of 2002, but as of April 2003, construction was nearing completion at the Metropolitan Inn and the J. Budd Building is completely finished and ready for occupancy.

Lessons Learned: You have to build what the market will absorb. In this case, Burlington City government and citizens were amicable to senior housing. Affordable housing is still a hard sell in many communities. Obstacles always arise, even when everything is planned out ahead of time. Extra costs and unexpected turn of events are rarely avoidable.

[22] 62 years of age or older whose income is 50% or less of the Median Income in Burlington County. The annual income threshold for one person is $22,150 and $25,300 for two people. Minimum annual income is $14,400.

Case Study Four: Main Street Village, Downingtown

Figure 20: A view of the new townhouses for sale at the old O'Brien Machinery site, now entitled: "Main Street Village"

Developer: S&S Development Company

State: Pennsylvania

Municipality: Downingtown Borough

Site Location/Address: Washington and Green Streets

Site's previous use/history: O'Brien Machinery Company used the site to recondition massive electrical transformers, which contained PCBs. In 1992, the EPA cleaned up the PCB contamination to prevent imminent endangerment to the surrounding area, though some PCBs remained.[23] The EPA[24] initiated the cleanup because the owner of O'Brien Manufacturing was bankrupt. The 22-acre site was razed and remediated in 1998, with a $1 million grant provided by the State's Department of Community and Economic Development[25] and DEP,[26] as well as a coalition of private money, public grants and federal and other state agency initiatives.

New Construction or Rehabilitation: 140-unit new construction townhouse community, with homes starting under $175,000, with a planned commercial/mixed-use component.

---

[23] www.cooperperskie.com Janet S. Kole, Esq. "Groundbreaking Launches Residential Development on Former Brownfield."
[24] Pennsylvania Brownfields initiative (1995 Land Recycling Program).
[25] Communities of Opportunity Fund.
[26] Industrial Sites Reuse Fund.

Zoning: Re-zoned R/C Infill Development District

The intent of the R/C Infill Development District is to "provide for the redevelopment of large parcels or combination of parcels which had once been developed as one use but which use is no longer viable. It is also the intent of this district to strengthen the residential viability of Downingtown Borough by encouraging primarily residential uses with a strong component of retail and service uses." [27] In the R/C Infill Development District, land, buildings and premises may be used by right for any one or combination of the following uses: single-family detached dwellings, two-family or twin dwellings, or townhouse dwellings.

Previous Zoning: Industrial

Site Specs: 140 townhomes with original sale prices between $130,000-$140,000 are now selling for $170,000-$180,000. There are three floor plans, 124 of which sold as of March 2003, 30 units were still under construction at that time. Final units were completed by September 2003. Amenities include back decks, garages, convenience to downtown Downingtown and proposed bike trail (to cross Brandywine River and connect development to train station). A stream through the center of property is being restored and will provide an additional public amenity for the townhouse residents.

Neighboring Uses: Middle-class residential, stone and brick construction; single-family detached.

Figure 21: Single family attached housing and some single family detached housing lines the neighboring streets of the Main Street Village property.

[27] Excerpt from the Borough of Downingtown Zoning Ordinance, Article XVa, from the Borough's website: www.downingtown.org.

Financing Sources: The project was a recipient of a $1,000,000 grant for the remediation of the PCP contaminates, $750,000 in tax forgiveness by the school district, county and borough; $2,000,000 lien forgiveness by the EPA; and a $141,000 Growing Greener Grant for a riparian buffer. These grants leveraged over $15,000,000 in private investment. A new tax base for the borough and over 150 town homes and corresponding commercial development resulted.

Notable Stumbling Blocks: Initial community opposition and some flooding problems for neighboring residents at the beginning of construction.

Community Position: The community was afraid of additional rental units reducing their property values, but once the developer and Borough explained that the development would be very attractive for-sale townhomes, the homeowners realized the development would in actuality raise their property values (which it has done since project construction). It adds significant aesthetic value and attractive new housing stock to a previously derelict, underutilized industrial site.

Public Processes: Code compliance, permitting, land use regulations, etc.: The site was already re-zoned for the proposed use. The developer did not mention any problems with permitting or plan approval/adoption.

Other Factors Worth Mentioning: The environmental remediation work was already completed before S&S acquired the property from the Borough of Downingtown. At first there was some resistance on the part of neighboring residents to a new "townhouse" development going in on the site. After the developers held several public meetings, with the full support of the Borough, the neighboring residents actually became the development's faithful advocates, feeling more confident about the project after meeting the development team, seeing the Borough's support and viewing pictures and sketches of what the final product would look like.

The site is one of the first Superfund sites in Pennsylvania that has been successfully remediated to residential standards.

Also, in an agreement with the Borough, the developer has a separate contract to perform stream restoration and aesthetic improvements to the surrounding watershed of the creek that passes through the middle of the property. This will provide the residents with an additional park-like setting, in addition to their backyards and decks. Park Run's channel is to be restored and the slopes, rebuilt. The additional work necessary for restoring the stream was made possible by a $130,000 state grant.

The developer of Main Street Village, Sonny D'Augustino, praised the cooperation and dedication of both the Borough of Downingtown and the Downingtown Main Street Association and others involved in the project. The Keystone Opportunity Zone and the new train station are also key developments for the future success of Downingtown.

Current Status of Project:
As of March 2003, 30 units are still under construction out of 140 total townhomes. The project is expected to reach completion by September 2003. Sixteen of the remaining 30 townhomes still under construction have already been sold.

Total Time-Consumption of project, (from idea conception to lease-up):
The reuse of the O'Brien Machinery site has been years in the making (1999 groundbreaking –2003 project completion). There were three years of bickering over the future use of the site, the time-consuming environmental cleanup, the commitment of the developer (Sonny D'Agastino) to redevelop the site with mid-priced townhouses, followed by more than a year of putting out the fires resulting from neighboring residents' concerns about the appearance of the new homes. Finally, as model homes were produced on the site, the community was appeased. The last few townhouses under construction were completed by September 2003.

Lessons Learned: A supportive Council and Borough representatives makes for a much easier process. You can gather support from neighboring residents by validating and listening to their concerns and properly addressing them.

Case Study Five: The Victor Lofts, Camden City

Figure 22: Part of Victor Lofts under construction and facing the Camden Waterfront.

Figure 23: The Nipper Building (Victor Lofts) with a view of the famous Tower.

Developer: Dranoff Properties

State: New Jersey

Municipality: City of Camden

Site Location/Address: Camden Waterfront, two blocks from Campbell Field, three blocks from the Tweeter Center.

Site's Previous Use/History: The Victor Lofts will be located in Building Number 17 of the old RCA complex, built between 1909 and 1916. The structure was used for crafting cabinets for gramophones and radios and later for manufacturing components for spacecraft and telecommunications. The building was abandoned by RCA in 1992.

New Construction or Rehabilitation: The structure will be rehabilitated into 349 luxury loft apartments, renting from $850 to $2,300/month.

Previous Zoning: CW- Commercial Waterfront, where warehousing and industrial uses are appropriate uses.

Zoning: 1 Market Street remains zoned Commercial Waterfront. Reuse of the building for residential lofts was made possible by a zoning variance.

Site Specs: The building will be in two sections, separated by a covered bridge between the upper floors, with the main entrance on Market Street at the base of the Nipper tower. The ground floor will have a grand lobby, public areas, retail/office space and an indoor parking garage. Thirty sixth-floor apartments will be two-stories with 20-foot ceilings. The building will have six floors with an atrium courtyard running through the middle of the building where railcars used to be loaded and unloaded under the structure's previous industrial use.

Figure 24: Campbell Field, Rutgers-Camden minor league baseball stadium, is one of the many waterfront amenities within walking distance of the Victor Lofts.

Figure 25: The Philadelphia Skyline as viewed from the front of the Victor Lofts.

Neighboring Uses: The immediate adjacent areas are primarily abandoned industrial buildings on one side and a hospital and technology company (L3) on the other side. The property directly abuts the waterfront park and is within walking distance of all the Camden Waterfront amenities.

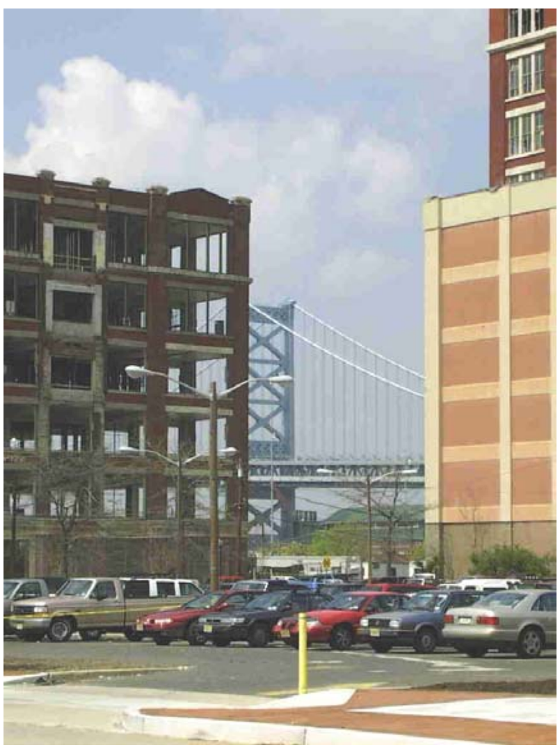


Figure 26: This picture shows a view of the Benjamin Franklin Bridge from the rear of the Victor Loft Building and a glimpse of one of the neighboring industrial sites that will likely be redeveloped in response to the immense level of waterfront activity already taking place in Camden.

Figure 27: L3, a state-of-the-art systems and manufacturing company with expertise in military, government and commercial applications, next door to the Victor Building, could provide a pool of potential renters for the Victor Lofts.

Project Story/Timeline: Carl Dranoff, the developer of the Victor Lofts, first toured the site in 1999. He saw a vision of what was to come for the Camden Waterfront and realized the potential of waterfront residential product in such a key location and directly across from the Old City Philadelphia with spectacular City skyline views. As of April 2003, the building is under construction with units expected to open for occupancy sometime in early 2004.

Financing Sources: Total estimated cost of project: $60 Million. Boston-based Fleet Bank is providing a $30 million financing package, along with two smaller banks, Wilmington Trust Company and United Bank of Philadelphia. An additional $10 million is coming from Related Capital, a Fleet-financed New York firm, specializing in historic tax credits. $9 million is being provided by the New Jersey Casino Redevelopment Authority to help with the site clean up, while the Delaware River Port Authority is cashing in $8 million in reduced-rate financing for the deal. Phil Grossman, senior VP at Fleet has already invested faith and time in the redevelopment of the Camden Waterfront through his role on the board of the Cooper's Ferry Development Association.

Notable Obstacles:

- Initially selling the idea of market-rate, luxury residential product in Camden, to the financial community.
- At the timing of this project's conception, there were plans to expand the aquarium, which sweetened the deal. The plans for aquarium expansion are currently on hold.
- The structure was not placed on the National Register of Historic Places until the summer of 2002. The stringent requirements under the tax credit program can create expensive redesign work. For instance, 1,100 windows

on the exterior and courtyard walls of the building, some 14-feet tall, are being removed and replaced with *historically correct* new windows.[28]
- There was a presence of asbestos and lead paint that had to be cleaned up with the help of the DRPA allocation ($6 million for cleanup).

Community Position: Camden's situation is unique in that there has not been any market-rate housing built in the City for over 40 years. Therefore, the state and the City and other supporters such as the Cooper's Ferry Development Association and other redevelopment groups have completely backed the revitalization of Camden's central business district and the waterfront, especially. Governor McGreevey announced in 2002 that the state of New Jersey would invest $175 million over the next three years to demolish abandoned houses, rehabilitate deteriorated housing, build business space, improve public safety and resurrect the economy in Camden (Martin, 2003). Neighboring businesses welcome the residential addition to possibly house some of their employees, at companies such as L3 or Rutgers Camden.

Public Processes: Code compliance, permitting, land use regulations, etc.: No significant or noted issues

Other Factors Worth Mentioning: The adaptive reuse of the Nipper Building into luxury loft apartments is the first market-rate housing to be built in the City of Camden in over four decades.

Current Status of Project: As of December 2002, the building already had a waiting list of nearly 500 prospective occupants. The project's goal for occupancy has been met as residents began moving in as of September 2003, with model units open in May of 2003.

Total Time-Consumption of Project (from idea conception to lease-up): Dranoff first toured the Nipper Building in 1999. The building is now open for occupancy as of August 2003.

Lessons Learned: Having a vision and taking a risk can be rewarding. Camden is a place ripe for opportunity. Residents will pay a high premium for amenities and a spectacular view.

[28] Martin, Antoinette. "Upscale rentals to open in downtrodden Camden". New York Times, February 8, 2003.

Case Study Six: The neighborhood redevelopment initiatives of Asociacion de Puertorriquños en Marcha (APM) in the eastern portion of North Philadelphia

Developer: Asociacion de Puertorriquños en Marcha (APM)

State: Pennsylvania

Municipality: Philadelphia

Background/Project Story Line:

In comparison to the other “case study” examples in this report, APM’s work is based on a larger concept of overall community rebuilding and restructuring, as well as community pride and the provision of social services. For instance, in the area that is the focus of this study, APM has done much more than just build houses. APM recognizes the need for a holistic community development approach, infusing a long-term commitment to the neighborhood and its residents by addressing the social problems, as well. APM has helped homeowners fix up their streets, paint their houses, plant community gardens, and have even brought in a supermarket.

APM was established in 1971 as a Latino social service agency with the purpose of promoting the welfare and empowerment of the Latino and African-American community, as well as low-income and other disadvantaged residents of the Delaware Valley. APM is, at present, one of the largest Latino social service agencies in Pennsylvania and employs over 200 people. In the early 1990s, APM entered the community development realm, establishing a 10-year strategic plan in 1994. As a 501 (c)(3) nonprofit organization, APM has created several subsidiaries to develop, operate and own APM’s development projects, which allows APM a unique opportunity as a CDC (community development corporation), to rebuild neighborhoods in addition to providing housing opportunities for low-income households and provide social services to its residents.

All of APM’s residential developments in the eastern portion of North Philly[29] have income eligibility requirements as well as other eligibility requirements for new residents. An income ceiling is based on HUD’s “very low-income” level and PHFA 50% of median income level. An income floor is based on HUD’s standards, as well. Applicants must also have a satisfactory criminal report (no bench warrants, pending probation, or felonies), a satisfactory credit report, satisfactory landlord references and a home visit. There is one waiting list for all APM developments.

---

[29] APM’s development activities take place within these boundaries: North 9th Street on the west, American Street on the east, York Street on the north and Berks Street on the south between American Street and North 7th Street and further south to Cecil B. Moore Avenue between North 7th Street and North 9th Street.

Neighborhood Redevelopment Details:

<u>One and Two APM Plaza</u>

2300 block of North 7th Street

- 36 one, two, and three-bedroom rental units for low-income families.
- Completed in 1994, developed in two phases and includes both rehabilitation and new construction.

<u>Jardines del Borinquen I</u>

2000 block of North 6th and North Marshall Streets

- APM's first large-scale rental development, consisting of 45 two- three- and four-bedroom townhouses for low to moderate-income families.
- Includes a central courtyard which provides protected play space for children.
- Completed in 1995.

Figure 28: Jardines del Borinquen

<u>Jardines del Borinquen II</u>

Located adjacent to Phase I, to the west, and extends over the 2000 block of North 7th Street

- 45 additional rental units.
- Interior courtyard with parking and basketball court.
- Half of the units carry a project-based Section 8 certificate.
- Completed in 1996.

Proyecto Escalera

8th and Germantown Avenue

- 24-unit, single-room occupancy residence for people with AIDS/HIV.
- One of the first residences of its type in Philadelphia.

APM Family Center

2300 block of North Marshall Street

- Bicultural day-care center and a Head Start program serving 50 children.
- The Head Start program is a result of a unique partnership between APM and the School District of Philadelphia.

Hogar de Esperanza

Figure 29: Hogar de Esperanza

- An alternative living arrangement for families with AIDS/HIV.
- 20 one- or two-bedroom apartments.
- Medical care provided by Einstein Medical Center in conjunction with APM's social services staff.
- Completed in 1998.

Borinquen/Gateway Plaza

- Built on 3.5 acres of vacant land located between Norris and Berks, 5th and 6th Streets.
- 44,000 square foot retail shopping center including a 40,000 square foot supermarket.

Taino Gardens

Figure 30: Taino Gardens

Located at 6th and Dauphin Streets in North Philadelphia

- 42 units of low-income tax credit housing.
- Completed February 2000.

Pradera Homes

Figure 31: Pradera Homes

Located at 8th and Norris Streets in Central North Philadelphia

- 50 new construction single-family homes.
- Completed Spring 2003.
- Constructed on a block that just two years ago contained a mix of abandoned, boarded-up buildings and vacant lots.

The Pradera development represents the first large-scale development for homeownership in APM's repertoire, but before the first building was even built, over 30% of the homes were already sold. Homes are directed towards families with incomes up to $50,650 for a family of four, annually. A few of the buildings were specifically built for residents with physical disabilities. Each home will have off-street parking and side and front yards.

Funding for the Pradera project is coming from a variety of sources, including $1.7 million from the Pennsylvania Housing Finance Agency's Homeownership Choice Program, $2.3 million in HOME and CDBG funds through the City of Philadelphia Redevelopment Authority, $500,000 from the Targeted Neighborhood Initiative of the Pew Charitable Trusts, $50,000 from Nationwide Insurance, and $500,000 from the Federal Home Loan Bank of Pittsburgh.

Previous Use/History: Dilapidated, run-down, vacant and abandoned structures, a crime-ridden neighborhood in need of total rebuilding.

New Construction or Rehabilitation: New Construction as well as rehabilitation of existing residential structures and reuse of vacant lots

Financing Sources: APM's community development division is funded by several different sources, including government agencies on city, state, and federal levels, as well as financial institutions, foundations and intermediaries such as the Pennsylvania Housing Finance Agency, the Local Initiatives Support Corporation, The Reinvestment Fund, and the Philadelphia Neighborhood Collaborative.

Notable Obstacles:

- APM was basically working in a zero-market area for housing, especially for home ownership products. It was extremely important to start with an education process and a vision-building process driven by the community residents to build support and a strong sense of pride and ownership in the neighborhood.
- Without a Master Plan and such an intricately developed community vision for the neighborhood as a whole, financing would have been extremely hard to capture in such a low-income, crime-ridden neighborhood.

Community position: The neighborhood residents became very passionately and actively involved in the planning processes, taking ownership for their new community.

Public processes: Code compliance, permitting, land use regulations, etc.: APM is an established and respected CDC in the City of Philadelphia so both the State and the City were very supportive of the development efforts in North Philadelphia. Rose Gray, Director of Planning and Development, and her staff have spent years familiarizing themselves with the processes and procedures needed to ensure timely and cost-effective development practices.

Other factors worth mentioning:

- The Homeownership Choice Program, instituted through the Pennsylvania Housing Finance Agency was basically modeled after APM's homeownership developments in North Philadelphia.
- APM's first homeownership project, 8 town homes, sold out in a month; 50 of the Pradera homes were sold within 4 months. At first the market was not encouraged by the idea of for-sale housing in this neighborhood but is now highly encouraged by the fast absorption rate of these two housing developments by APM.

Lessons Learned:

- In order to develop successful housing in a poverty-stricken and crime-ridden area of the City, redevelopment efforts need to take on a community development approach. The neighborhood residents have to be brought on board early in the planning process so that they can take ownership and pride in the reshaping of their community and take leadership in designing what the future of the neighborhood will look like. This ensures a long-lasting quality of life and proper maintenance and upkeep of the new developments, as well as neighboring older housing stock, green spaces and in combating crime and property degradation.
- Making sure to consider blending the new housing and residents in with the existing housing and residents is crucial. APM made sure existing residents felt they were a part of the change by raising monies to beautify existing homes and sidewalks, add street lights and get the community involved in revitalizing the whole neighborhood.
- Homeownership strengthens families and communities.
- Education is an extremely important step in the process of redeveloping a community. Residents must learn how to bring themselves out of poverty, find work, learn about investments such as owning a home, and then learn how to take care of their finances and eventually their own homes and properties.
- The grocery store may have been developed a few years before its time, but is now, as of 2003, functioning quite successfully.

Future Plans:

- An eight-unit home-ownership project.
- A 100-unit home-ownership development.
- Phase II of the retail shopping center.
- Other additional housing developments including a senior citizen development.
- Partnering with the Philadelphia Housing Authority to develop a plan to address the City's vacant sites scattered throughout the City (and in conjunction with the City's NTI program).

Chapter Six: Building Codes

Most building codes remain rehabilitation unfriendly, as exemplified through the common “25-50% rule,” mentioned in Phase I of this report. This rule requires fixer-uppers to rehabilitate an entire structure up to new construction standards if the value of the planned renovation exceeds 50% of the value of the structure being renovated. Also, a provision exists in many towns and cities requiring that an entire property must meet new building standards if there is a change of use, such as commercial or industrial to residential usage. Whether for new construction or rehabilitation of an existing building, New Jersey has until 1997, adhered to the BOCA code, which incorporates a strict 25-50% rule.[30]

New Jersey has made a bold attempt to address this common barrier faced by developers in redevelopment efforts. New Jersey officials realized that the housing stock in its core cities and urban areas throughout the state was predominantly older, and rehabilitating this older housing stock to provide quality affordable housing options for its residents was critical. The BOCA and National Building Codes, still primarily used in most states, impose a strict set of rules when it comes to rehabilitating a building or structure to residential standards. Many developers and building owners shy away from rehabbing a building because the time and costs involved are so uncertain. The New Jersey’s Rehabilitation Sub-Code provides an alternative to the universal code, which is geared towards new construction projects. New Jersey officials created provisions to the code for existing buildings that were “rational, predictable, and that delivered safe and sound rehabilitated structures.” [31]

The Rehabilitation Sub-Code design effort was lead by the Department of Community Affairs and a 30-person committee under the Center for Urban Policy Research at Rutgers University. The committee was made up of code officials, fire officials, architects, historic preservationists, government representations and

[30] Listokin, David. “Housing Rehabilitation and American Cities.” HUD, 2002.
[31] New Jersey Department of Community Affairs website: Why we have a rehabilitation sub-code. http://www.state.nj.us/dca/codes/rehab/rehabguide.htm. February 2003.

others. The draft document was presented on January 31, 1997 and published in the *New Jersey Register* on January 5, 1998.

The Rehabilitation Sub-Code varies quite substantially from the new construction codes. There are three types of projects under the sub-code: rehabilitation, change of use, and additions; four categories of rehabilitation (repair, renovation, alteration, and reconstruction); and five sets of requirements (products and practices, materials and methods, new building elements, basic requirements and supplemental requirements) that apply to the categories of work.

The Sub-Code was created specifically to encourage the rehabilitation of existing buildings by reducing the costs of rehabilitation in relation to new construction and by tempering the requirements for existing buildings to meet code. Placing new construction and existing housing in one category, requiring older homes to be brought to the same standards as brand new homes, is extremely cost prohibitive for developers interested in rehabilitation work. It was the hopes of Sub-Code supporters that this legislation would encourage developers to pursue rehabilitation of existing homes instead of letting older homes deteriorate while building more and more new homes on virgin land. The requirements set by the Sub-Code are meant to be more logical and rational in proportion to the level of work the developer is doing to an existing building. The Sub-Code is meant to provide clarity, consistency and fairness to developers/builders working on rehab projects and to eliminate unnecessary requirements and related costs, especially those that had no effect on public safety.

Under the BOCA Code, requirements are based on the ratio between the cost of the rehabilitation project and the replacement value of the building. Under the Rehabilitation Sub-Code, the requirements that have to be met are based on the nature of the work to be done (repairs versus renovations versus additions, for example) regardless of how many repairs are undertaken or how much the repairs cost.

Alterations (which involve reconfiguring spaces) and "reconstructions" (commonly referred to as "gut rehabs"), on the other hand, are subject to stricter regulations, since the assumption is that changing the physical space will involve more safety issues. A problem associated with the use of the standard BOCA code requirements for rehabilitating existing buildings was that in many cases, the requirements for dimensions in new buildings could not be easily met in existing structures (ceiling heights or corridor and stairway dimensions, for example). The Sub-Code is much more flexible, provided safety is not compromised.

A special section of the code speaks directly to historic renovation. The revisions under this section have allowed developers to renovate historic buildings without making changes that alter the structure's historic character and value. The Rehabilitation Code provides more flexibility than the Universal Building Code, allowing developers to, for example, leave existing safe staircases even if they are narrower than required by the Universal Code. As an additional example, the Sub-Code has provisions for allowing repairs to historic electrical or plumbing systems with materials consistent with original construction, provided (again) that safety is not compromised.

The New Jersey Sub-Code has received national attention, including a National Innovation in American Government Award in 1998. Since, the Sub-Code has been replicated in several states, including Maryland, Kansas, Rhode Island, and Delaware. HUD has also developed a model rehabilitation code and guidelines, based on New Jersey's Sub-Code (the Nationally Applicable Recommended Rehabilitation Provisions, or NARRP), for use by other states.

Figure 32: Estimated Cost of Rehabilitation Construction in New Jersey 1996-1998

	1996 (millions of $)	1997 (millions of $)	1998 (millions of $)	Percent Change	
				1996–97	1997–98
Newark					
housing rehab	22.2	19.3	15.2	–12.9	–-21.2
nonresidential rehab	36.4	48.8	93.3	34.2	90.9
total rehab	58.6	68.1	108.5	16.4	59.2
Jersey City					
housing rehab	22.5	16.7	17.6	–25.7	5.5
nonresidential rehab	29.0	31.8	71.4	9.8	124.4
total rehab	51.5	48.5	89	-5.7	83.5
Trenton					
housing rehab	14.4	8.0	10.3	–44.4	27.8
nonresidential rehab	18.1	12.9	19.1	–28.5	47.7
total rehab	32.5	21.0	29.4	–35.6	40.1
New Jersey					
housing rehab	1,274.3	1,395.6	1,561.3	9.5	11.9
nonresidential rehab	2, 028.9	2, 401.7	2, 527.3	18.4	5.2
total rehab	3, 303.2	3, 797.3	4, 088.6	15.0	7.7

Source: N.J. Department of Community Affairs.

As shown in Figure 32 above, there have been significant reductions in the cost of rehabilitation since the adoption of New Jersey's Rehabilitation Sub-Code. It has been estimated that the total costs of construction for rehabilitation projects in the State of New Jersey has been reduced by 25% or more.[32]

In Pennsylvania, Act 45 of 1999 required that the Commonwealth adopt and implement a statewide Uniform Construction Code (UCC), based on the National BOCA Code requirements. Prior to its enactment, many municipalities imposed no code requirements at all, and others imposed obsolete, confusing and/or inconsistent code requirements. This all made it difficult for developers to

[32] Pianca, Elizabeth. *Jersey Rehabs Soar 60% After Rules Change*, National Trust Public Policy Department).

understand what the requirements (and their associated costs) would be for new construction, let alone rehabilitation. Passage of the statewide Construction Code should simplify the process for new construction until Pennsylvania's own rendition of a Rehabilitation Sub-Code is adopted.

With the example set by the State of New Jersey, it is hoped by many housing activists, planners and the like that other states, including Pennsylvania, will develop similar sub-codes to make rehabilitation of older housing stock and the adaptive reuse of non-residential structures into housing, much easier and more financially viable. Pennsylvania lawmakers are currently in the process of redesigning the state's universal building codes and perhaps adding a rehabilitation sub-code similar to New Jersey's.

As of September 2003, no bill has been formally introduced in Pennsylvania to adopt a rehabilitation sub-code here in the state. However, with its neighbor New Jersey providing a national example of how effective and beneficial a rehabilitation sub-code can be, PA may not be far behind. Both 10,000 Friends of Pennsylvania and the Pennsylvania Housing Alliance are lobbying for a similar sub-code here in PA.

Chapter Seven: Overcoming Barriers to Affordable Rehabilitation

Federal Programs and Implementation Resources

The Federal office of Housing and Urban Development, HUD, is just one organization that offers several subsidies to aid in renovation projects. The region has a plethora of Federal, State and local subsidies, grants, and other private and public programs to aid developers in pursuing residential investment in core communities and urban areas. Following the figure on HUD programs is a comprehensive list of housing-related financing programs available to communities and developers throughout the DVRPC region.

Figure 33: HUD Funding Programs that Support Housing Rehabilitation

CDBG- Finances a range of activities including planning, infrastructure, affordable housing, economic development, and public service. In FY 1999, over 30% of CDBG expenditures supported affordable housing through rehabilitation, new construction, and homebuyer assistance.
Economic Development Loan Fund- The loan guarantee provision of the CDBG program, Section 108 offers a source of long-term financing for economic development, housing rehabilitation, public facilities and large scale physical development programs.
Economic Development Initiative Grants- Improves the economic feasibility of Section 108 loans by providing an additional subsidy for larger-scale activities such as shopping centers, industrial facilities, and housing development, including rehabilitation.
Empowerment Zones/Enterprise Communities- Designed to promote large-scale economic development in selected cities through strategic planning and leveraging private investment. Rehabilitation of residential units in distressed areas through EZ/EC grants has produced 11,000 housing units.
Brownfields Redevelopment- Appropriated funds for the redevelopment of brownfield sites have helped to leverage millions in Section 108 loan guarantees and private and public investment and will create thousands of jobs. This money is used for clean-up costs for the sites and rehabilitation of existing structures, including housing units.
Hope VI- A source of funds used to demolish, rebuild, and rehabilitate obsolete public housing and create mixed-income communities.
HOME- Among the largest sources of money for the construction and rehabilitation of affordable housing in the Nation. HOME funds are used for multifamily rental housing, improving substandard housing for current owners, and assisting new home buyers with acquisition, construction, and rehabilitation.
Low-Income Housing Tax Credit (LIHTC)- States are given a Federal tax credit to support the construction and rehabilitation of affordable housing units by profit and nonprofit developers.
FHA Multifamily Insurance- FHA insurance programs insure lenders in case of loss on first mortgages and make possible the construction, rehabilitation, and preservation of multifamily rental properties. These loans are made available to private developers, nonprofit organizations, and cooperatives that build affordable housing.
Source: "Housing Policy in the New Millennium, HUD 2002.

Statewide Programs

Pennsylvania Housing Finance Agency (PHFA)

Single-Family Homeownership Programs

Access Down Payment and Closing Cost Assistance Loan Program
This program provides down payment and closing cost assistance to persons with disabilities or who have a family member(s) living in the household with disabilities. Participating households qualify for an interest-free deferred payment loan that becomes due and payable upon sale, transfer, refinance, payoff of the first mortgage, or non-owner occupancy of the property. The income of participating households cannot exceed $38,000. Funding is available on a first come, first serve basis and loans may not exceed $15,000 nor fall below $1,000. PHFA also administers the Access Home Modification Program, which provides no-interest accessibility improvement loans ranging from $1,000 to $10,000 in conjunction with a PHFA first mortgage.

Closing Cost Assistance Program
The Closing Cost Assistance Program helps borrowers that qualify for the Lower Income Homeownership Program (see following page) to meet the financial requirements of their real estate settlement. Assistance is provided in the form of a no-interest second mortgage that does not require repayment until the first mortgage is paid in full or the home is sold, refinanced or transferred (except transfers by inheritance or between spouses). To be eligible for the program, applicants must be first-time homebuyers with liquid assets worth no more than $1,200 after closing. The amount of assistance received varies by household but cannot exceed $2,000.

Homeownership Choice Program (HCP)
HCP funds the development of single-family homes in urban communities. The program seeks to increase and diversify homeownership, encourage the development of mixed-income communities, and boost the efforts of urban municipalities to foster investment in new housing within their jurisdictional boundaries. Additionally, the program advocates market-sensitive and innovative land use planning concepts that help to transform disinvested urban neighborhoods into attractive communities.

HCP loans of $17.15 million have leveraged over $154 million in additional housing and infrastructure investments in the first three years of the program. PHFA has committed an additional $6.75 million to the Program for Fiscal Year 2003. Program proposals require partnerships between the municipality and the builder/developer.

Homestead Second Mortgage
Under this PHFA program, qualifying homebuyers may borrow between $1,000 and $15,000 to help defray their down payment and closing costs. Homestead Second Mortgage loans are interest-free and require no regular monthly payment. Instead, repayment of this loan is required upon full repayment of the first mortgage, sale, transfer, refinancing, or non-owner occupancy.
Borrowers are expected to pay at least three percent of the price of the house with PHFA providing the remainder of the down payment and closing costs. In certain cases, based upon family need, PHFA may pay more to make the property affordable to the buyer.

Lower Income Homeownership Program
Under this program, families that include children or disabled persons and have incomes at or below 80 percent of their county's median income may be eligible for up to $2,000 in closing cost assistance. First-time homebuyers and buyers that have not had ownership interest in a principal residence for three or more years may be eligible to participate in this program. No fees are charged for these loans, which can be used to help finance conventional, FHA-insured, VA-guaranteed or Rural Housing Service (RHS)-guaranteed mortgages. Income and purchase price limits vary by county and household size.

Purchasing Improvement Program
This program allows borrowers to make up to $15,000 in home improvements in conjunction with the purchase of a home with an Agency first mortgage loan. In addition to general repairs, improvements may include alterations or modifications that enhance the basic livability, accessibility, energy efficiency or safety of a property.

Section 203(k) Program
The federal Section 203(k) program is HUD’s primary program for the rehabilitation and repair of single-family properties. By helping families purchase houses in need of repair, modernization, or modifications to enhance accessibility, the program expands homeownership opportunities and contributes to the revitalization of neighborhoods and communities. To be eligible, a property may have no more than four dwelling units.

Section 203(k) loan proceeds can be used to acquire property and finance improvements. Allowable loan amounts are calculated based on the projected value of the property with the work completed. At least $5,000 in eligible improvements must be made to properties receiving 203(k) funding. Any repair that affects the health and safety of the property’s occupants is an acceptable use of the first $5,000. Minor or cosmetic repairs cannot be included in the first $5,000 but may be added after the $5,000 threshold is reached.

Statewide Homeownership Program

This program, one of the largest administered by PHFA, provides 30-year home mortgage loans with fixed, lower-than-market interest rates to first-time homebuyers. Small origination fees, liberal underwriting terms, and year-round availability give flexibility to the program, which can be used to help finance conventional, FHA-insured, VA-guaranteed or RHS-guaranteed mortgages. The program has proven successful in adapting to changing market conditions throughout the state. Income and purchase price limits, which vary by county and household size, apply to all loans.

Multi-family Rental Housing Programs

Construction Loans

This program makes below market-rate construction loans available to rental housing developers. To be eligible, developers must obtain permanent take-out financing from other lenders and ensure 20% of project residents have incomes that do not exceed 80% of the area's median income.

Low Income Housing Tax Credits

Administered by PHFA, this program provides federal tax incentives for the development and preservation of affordable, multi-family housing for lower income households, senior citizens, and persons with disabilities. PHFA allocates approximately $20,000,000 annually through this program, and recipients may reduce their federal tax liability by an amount equal to that of their tax credit allocation. Credits may be taken for up to ten years and can be sold to investors, with the proceeds used to cover project costs. Tax Credits are set aside regionally throughout the state.

PennHOMES

PHFA’s primary multifamily production program, PennHOMES offers interest-free, deferred payment loans to support the development of affordable rental housing for lower-income residents. Financing is structured as primary and secondary mortgage loans, and eligible sponsors include individuals, joint ventures, partnerships, limited partnerships, trusts and corporations. Funding is limited and applicants are encouraged to locate other public and private financial resources. Non-PHFA financing is essential to the successful development and operation of projects.

Taxable and Tax-exempt Bond Financing

This program provides below-market rate permanent financing for the construction or rehabilitation of affordable rental units through the sale of PHFA bonds. Applications for financing may be made at any time, and mortgages must be secured by a first-lien position.

Other Programs:

Future Homebuyer Program

This program was developed to teach high school students about budgeting, the use of credit, the ramifications of abuse of credit, and the everyday legal concerns they will face as adults. The goal of the program is to promote financial responsibility and prepare students for purchasing and owning a home of their own. PHFA, in partnership with the Pennsylvania Mortgage Bankers Association and the Pennsylvania Partnership for Economic Education, offers the Future Homebuyer Program to school districts throughout the Commonwealth either as an assembly or a classroom presentation comprised of presentations by members of the local lending and legal communities.

Homeowners Emergency Mortgage Assistance Program

This program provides short-term mortgage assistance by providing payments to lenders on behalf of qualifying homeowners. Recipients may receive funding for no more than 24 months, and must meet eligibility guidelines defined by state law. Repayment of assistance is required.

The Pennsylvania Department of Community and Economic Development

Brownfields for Housing

The Brownfields for Housing program provides grants for affordable housing activities in previously developed areas. To be eligible for state funding under this program, counties must administer Act 137 Affordable Housing Trust Funds and the proposed project must be permitted under Communities of Opportunity guidelines. Funding may not be used for the demolition of structures unless an immediate housing reuse is planned for the site. Grant allocations are determined annually by a formula and matching funds of at least $1 for each $4 of state Brownfields for Housing funds must be identified in the application.

Communities of Opportunity Program

This program provides funding for community revitalization and economic development activities that occur on a local level. In addition to helping Pennsylvania communities attract, grow, and retain businesses, this program also supports efforts to develop and rehabilitate housing, including units for low-income households. Local governments, redevelopment authorities, housing authorities, and some non-profit organizations are eligible for funding under this program. There is no minimum or maximum grant amount, though the average award size ranges from $150,000 to $200,000.

Community Development Block Grant Program (CDBG)
The CDBG initiative is a federal program that provides grant and technical assistance to support local level community and economic development efforts. CDBG has two components: an entitlement program, which provides annual funding to 27 third-class cities, 127 boroughs and townships, and 54 counties and a competitive program which is available to all non-federal entitlement municipalities in Pennsylvania. Funding may be used to finance housing rehabilitation, public services, community facilities, infrastructure improvements, and development and planning activities. A formula is used to determine the size of grants awarded under the entitlement program. Funding awarded to an individual applicant under the competitive program cannot exceed $500,000. Local governments that are not designated by HUD as urban counties or entitlement municipalities are eligible for CDBG funding, and 70% of each grant they receive must be used for activities that benefit low- and moderate- income persons.

Community Revitalization Program
This grant program supports local initiatives that help communities achieve and maintain social and economic diversity in order to ensure a productive tax base and a good quality of life for their residents. Funding may be utilized in a variety of ways, including: 1) constructing or rehabilitating infrastructure; 2) rehabilitating, acquiring and demolishing structures; 3) revitalizing or constructing community facilities; 4) purchasing or upgrading machinery and equipment; 5) planning activities relating to community assets, public safety, crime prevention, recreation, and training; and 6) acquiring land, buildings and rights-of-way. Local governments, municipal and redevelopment authorities, industrial development agencies, and non-profit corporations incorporated under the laws of the Commonwealth of Pennsylvania may apply for funding under the Community Revitalization Program. Grants generally range between $5,000 and $25,000.

Enterprise Zone Program
The Enterprise Zone Program, which has been merged into the New Communities Program, provides grants to financially disadvantaged communities for preparing and implementing business development strategies within municipal Enterprise Zones. Municipalities, redevelopment authorities, and non-profit economic development organizations may apply for funding under this program. In addition to financing the preparation of business development strategies, grants may be used to fund revolving fund business loans and program administration costs. The Enterprise Zone grant program includes planning and basic grants up to $50,000, and grants-to-loans of up to $250,000

HOME Program
This federally funded program provides local governments with loan and technical assistance to increase the supply of decent and affordable housing available to low-income Pennsylvanians. Local governments that do not represent HUD participating jurisdictions may apply to the program on behalf of private, non-profit and for-profit housing development corporations. Funding may be used for the

acquisition, rehabilitation, or construction of rental or sales housing for low- and moderate-income households. It may also be used to finance rental assistance programs. The maximum grant amount allowed under this program is $500,000. 25% local match is required for projects involving existing housing, and a 30% A local match is required for new construction.

Keystone Opportunity Zones / Keystone Opportunity Expansion Zones (KOZ / KOEZ)
The Keystone Opportunity Zone programs provide state and local tax abatements to businesses and residents locating in one of the twelve zones located throughout Pennsylvania. In order to be eligible for funding, businesses relocating to a KOZ/KOEZ must either increase their full-time employment by 20% within the first full year of operation, or make a 10% capital investment in their KOZ/KOEZ property based on their gross revenues from the prior year. Eligibility for benefits is also based upon an annual certification process that requires any entity applying for funding to be compliant with all local and state taxes, as well as with local zoning and building codes. Businesses, property owners and residents that satisfactorily meet the criteria listed in the Keystone Opportunity Zone Act may qualify for funding under this program. KOZ/KOEZ benefits are restricted to activities conducted in a designated zone. KOZ/KOEZ projects may also be given priority consideration for assistance under other community and economic building initiatives administered throughout the state.

Neighborhood Assistance Program
This tax credit program is designed to encourage businesses to donate capital that can be used to provide community services, crime prevention, education, job training, and other forms of assistance to low-income persons and distressed neighborhoods. Both non-profit organizations and for-profit businesses may apply for funding under the Neighborhood Assistance Program. Grant amounts vary according to the overall cost and scope of a project.

The Federal Home Loan Bank

The Affordable Housing Program (AHP) and the Community Investment Program (CIP) were created by the Federal Home Loan Banks to meet the housing and local economic needs of low- and moderate-income Americans and their communities. Each Federal Home Loan Bank has an affordable housing advisory council made up of housing and community improvement advocates that help to guide both programs. The nation’s 12 Federal Home Loan Banks are located in Atlanta, Boston, Cincinnati, Chicago, Dallas, Des Moines, Indianapolis, New York, Pittsburgh, San Francisco, Seattle, and Topeka.

Affordable Housing Program (AHP)
This program subsidizes the cost of low- and moderate-income owner-occupied and rental housing. Rental units are the primary focus of the program and comprise 68% of the total units funded by AHP since the program's inception in 1990.[31]

Under AHP, a subsidy may take the form of a grant or a below-cost interest rate on a loan from the Federal Home Loan Bank to a member lender. AHP subsidies must be used to fund the purchase, construction, rehabilitation or refinancing of the following: *Owner-occupied housing* for households with incomes that do not exceed 80% of area median income (AMI); or *rental housing* in which at least 20% of the units will be occupied by and affordable to very low-income households (50% of AMI). AHP funds may also be used to fund additional units targeted to households with incomes up to 80% of AMI.

Community Investment Program (CIP)
CIP is a lending program that helps finance a variety of community development activities. Under CIP, member banks and thrifts may qualify for loans with a discounted rate of interest or obtain AAA-rated letters of credit from Federal Home Loan Banks. CIP advances may be used to fund the purchase, construction, rehabilitation, refinancing or predevelopment financing of the following:

Owner-occupied housing for individual households with incomes that do not exceed 115% of AMI; or for projects in which at least 51% of the units are owned by households with incomes at or below 115% of AMI; *Rental housing* in which at least 51% of the units are occupied by or the rents are affordable to households with incomes at or below 115% of AMI; or *manufactured housing parks*, in which at least 51% of the units are occupied by or the rents are affordable to households with incomes at or below 115% of AMI; or which are located in neighborhoods with a median income at or below 115% of AMI.

Lenders may use CIP proceeds to fund direct (loan originations and purchases) or indirect (purchasing eligible mortgage securities, mortgage-revenue bonds and low-income housing tax credits or lending to other lenders to make eligible loans) housing finance programs. The Federal Home Loan Banks discount the interest rates on CIP advances and may require the lender to pass along this discount to its own borrowers.

Habitat for Humanity
Federal Home Loan Banks are the largest monetary supporter of Habitat for Humanity affiliates. To date, the banks have provided over $56 million to the

[31] Each of the 12 Federal Home Loan Banks contributes at least 10% of its annual net earnings to its AHP. In 2003, a combined total of $200 million is available for AHP.

organization. Although individual Federal Home Loan Banks and the Council of Federal Home Loan Banks participate in a range of projects with Habitat, most of the funding earmarked for the organization has come through AHP.

New Jersey Redevelopment Authority

New Jersey Urban Site Acquisition Program
Enables local communities to acquire strategic sites and contiguous parcels within urban redevelopment plans, giving those plans a critical mass needed for success. Redevelopment projects must be located in NJRA's eligible municipalities. Problems such as tax liens, mortgage liens, and clear title necessary for redevelopment are wiped away by this program.

New Jersey Housing Mortgage Finance Agency (HMFA)

Urban Home Ownership Recovery Program (UHORP)
Encourages economic diversity by helping builders construct mixed-income housing and helping homebuyers live there. HMFA works with commercial lenders to secure financing for developers and mortgages for eligible homebuyers.

"Too Good But It's True" program
Low-interest mortgages for homebuyers in select urban neighborhoods

Upstairs-Downtown Mortgage and Rehabilitation Program
Gives small business owners and investors the financial backing to rehabilitate commercial buildings with upper-floor residential potential. Borrowers gain access to below-market mortgage rates to acquire, refinance, and renovate a commercial property to include one to four residences.

New Jersey's Department of Community Affairs (DCA)

Neighborhood Preservation Program (NPP)
The state's commitment includes a $100,000 annual grant for supporting a wide range of local initiatives: housing rehabilitation, neighborhood beautification, site acquisition, neighborhood organizations, and more. A state-assigned program manager works with municipal officials, local residents and lenders to create a lasting relationship for future progress.

Special Improvement Districts (SIDS)
Downtown property owners and merchants form a local management association with authority to collect an annual assessment of its members and manage downtown affairs. Services or improvements supported through this program include new sidewalks, building façade improvements, security, special events, marketing, promotion and more.

Main Street New Jersey
The Main Street approach, one of the nation's most successful approaches to downtown revitalization, works by blending organization, promotion, design and economic restructuring into a practical downtown management strategy. Participating communities in New Jersey have realized more than 2,100 new jobs and 440 new downtown businesses, as well as some $52 million in private reinvestment.

County/City Administered Programs

City of Philadelphia

Philadelphia Real Estate Tax Abatement
This program, administered through the Board of Revision of Taxes, is 10-year tax abatement on all new residential construction and on residential conversion projects.

PIDC administers a HUD 108 loan program, available for blight remediation assistance.

The Philadelphia Housing Development Corporation assists low and moderate-income people through various homeownership and repair programs.

Mortgage Programs

Buy Into Philadelphia (Pilot Program)
Sponsored through the City of Philadelphia, Office of Housing and Community Development; First Mortgage financing through PNC Bank with a soft second mortgage of up to $6,510 for closing costs assistance. The second mortgage is forgiven at a rate of 20% per year, for each year the purchaser resides in the property. The applicant must be a first-time homebuyer and a resident of Philadelphia. Income restrictions apply.

Mortgage Credit Certificate
Program sponsored by the Philadelphia Redevelopment Authority (RDA). The program converts part of the mortgage interest deduction into a tax credit, lowering tax liability. The property must be a single-family home located in Philadelphia and used as a principal residence. Income restrictions apply.

Philadelphia Home Mortgage
Sponsored by the Philadelphia Redevelopment Authority. Below market rate, no points mortgage financing (30 year, 6.5% fixed). Conforms to Fannie Mae's Community Homebuyer guidelines. Applicant must be a first-time homebuyer. Housing counseling required. Income restrictions apply.

Statewide Homeownership Program
Sponsored by the Pennsylvania Housing Finance Agency (PHFA). Below market, mortgage financing for first-time homebuyers. Mortgages are 30-year, fixed rate at 6.6% (existing housing) or 5% (new construction). Down payment of 5% required. Application fee. Income restrictions apply. First-time homebuyer requirement waived in Philadelphia.

Lower Income Home Ownership Program
Sponsored by the PHFA. Below-market, mortgage financing for first-time homebuyers. Mortgages are 30-year, fixed rate at 6.4% (existing housing) or 5% (new construction). Down payment of 5% is required. Applicants must be first-time homebuyers with dependent children or a disability. Income restrictions apply.

Delaware Valley Mortgage Plan
Sponsored by the Greater Philadelphia Urban Affairs Coalition. Provides mortgages to credit worthy families meeting income requirements. Housing counseling required.

HUD 203K Program
Mortgage financing to acquire and rehabilitate a single-family property. Property must have 1-4 units and require at least $5,000 in rehabilitation work. No income restrictions apply. FHA loan limit is $137,750 in Philadelphia.

Homeownership Rehabilitation Program
Sponsored by the Philadelphia Redevelopment Authority (RDA). Financing for the acquisition and rehabilitation of vacant houses. Program is carried out by local Community Development Corporations (CDCs). The purchaser must be a first-time homebuyer and must finance 100% of the after-rehab value of the property. Property must be vacant and located in Philadelphia. Housing counseling required. Income restrictions apply.

Habitat for Humanity – Assisted Housing Program
Affordable, newly constructed, single-family housing for low-income families. Mortgage financing is available at 0% interest. Families are selected based on level of need, willingness to partner with Habitat and ability to repay 0% interest loan.

City of Trenton

Tax Abatement/Incentive Programs: Residential

Major Renovations/New Construction – Chapter 207
The tax abatements administered under this program may be applied to either new construction or existing properties in need of rehabilitation. Although participating property owners are not required to meet specific income requirements, this program has been successfully employed to help finance the construction and renovation of low- and moderate-income housing units. The City does not award abatements on land.

Residential-Rental
Provides 10- to 30-year abatement for up to 15% of the growth in rent revenues received by the property owner.

Homeowner
Under this five-year, graduated abatement program, homeowners are taxed on 20% of the assessed value of their dwelling during their first year participation, 40% during year two, 60% in year three, and so on until the abatement is completely phased out in year five.

Smaller Renovations- Chapter 441
This smaller program may be applied to residential improvement projects that increase the value of an existing structure by $25,000 or less. The size of the abatement is based on the value of the completed project. Property owners are awarded five-year abatements, the value of which remains constant throughout their participation in the program.

Project Application Review Committee
This committee, which is comprised of building code officials, meets with developers that are interested in pursuing projects in the City of Trenton. Committee members work with developers throughout the pre-construction process by laying the groundwork for the planning/design review process and outlining the infrastructure requirements for specific projects.

Trenton Brownfields Program
Over the last six years, the City of Trenton has spent around $10 million on the remediation of Brownfield sites, several of which have been redeveloped as new residential communities. The resources used by the city to finance its cleanup efforts include HOME funds, New Jersey state housing and redevelopment programs, and federal Brownfield grants. Sites are cleaned for “unrestricted use,” and remediation efforts often include infrastructure and streetscape improvements. Once cleanup efforts are complete, ownership is often transferred to a developer at very low (or no) cost.

Bucks County

The Department of Community Development administers federal, state, and county community support and housing funding programs.

CDBG Program (Community Development Block Grant)
This program, distributed by HUD to local governments is designed to benefit low- and moderate-income persons, aiding in the prevention or elimination of slums and blight, and/or meeting community urgent needs. Eligible activities include acquisition of real property, demolition and rehabilitation of structures, construction of public facilities, provision of handicap access, historic preservation, community planning, and energy conservation.

HOME Program (HUD)
This program seeks to expand the availability of affordable housing for low-income residents through partnerships between the public and private sectors. Eligible activities include the acquisition, demolition, rehabilitation, or new construction of affordable units to the target group. In addition, the program also seeks to provide homeownership and tenant-based rental assistance, along with reimbursement for relocation costs.

Housing Trust Fund Program
This program supports two initiatives: development of and increasing the supply of affordable housing units and a first-time homebuyer assistance program. The first-time homebuyer assistance program assists households earning less than 80% of county median household income with down payment or mortgage closing assistance (up to $10,000) which is repaid when the property is sold, refinanced, or the title is transferred.

Housing Rehabilitation Program
This program provides assistance to lower income homeowners for the repair and rehabilitation of their homes. The program provides a loan of up to $15,000. Eligibility requirements include a minimum of one-year ownership/residency, meeting of family income criteria, and maximum assets of $10,000 ($20,000 for disabled or elderly).

Brownfields for Housing Program
This program supports the development of housing on formerly developed sites located in core communities, such as boroughs and rural villages within townships. The program requires a funding match of at least $1 for each $4 in program funds. The principal program objectives include the revitalization of older areas, the redevelopment of previously developed properties, and the creation of affordable housing. Eligible activities include the preservation of historic buildings, housing rehabilitation, demolition of structures, environmental remediation, and improving handicap access.

Camden County

First-time Homebuyer Program
Camden County administers a first-time homebuyers program for low- and moderate-income residents. Under this program, income-eligible families may qualify for interest-free deferred loans that assist them in financing their down payments and closing costs. The size of these loans ranges from $1,000-$3,000.

Brownfield and Redevelopment Center (BARC)
In early 2003, the Camden County Improvement Authority opened this resource center, which they hope will serve as a clearinghouse for developers, municipalities and other groups interested in converting Brownfields into desirable real estate. BARC is backed by a $150,000 grant from the County to the Improvement Authority.

Chester City

Homebuyer Programs:

Chester City Low Income Homebuyer Assistance Program
The Homebuyer Assistance Program is intended to encourage expanded homeownership by low-income persons in the City of Chester. It has a dual focus of encouraging existing renters to be come homeowners and encouraging new residents to buy a house in the city. The Homebuyer Assistance Program will provide 50% of the down payment needed to purchase a home in the city and $5,000 in closing costs, at a 0% interest loan. Applications are submitted to the Chester Economic Development Authority. Participants must either have not owned a home for at least three years or be first-time homebuyers. Income limits range from a maximum of $38,200 for a household of one, to $72,000 for a household of eight.

Chester City Moderate Income Homebuyer Assistance Program
Like the low-income homebuyer program described previously, this effort aims to encourage current renters and new residents to purchase homes in the City of Chester. The Moderate Income Homebuyer Assistance Program is designed to help those who have the financial capacity to handle a mortgage and are prepared for the responsibilities of ownership but need assistance in covering closing costs. The program provides a maximum loan of $5,000 for closing costs. The loan will have a 0% interest rate and be forgiven on a five year pro rata basis (20% per year) for each year that the purchaser maintains the home as the primary residence. Income limits range from a maximum of $42,550 for a household of one, to $80,270 for a household of eight.

Chester City Police Officer Homebuyer Assistance Program
Chester participates in HUD’s Officer Next Door Program, which allows police officers to buy FHA foreclosed homes at 50% of the sales price. To qualify for this program, officers must provide proof of employment and agree to make the home their primary residence for at least three years. HUD issues a new list of FHA properties every two weeks and offers must be submitted within five days of the property listing’s release.

Economic Incentives for Businesses (selected):

Keystone Opportunity Zone
Chester is the only municipality in Delaware County that has been approved by the Pennsylvania Department of Community and Economic Development (DCED) for designation of parts of the City as Keystone Opportunity Zones (KOZ). In order to stimulate investment in underdeveloped or distressed sites, KOZ's are specific parcels that are virtually exempt from all state and local taxes through the year 2013. Eligible entities that invest in a KOZ may be exempt from city, county, and school district real estate taxes, Act 511 taxes including earned income/net profit taxes, business gross receipts taxes, occupancy taxes, and business privilege taxes. In addition, businesses that locate in a Chester KOZ may also be able to claim a credit against their state corporate income tax, capital stock franchise tax, and sales and use taxes.

City of Chester Enterprise Zone
The City of Chester also has an extensive state designated Enterprise Zone (EZ) that stretches along the Delaware River and well into the city's Commercial Business District. Under the EZ Program, eligible businesses can apply for up to $50,000 in low interest financing through the Chester Economic Development Authority (CEDA) to expand or modernize their facilities or to acquire machinery and equipment. Large-scale economic development projects that promote significant job creation in the City may also be able to apply to the Commonwealth of Pennsylvania for up to $250,000 in low interest financing to expand or relocate into Chester's Enterprise Zone. Finally, up to $250,000 in state tax credits can be provided to employers making real property improvements within the City of

Chester's EZ. These tax credits can be used to offset the Pennsylvania Corporate Tax Liability.

Local Economic Revitalization Tax Assistance Act (LERTA)
Chester adopted a provision under LERTA to encourage the revitalization of deteriorated properties in portions of the city. Under LERTA, a company interested in expanding or constructing a new facility can defer the increase in real estate taxes on the value of the construction over a period of ten years. During the first year, the real estate tax attributable to the increased assessment due to actual costs of improvements is 100% exempt. In subsequent years, the additional real estate taxes are phased in at a rate of 10% per year until the full assessment is reached in year ten.

Chester County- Department of Community Development

Housing Partnership Development Corporation- Housing Rehabilitation Program
This program's purpose is to support rehabilitation work that addresses code, health, and safety issues. The applicant must own the home and the household's annual growth income must not exceed 80% of the area median income. The maximum amount of funding per single-family dwelling is $30,000.

Housing Partnership of Chester County- Homebuyers' Program
This program provides education in addition to direct financial assistance to low - and moderate-income homebuyers, whose income does not exceed 80% of the area median income. Financial counseling and homeownership training are prerequisites to receiving down payment and closing cost assistance.

Vision Partnership Planning Grant Program (VPP)
Tier II – Plan Implementation Grants
This program provides funding to support innovative planning efforts that further the goals of *Landscapes* (Chester County's comprehensive policy plan) and promote effective policies implemented by individual municipalities. In order to receive Tier II funding, municipalities must complete and adopt the County's Consistency Review Report and be determined by the County to be "consistent" or "somewhat consistent" with the policies outlined in *Landscapes*. Individual municipalities, consortiums of two or more municipalities, and regional planning commissions are all eligible to apply for Tier II grants. Eligible projects include the creation of urban center revitalization plans, community center development plans, and municipal transportation improvement plans. Additionally, a wide range of "special projects" may be eligible for Tier II funding, including capital improvement plans, transportation and land use modeling projects, traffic improvement studies, parking management plans, and other activities.

The maximum amount a municipality may receive is $150,000 over the life of a Tier II project. This amount may be spread out over several application and award cycles. For projects in a single municipality, the County will provide funding for up to 75% of eligible costs with a maximum grant size of $75,000 for a single application. Multi-municipal and regional projects may receive funding for up to 90% of eligible project costs with a maximum grant size of $75,000. The funding thresholds for “special projects” are somewhat lower: 50% of eligible costs for projects in a single municipality, and 75% of costs for multi-municipal and regional projects. The maximum grant size for all “special projects” is $50,000.

Delaware County

Housing Rehabilitation Program
Administered through the Housing Rehabilitation Department at Delaware County, this program provides low- and moderate-income homeowners with financial assistance for home repairs, with loans up to $25,000. These 0% deferred payment loans are not payable until the house is sold or transferred.

Home Improvement Loan Program (HIL)
Created by the Greater Philadelphia Urban Affairs Coalition, Delaware County OHCD, Chester Economic Development Authority and the Montgomery County OHCD, the program provides low-interest loans through private lenders to eligible homeowners who need rehabilitation work performed on their properties. The maximum loan under the program is $25,000 with a maximum term of 20 years at 5.75% interest.

Home Improvement Grant Program
This program is administered through Chester Community Improvement Project and funded by a Brownfields for Housing Initiative Grant through the Pennsylvania Department of Community and Economic Development (DCED). This housing rehabilitation initiative assists eligible low-income homeowners with major systems repairs. The assistance comes in the form of a 0%, five-year forgivable loan with a $15,000 maximum.

Homeownership First Program
This program is administered through the Chester Community Improvement Project and Media Fellowship House, providing up to $5,000 in down payment and closing costs to qualifying first-time homebuyers purchasing a property in Delaware County (excluding Chester City, Haverford and Upper Darby Townships). The assistance takes the form of a 0% interest loan that is only repayable upon sale or transfer of the property.

Housing Development Fund Program
Administered through the Delaware County OHCD, this initiative intends to promote the production and improvement of affordable rental and ownership housing. The funds available through the County's HDF are coupled with Federal HOME Investment Partnerships Program and Community Development Block Grant Program funds in order to maximize the program's effectiveness.

Renaissance Program
The newly developed countywide renaissance program has a two-pronged approach. One is an open-space mapping project for the northern and western parts of the county, while the other approach is the revitalization of the older urban areas in the eastern portion of the county. The 29 designated counties were split up into 5 planning areas and assigned action plans by project consultants. In the pilot year of the program, the County is choosing 20 or so projects to fund 100% to kick off the revitalization efforts. The following four years in the 5-year program will be a matching program to assist municipalities with their revitalization projects from signage to gateway projects to façade improvements, to streetscape improvements, etc. The Homeownership Program operated by Delaware County's OHCD has been redesigned and directed solely to the 29 designated Renaissance municipalities. The program, now called "Renaissance Revitalization Homeownership First Program" provides qualified buyers a zero-interest $5,000 down payment assistance loan.

Gloucester County

The Redevelopment and Brownfields Program

The Gloucester County Board of Chosen Freeholders, with a desire to help its municipalities, decided to institute The Redevelopment and Brownfields Program as of May 2001. This program was created to aid municipalities through redeveloping difficult properties and thereby building a more balanced and sustainable tax base while enhancing the quality of life.

The **Brownfields** program, through an Environmental Engineering group, provided services to all 24 municipalities in Gloucester County. The PMK Group assisted each municipality by creating a database on every brownfield location and will prepare grant applications for contamination investigations and site clean-ups.

This program is helping municipalities create redevelopment opportunities in infrastructured and environmentally sensitive areas. Communities are reinvesting in vacant and underutilized areas such as old landfills, gas stations, and century-old factories, spurring economic development and creating a more balanced tax base.

County education program for redeveloping and remediating properties for redevelopment

Mercer County
Housing Programs (administered by the Housing and Community Development Office)

Arena Improvement District Housing Initiative
Provides financial and technical assistance to low- and moderate-income families, and affordable housing organizations serving the Arena Improvement District. The program supports a renter-to-owner effort, a financial leveraging loan fund for non-profits and developers, and residential rehabilitation projects. Awards take the form of subsidized mortgages, down payment and closing cost assistance, deferred loans, and grants. Approximately $3.4 million funds this initiative.

Home Investment Partnerships Program Affordable Housing Consortium
Provides financial and technical assistance for affordable housing programs that serve low- and moderate-income families recommended to receive assistance by their local municipality (must be a member of the consortium). Eligible projects may include acquisition, demolition, construction and rehabilitation. The program aims to bridge the financing gaps that may face developers and nonprofits. Awards may be in the form of deferred loans, grants or technical assistance. About $530,000 is available to fund this program.

Small Cities Community Development Revolving Loan Fund
Provides financial and technical assistance to income eligible families requiring emergency housing rehabilitation services. Awards may be deferred loans or technical assistance. Funding for this program is around $100,000.

Community Housing Development Organization (CHDO) Assistance
Provides financial and technical assistance to qualifying, local non-profits – specifically CHDOs. Eligible projects may include rehabilitation, demolition, construction, and acquisition activities. Awards may be in the form of deferred loans, grants, and technical assistance. Funding for this program is limited to $80,000.

Countywide First Time Homebuyer Program
Provides interest-free deferred loans to income-eligible families for down payment and closing cost assistance. Homes financed with below market rate mortgages may also be eligible. About $125,000 is available for this program.

Small Cities Community Development Block Grant Home Improvement Program
Provides income eligible homeowners with housing rehabilitation assistance, technical assistance and deferred loans. Funding for this program is $400,000.

Capital Financing Program (administered by the Improvement Authority)
This program is designed to supply school districts, local governments, fire departments and non-profits with the funds they require to meet their capital needs. The program provides cost-effective financing to build or purchase capital projects and equipment. By financing through this initiative, organizations will

obtain lower insurance costs, lower interest rates, and easy access to funds for construction and equipment financing. The Improvement Authority can also manage and oversee the construction of projects. Standard financing fees are 0.5% of the first $5 million, 0.25% of the next $5 million, and 1/8 of a percentage point on any amounts thereafter.

Montgomery County- Department of Housing and Community Development

Affordable Housing Trust Fund (AHTF)
The County established a general fund to support affordable housing through programs and housing developments. Increased recording fees of deeds and mortgages provide for the fund. To date, the Trust Fund has annual revenues of at least $1,000,000.

Montgomery County First-Time Home Buyers Program
The Homebuyers Program aims to assist low-, moderate-, and median-income households interested in purchasing a home in Montgomery County. Eligible participants may receive assistance with closing costs. Funds for the program are supplied through the County's Affordable Housing Trust Fund. Those eligible must:

(1) Be a first time homebuyer or have not owned a home within the previous three years;
(2) Have a household income below the area median income;
(3) Intend to occupy the property purchased as a primary residence;
(4) Be creditworthy and able to qualify for a mortgage at or below the current market rate;
(5) Currently reside and/or be employed full time within Montgomery County at the time of Program application and closing;
(6) Complete the required counseling program prior to executing any contract of sale for the purchase of real estate; and
(7) Have a minimum of $2,500 liquid assets at the time of application. Applications must be submitted prior to an agreement of sale has been made. Grants are awarded for up to 10% of the estimated sale price.

Recipients must repay the grant if the home is sold, conveyed, granted, transferred; vacated or abandoned as primary residence within eight years of purchase date; or used an investment or income-producing property.

Community Revitalization Grant Program
This past fiscal year, Montgomery County awarded $5 million in Revitalization grants. Grants are awarded to qualifying municipalities who have completed some preliminary planning work. The aim of the Grant Program is to fund housing and economic development programs. Recently, Lower Merion Township applied to fund a new affordable housing project as well as mixed-use rehabilitation program. Lower Merion was able to target low-, moderate-, and median-income households with one revitalization grant.

Housing Rehabilitation Loan and Grant Program
Under the Loan and Grant program, over 500 houses have been rehabilitated. Low-income households are eligible for assistance. Due to limited funding and popular demand, there is a waiting list. Interested persons can contact the Department of Housing and Community Development.

Community Development Programs

Industrial Development Authority Loan Assistance Program
IDA helps Montgomery County businesses and non-profits get low-cost financing for real estate and equipment purchases. IDA borrows money from private sector lenders and makes loans to local organizations. The IDA can also secure below market interest rates for the borrower. In 2001, loan awards ranged from $250,000 to a young farming couple to $81,000,000+ to aid in waste disposal and pollution control. Other 2001 projects included aiding the Plymouth Friends School build a new gymnasium, helping Partners Press purchase new equipment, and renovating a vacant industrial building.

Job Creation Tax Credits[34]
A $1,000 per job tax credit is available for businesses that agree to create new jobs in the Commonwealth of Pennsylvania within three years. An eligible business must create 25 new jobs or increase employment by 20% of its existing workforce. 25% of the tax credits must go to a company of 100 employees or less. MCIDC is responsible for reviewing applications in Montgomery County.

Local Economic Revitalization Tax Assistance Act (LERTA)
Application through Montgomery County Industrial Development Corporation- Local municipalities, school districts and counties can offer abatements on property taxes for up to 10 years to encourage residential and commercial development. MCIDC is responsible for applications in Montgomery County.

Keystone Opportunity Zone Norristown[35]
Any business or resident that locates into a designated Keystone Opportunity Zone receives tax relief in the form of tax abatement, exemption, deduction, or credits. A business must increase its employment by 20% or increase its real estate investment by 10% to receive such tax relief.

Burlington County

Home Improvement Loan Program
Financed with Community Development Block Grant (CDBG) funding, this program provides income-eligible homeowners with up to $20,000 in no- to low-interest loans or deferred payment no-interest loans. Loan assistance awarded under this

[34] Application through Montgomery County Industrial Development Corporation.
[35] Administered by Montgomery County Planning Commission.

program may be used to bring existing properties up to code and eliminate lead hazards.

Housing Counseling Program
This program includes homebuyer workshops and pre-purchase counseling for first-time homeowners.

First-Time Homebuyer Program
Provides six-year forgivable loans of up to $3,500 to help income-eligible, first-time homebuyers cover their closing costs. The program also provides up to $3,500 in matching down payment funds to participating households with very low incomes.

HOME Affordable Housing Developer Program
Under this program, money is lent to housing developers to create affordable housing either through new construction or the conversion or rehabilitation of existing properties. Developers may offer the units for rent or sale and the terms of the loan are negotiated to ensure that the units being developed will remain affordable for a given length of time. The original terms of the loans may be extended in exchange for a longer period of guaranteed affordability.

Burlington City

City Housing Preservation Program (CHPP)
CHPP seeks to improve local housing conditions by providing financial and technical assistance to low- and moderate-income homeowners. The program is funded through a $50,000 revolving municipal reserve fund, which was created from the repayments received for previously issued housing rehabilitation grants and other financial assistance programs. Through CHPP, the City aims to provide direct and in-direct financial assistance to fifteen households in 2003. Recipients of CHPP grants sign a financial aid contract with a six-year declining scale payback that is completely forgiven if ownership of the property is retained throughout the six-year period.

New Yorkshire Neighborhood Revitalization Program (NYNRP)
As part of NYNRP, the City of Burlington conducts free municipal housing code inspections in neighborhood target areas to determine if dwelling units are suitable for habitation. Through this program, the City also provides emergency repair, hardship accessibility and housing rehabilitation grants, which, like those provided under CHPP, require recipients to sign a financial aid contract with a six-year declining scale payback that is completely forgiven if ownership of the property is retained throughout the six-year period. NYNRP also includes a program wherein residents of target areas may rent home repair tools from the City for free for up to two weeks. Each year the City selects a new target area. For 2003-2004, the eighth year of the program, Burlington has selected East Federal Street from High Street to York Street.

Chapter Eight: Conclusions, Recommendations and Next Steps

The counties and cities in the region are definitely taking steps in the right direction towards encouraging their core cities and urban communities to revitalize residential neighborhoods. Is there a need for further education and outreach to the communities requiring the most work in attracting residential developers to invest in their towns? Should the education process be directed towards the private development community? Is there a need for more state or federally funded programs? Are there legislative issues that need to be addressed, concerning the state of housing in our centers?

By taking a closer look at common barriers developers are facing in the region when it comes to housing in urban centers and older suburbs and then studying the financing tools and related public and private assistance available to developers and communities to encourage development in these locations, a few conclusions arise:

- Many developers may not be aware of all the programs available to them, nor the sources that provide them.
- Developers could still perceive older more urban communities as more expensive or complicated to deal with, whereas many have taken steps to make the process easier for developers to build there.
- Redevelopment and infill housing in an established neighborhood both come with added steps, costs and risks not typically associated with Greenfield development.
- Legislative action needs to be pursued, to place more support behind residential investment of this type and provide disincentive for Greenfield development in new suburb/ex-urban and rural areas.
- County governments need to continue to partner with their struggling boroughs and towns to provide reinvestment and revitalization assistance.
- Officials of the region’s towns and boroughs need to be educated about available funding programs at all levels of government and have an avenue in which to contact developers who could provide the type of residential investment desired in a particular place.

DVRPC continuously pursues programs through which it can support the sound development and redevelopment of its member governments and their communities. Several funding programs and policy initiatives currently exist at

DVRPC to encourage a shift of focus back onto the redevelopment of older suburbs, boroughs and core cities such as the Transportation and Community Development Initiative (TCDI[36]) and through updates and enhancements of the Year 2025 Long Range Land Use and Transportation Plan.

DVRPC will incorporate the findings and recommendations of this report into future policy work, funding programs, and research. A great deal of focus is being place on the plethora of older suburbs in the Philadelphia region. It is both a regional and local goal, to breathe life back into these older centers that could again be great places for living, recreating, culture and dining experiences and a source of walkable conveniences and amenities. Along with this policy report and similar initiatives, DVRPC has worked with the Brookings Institute and is now working with the Urban Land Institute to spread awareness of investment opportunities to developers. On a similar note, DVRPC will soon be embarking on the third year of TCDI grant funding (Transportation and Community Development Initiative), investing $1.5 million dollars, over two consecutive years, in these older communities to help them attract the type of reinvestment and attention they are currently lacking. Again, DVRPC is working hard to bring both municipalities and developers to the table to form relationships and make development opportunities a reality. Lastly, DVRPC is continuously exploring ideas for conferences, workshops and educational programs for municipal officials in how to market and position their individual locales for investment and revitalization opportunities.

[36] The TCDI program is intended to assist in reversing the trends of disinvestments and decline in many of the region's core cities and first generation suburbs by: supporting local planning projects that will lead to more residential, employment or retail opportunities; improving the overall character and quality of life within these communities to retain and attract business and residents, which will help to reduce the pressure for further sprawl and expansion into the growing suburbs; enhancing and utilizing the existing transportation infrastructure capacity in these areas to reduce the demands on the region's transportation network; and reducing congestion and improving the transportation system's efficiency.

APPENDICES

Appendix A

Study Advisory Committee:

Robert Walker, Planner, Chester County Planning Commission

Jametta Johnson, Planner, City of Philadelphia Planning Commission

Joyce Paul, Executive Assistant to the Assistant Commissioner, New Jersey Department of Community Affairs

Barbara Stephens, Public Affairs Officer, Pennsylvania Housing Finance Agency

Ron Bednar, Regional Planning Director, Pennsylvania Department of Community and Economic Development

DVRPC Staff participants:

Mary Bell, Senior planner

Richard Bickel, Deputy Director, Regional Planning Division

Heather Kump, Regional Economic Development Policy Planner

Appendix B

Questionnaire: County/Municipal Approaches to Reinvesting in Centers

1. Do municipalities in your county have implementation tools, financial or other incentives or specific programs available to encourage both new housing construction/infill and rehabilitation of existing housing stock in core centers and boroughs?

☐ Yes

☐ No

2. If yes, please list resources: ie. Funding programs such as Housing and Community Development Programs, Reinvestment Plans, supportive zoning changes, downtown improvement districts, tax incentives, etc. and which municipalities have such programs.

☐ Funding Programs

☐ Downtown Improvement District/BID/Tax Increment Financing (TIF)

☐ Inclusionary Zoning

☐ Tax Credits (LIHTC and Historic Tax Credits)

☐ Other (please describe)

3. Have any municipalities in your county received CDBG grant monies or Main Street Program funds to improve downtown amenities and resources?

☐ Yes

☐ No

☐ CDBG

☐ Main Street

☐ Both

4. What issues and concerns, if any, must municipalities address with their communities/citizenry in order to facilitate this type of development and to encourage developers to build in centers?

5. As a County Planning body, how do you encourage municipalities within your jurisdiction to participate in outreach programs and planning activities that have the goal of refocusing residential growth in centers as a means to curb sprawling suburban development?

6. Other thoughts or comments not covered in these questions?

Appendix C- Contact Information

- Contacts for resources.
- Contact information for case studies.

Bucks County

Contact: Housing Development Corporation
Phone: 215/348-6000
Website: www.buckscounty.org

Burlington City

Contact: Frank Storm – NP (Neighborhood Planning) Director
Phone: 609/386-5110
Website: None

Burlington County

Contact: John Smith – Coordinator, Community Development Office
Phone: 609/265-5055
Website: www.co.burlington.nj.us – under construction

Camden City

Housing Authority of the City of Camden
http://www.camdenhousing.org/
Phone: 856/968-2700

City of Camden Department of Housing Services
http://www.ci.camden.nj.us/departments/housingservices.html
Contact: Stanley Witkowski
Phone: 856/757-7283

Camden County

Organizations:

Camden County Improvement Authority
http://www.camdencounty.com/ccia/ccia.html
Contact: Phil Rowan, Executive Director
Phone: 856/751-CCIA (2242)

Chester City

Organizations:

Chester Economic Development Authority
Chester City Homebuyer programs
Contact: Donna Davis
Phone: 610/447-7850

Chester County Housing Authority
www.chesterhousingauthority.org/
Contact: Executive Director, Michael O. Lundy
Phone: 610/876-5561

Chester County

Contacts:	Bob Walker and David Ward, Chester County Planning Commission
Phone:	610/344-6285, 610/344-6900 or 800/692-1100 – Chester County Department of Community Development 610/458-5700 – Chester Co. Development Council
Websites:	www.chesco.org – Chester County (for housing resources see www.chesco.org/ccdcd/housing.html#Housing Development) www.ccdcseed.org – Chester County Development Council

City of Philadelphia

Historical Commission: 215/683-4590
Redevelopment Authority: 215/209-8732
PIDC (Philadelphia Industrial Development Corporation):
Enterprise Zone- Neighborhood Assistance Act: 215/683-2024

Websites:	http://koz.inventpa.com Keystone Opportunity Zone www.empowermentzone.org Empowerment Zone www.hud.gov/offices/cpd/ezec/index.cfm HUD Renewal Community

Delaware County
Organizations:

- Delaware County Office of Housing and Community Development
  www.co.delaware.pa.us/hcd/index.html
  Contact: John E. Pickett, Director
  Phone: 610/891-5425
- Delaware County Planning Department
  www.co.delaware.pa.us/planning/index.html
  Contact: John E. Pickett, Director
  Phone: 610/891-5200

Gloucester County

Organizations:

- Gloucester County Department of Economic Development
  www.gcnj.org
  Contact: Jim Watson
  Phone: 856/384-6930
- Gloucester County Improvement Authority
  www.gcianj.org
  Phone: 856/848-4006
- Gloucester County Housing Authority
  Phone: 856/845-4959

Montgomery County

Organizations:

- Montgomery County Planning Commission www.montcopa.org/plancom/
  Contact: Brian O-Leary
  Phone: 610/278-3722
- Montgomery County Department of Housing and Community Development
  www.montcopa.org/mcdhs
  Phone: 610/278-3540
- Montgomery County Industrial Development Corporation www.mcidc.com
  Phone: 610/272-0500
- Montgomery Industrial Development Authority
  http://www.montcopa.org/wib/ida.htm
  Phone: 610/272-1100
- Montgomery County Redevelopment Authority
  Phone: 610/278-3680

Trenton City

Contacts: Rhonda Coe, Director of Health and Production, Department of Housing Production, 609/989.3539; Jay Archepago, Brownfields Coordinator, 609/989.3501; City Tax Assessor's Office, Phone: 609/989-3083

Website: www.ci.trenton.nj.us or www.trentonnj.org

The Pennsylvania Department of Community and Economic Development

Brownfields for Housing
Contact: Brenda Bubb at 717/720-7468 or bbubb@state.pa.us

Communities of Opportunity Program
Contact: Aldona Kartorie at 717/720-7409 or akartorie@state.pa.us

Community Development Block Grant Program (CDBG)
Contact: Entitlement Program – Scott Dunwoody at 717/720-7402 or sdunwoody@state.pa.us
Competitive Program – Tom Brennan at 717/720-7403 or tbrennan@state.pa.us

Community Revitalization Program
Contact: DCED Customer Service Center at 1/800/379-7448 or ra-dcedcs@state.pa.us

Enterprise Zone Program
Contact: Aldona Kartorie at 717/720-7409 or email akartorie@state.pa.us
Contact: Scott Dunwoody at 717/720-7402 or sdunwoody@state.pa.us

Neighborhood Assistance Program
Contact: James Etta Reed at 717-787-1984 or jareed@state.pa.us

BIBLIOGRAPHY

Choices: A Report on the State of the Region's Housing Market. The Reinvestment Fund and the Metropolitan Philadelphia Policy Center, December 2001.

Community and Economic Development Toolbox. Cornell University and Pennsylvania State Cooperative, 2001.

DVRPC, Home Mortgage Disclosure Act data, 2000.

Flight or Fight: Metropolitan Philadelphia and its Future. Metropolitan Philadelphia Policy Center, September 2001.

Guardino, Carl. "Engaging Employers" presentation. The Congress of New Urbanism's "Wealth of Cities" conference, 2001.

Horizons: The Year 2025 Land Use and Transportation Plan for the Delaware Valley. Delaware Valley Regional Planning Commission, June 2002.

Listokin, David. "Housing Rehabilitation and American Cities." Department of Housing and Urban Development (HUD), 2001.

National Main Street Center. www.mainstreet.org. 2003.

New Jersey Department of Community Affairs: *Why we have a rehabilitation sub-code.* http://www.state.nj.us/dca/codes/rehab/rehabguide.htm. February 2003.

Parmley, Suzette. "Builders delve into housing shortage in New Jersey." Philadelphia Inquirer, April 11, 2002.

Top 50 Cities in the U.S. by Population and Rank, 1990 and 2000. www.Infoplease.com. 2002.

U.S. Census Bureau, Census 2000 Building Permit Data. www.census.gov and www.dvrpc.org.

Residential Investment in Centers and Corridors- Phase I and II Final Report

Publication No. : 04011

Date Published: January 2004

Geographic Area Covered: 9-County Delaware Valley Region (Bucks, Chester, Delaware, Montgomery and Philadelphia Counties in PA and Burlington, Camden, Gloucester and Mercer Counties in New Jersey)

Key Words: Residential Development, Housing, Housing Trends, Building Permits, HMDA Data, First Generation Suburbs, Older Boroughs, Urban Revitalization

ABSTRACT

This report offers a comprehensive overview of the region's patterns of residential investment since 1990. Several data sources are documented and mapped including building permit trends, HMDA (Home Mortgage Disclosure Act) data, and several cost of housing variables. Phase I goes on to analyze these data findings, compare other similar regions' residential statistics and then covers barriers to developing and redeveloping housing in core communities, older boroughs and cities. Developer interviews and County Questionnaire results provide insight into these implementation barriers, providing a foundation for Phase II of the report. The second phase dissects these perceived and real barriers through a closer look, including six case studies of successful residential products in such communities and how the developers overcame the barriers introduced in Phase I. The report concludes with several policy recommendations to encourage future development successes in older boroughs and core cities of the Region.

For More Information Contact:

Delaware Valley Regional Planning Commission
8th Floor - The Bourse Building
111 South Independence Mall East
Philadelphia, PA 19106-2582

Phone:	215-592-1800
Fax:	215-592-9125
Internet:	www.dvrpc.org

Staff contact:	Heather J. Kump
Direct phone:	215-238-2834
E-mail:	hkump@dvrpc.org

Delaware Valley Regional Planning Commission

The Bourse Building
111 South Independence Mall East
Philadelphia, PA 19106-2582
215.592.1800
www.dvrpc.org

Delaware Valley Regional Planning Commission

The Bourse Building
111 South Independence Mall East
Philadelphia, PA 19106-2582
215.592.1800
www.dvrpc.org

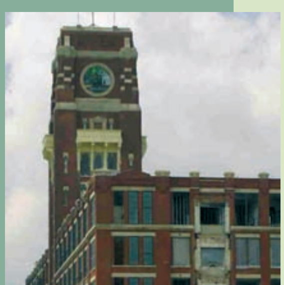
NEW INTER COVER

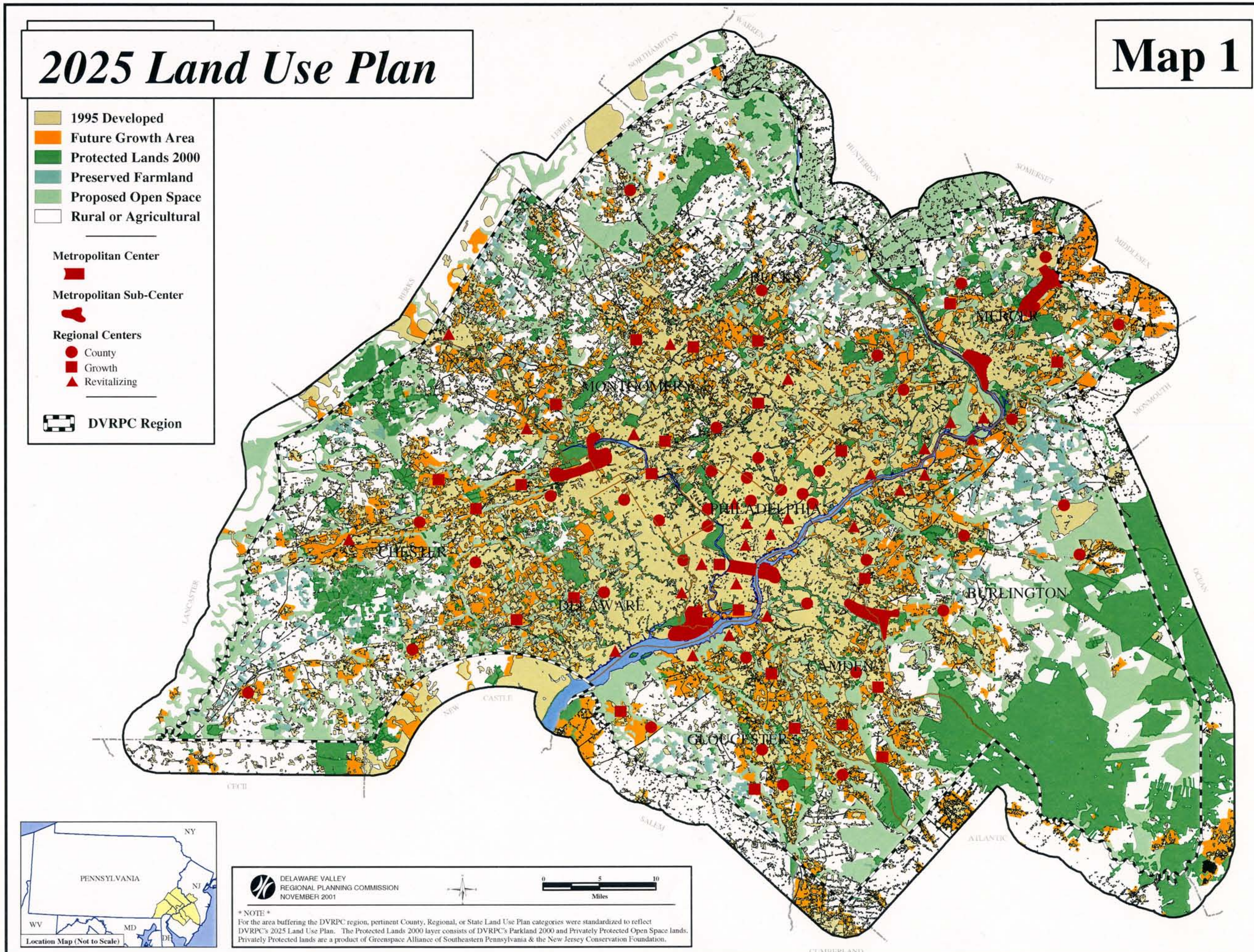
NEW INTER COVER

RESIDENTIAL INVESTMENTS

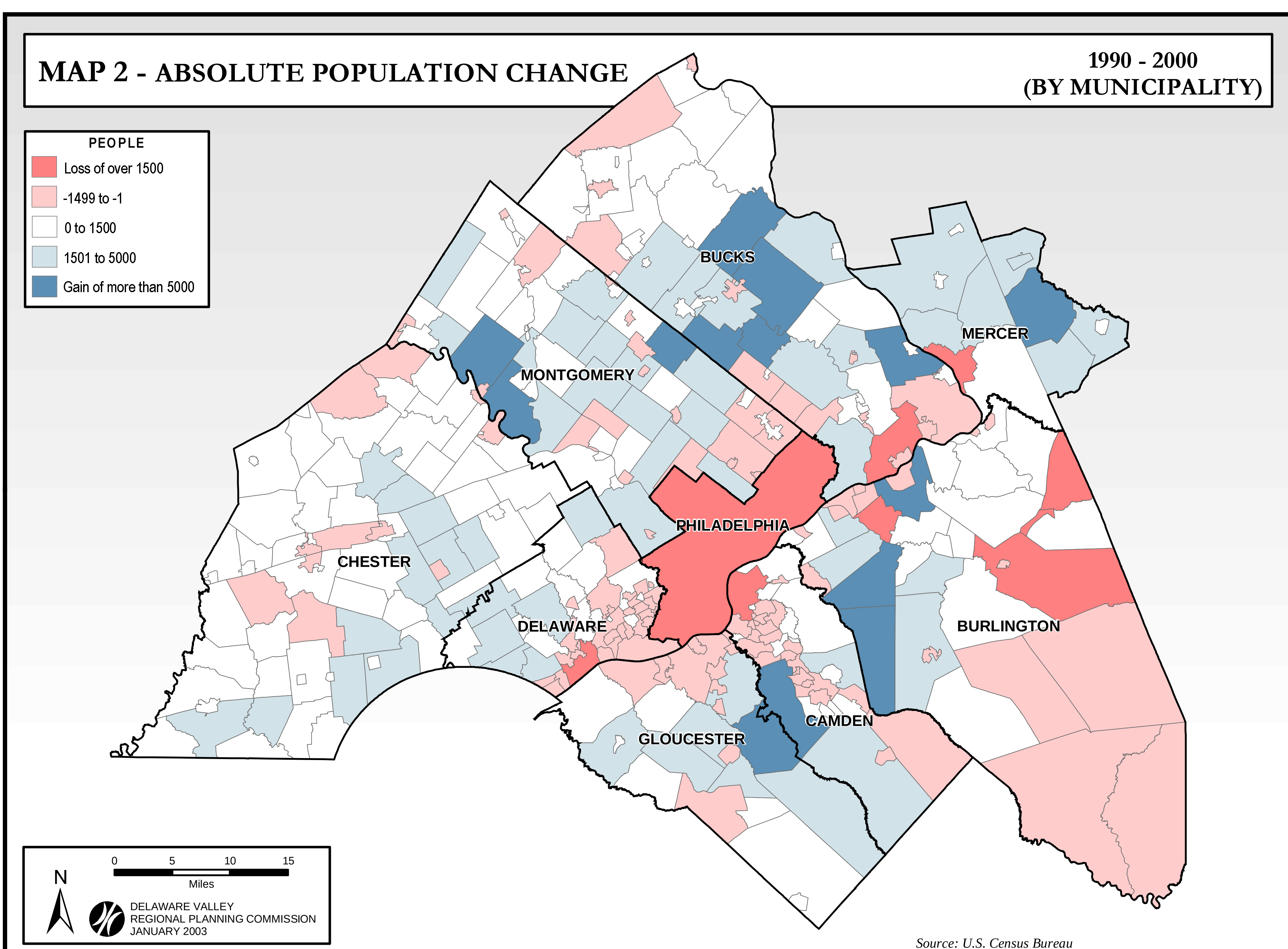
CASE STUDIES AND POLICY RECOMMENDATIONS

PHASE II OF II





2025 Land Use Plan
Map 1
1995 Developed
Future Growth Area
Protected Lands 2000
Preserved Farmland
Proposed Open Space
Rural or Agricultural
Metropolitan Center
Metropolitan Sub-Center
Regional Centers
County
Growth
Revitalizing
DVRPC Region
BUCKS
MONTGOMERY
MERCER
PHILADELPHIA
CHESTER
DELAWARE
BURLINGTON
CAMDEN
GLOUCESTER
NORTHAMPTON
WARREN
LEHIGH
HUNTERDON
SOMERSET
MIDDLESEX
BERKS
MONMOUTH
OCEAN
LANCASTER
NEW CASTLE
CECIL
SALEM
ATLANTIC
CUMBERLAND
PENNSYLVANIA
NY
NJ
WV
MD
DE
Location Map (Not to Scale)
DELAWARE VALLEY
REGIONAL PLANNING COMMISSION
NOVEMBER 2001
0
5
10
Miles
* NOTE *
For the area buffering the DVRPC region, pertinent County, Regional, or State Land Use Plan categories were standardized to reflect DVRPC's 2025 Land Use Plan. The Protected Lands 2000 layer consists of DVRPC's Parkland 2000 and Privately Protected Open Space lands. Privately Protected lands are a product of Greenspace Alliance of Southeastern Pennsylvania & the New Jersey Conservation Foundation.


MAP 2 - ABSOLUTE POPULATION CHANGE
1990 - 2000
(BY MUNICIPALITY)
PEOPLE
Loss of over 1500
-1499 to -1
0 to 1500
1501 to 5000
Gain of more than 5000
BUCKS
MERCER
MONTGOMERY
PHILADELPHIA
CHESTER
DELAWARE
BURLINGTON
CAMDEN
GLOUCESTER
0 5 10 15
Miles
N
DELAWARE VALLEY
REGIONAL PLANNING COMMISSION
JANUARY 2003
Source: U.S. Census Bureau