



THE LIHTC Property Compliance ISSUE

NCSHA's LIHTC Recommended Practices Seek to Strengthen State-Level Credits

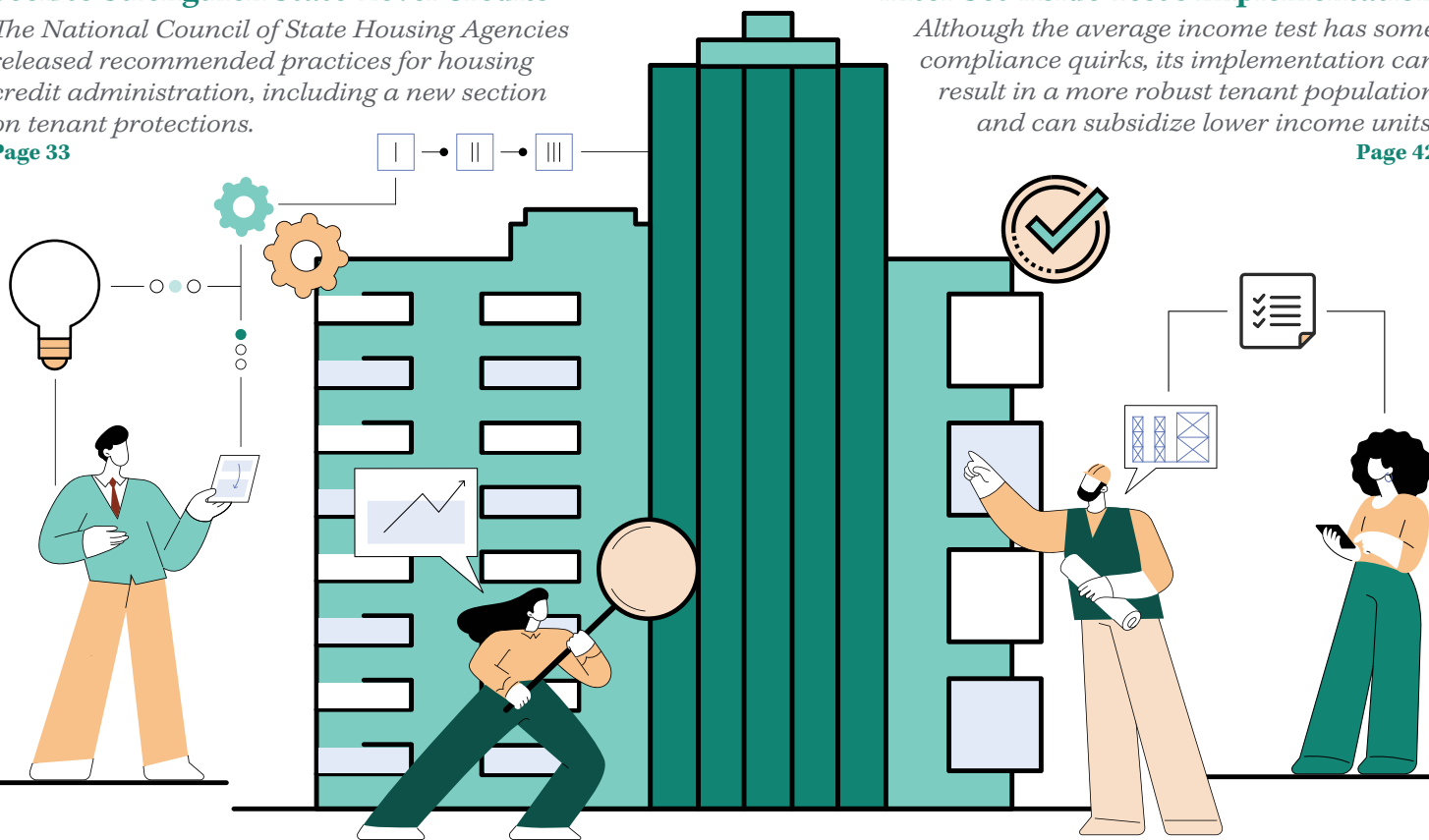
The National Council of State Housing Agencies released recommended practices for housing credit administration, including a new section on tenant protections.

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Average Income: Back to Basics Six Years After Set-Aside Test's Implementation

Although the average income test has some compliance quirks, its implementation can result in a more robust tenant population and can subsidize lower income units.

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Implementation of HOTMA Means Major Changes for Considering Student Financial Assistance as Income

The Housing Opportunity Through Modernization Act has the potential to have a significant impact on income eligibility.

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How LIHTC Swapdowns and Swapups Benefit Both Tenants and Owners

Learn about the multiple advantages to reassigning tenants in a higher set-aside unit to a lower set-aside or recertifying a lower set-aside household at a higher income.

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HISTORIC TAX CREDIT TOOL BOX 🌿

The Human Side of HTCs: The Parkside Rehabilitation



CINDY HAMILTON, HERITAGE CONSULTING GROUP

The historic tax credit (HTC) program often lends itself to the rehabilitation of larger buildings, with old mills or industrial buildings generally viewed as the program's bread and butter.

At a project's commencement, these buildings are commonly vacant, providing developers and contractors

ease of access to demolish and construct within. The ability to twin HTCs with other financial incentives, however, can open the door to utilizing the credits on other building types—sometimes ones with people living in them.

Image: Courtesy of Mission First Housing Group
Mission First Housing Group rehabilitated 16 of Philadelphia's historic Victorian-era homes along Parkside Avenue in 2023.



Image: Courtesy of Mission First Housing Group
Mission First, alongside other members of the community and project team, at the ribbon cutting of 4244 Parkside Avenue.

In 2023, the Mid-Atlantic-based Mission First Housing Group completed the rehabilitation of the Parkside Neighborhood Preservation in Philadelphia using HTCs and low-income housing tax credits (LIHTCs). This was Mission First's second round of investment in these properties, which were initially rehabilitated in the early 2000s. This project consisted of the rehabilitation of 82 occupied apartments spread across 16 former single-family residences in the historically prominent Parkside neighborhood of West Philadelphia that overlooks Fairmount Park. The homes highlight Victorian-era architecture, complete with Roman brick, stone and copper features, including their highly prominent front porches.

As part of the project, Mission First set up an interesting and effective relocation program to ensure that those living in these homes had a safe and comfortable place to live while their apartments underwent a much-needed makeover. Putting residents at the center of rehabilitations like that of Parkside is paramount to the success of the project itself.

Mission First Housing Group

Mission First Housing Group was established in the late 1980s. What began with a single duplex in South Philadelphia has grown into a nonprofit affordable housing developer owning over 4,000 apartments serving nearly 6,000 residents throughout the Mid-Atlantic region.

“We serve a diverse population across our footprint, including senior citizens, families, people with disabilities and many others,” said Sue McPhedran, Mission First's director of development in the Philadelphia region. “While a renovation project like Parkside will ultimately improve our residents' experience, it's important to consider how the rehabilitation will impact them during renovations.”

Mission First's housing portfolio includes a wide range of building types, including both historic buildings and new construction.

The Development of Parkside Avenue

West Philadelphia's Parkside Avenue includes an impressive collection of Victorian-era residences overlooking the west side of Fairmount Park and the former fairgrounds of the Centennial Exposition of 1876. Largely developed by Philadelphia's famous German-born “beer barons” around the turn of the 20th century, more traditional Philadelphia rowhouses that belonged to their employees on the secondary streets are also a defining characteristic of the neighborhood.

The Parkside Historic District, which encompasses over 200 buildings in the neighborhood, was listed on the National Register of Historic Places in 1983.

Rehabilitation

By the late-20th century, the Parkside neighborhood fell into disrepair. Despite financial hardship among property owners and residents, the neighborhood remained prominent within the city, particularly due to its views of Fairmount Park, the Smith Memorial Arch constructed for the Centennial Exposition and Memorial Hall itself, present-day home to Philadelphia's Please Touch Museum.

At that time, locals including James Leroy Brown IV and his wife, Charlotte, took it upon themselves to reinvest into the community. Dating as far back as the 1960s, in fact, Brown began restoring homes in the neighborhood via his Parkside Historic Preservation Corporation. Mission First's acquisition of the Parkside Avenue properties in the early 2000s continued and accelerated these efforts.

Some 20 years later, Mission First's efforts helped ensure that these properties in the 4100 and 4200 blocks of Parkside Avenue, as well as five buildings on nearby streets, would be preserved from a historical perspective and also continue to provide affordable, accessible housing in a desirable location for current residents of the neighborhood. During this renovation, the ornate exteriors were cleaned and refurbished, with new roofs, doors and windows installed. On the interior, finishes were repaired and upgraded, all while maintaining the historic millwork within the former homes.

McPhedran explained that the goal of the rehabilitation was "to preserve not only affordable housing in this desirable neighborhood, but to also preserve these buildings." She said, "While the historic requirements did add to construction costs, they were offset by the opportunity to preserve affordable housing in a transit-accessible location with panoramic views of Fairmount Park and Memorial Hall."

Since Mission First's investment in Parkside, McPhedran noted that additional redevelopment is taking place, evidence of the catalytic nature of the Parkside project, which is the true goal of the HTC program.

"When we started construction, there was one vacant lot on the 4200 block," said McPhedran. "That lot now features a new market-rate apartment building. Another property was in danger of collapse, with trees growing out of its gutters. After we started construction, the property was acquired and development is planned."

Relocation—The Human Factor

The Parkside rehabs certainly were successful in providing updated housing to the residents and in preserving the history of these buildings. They were not, however, without their challenges. McPhedran noted that like many HTC projects, "historic preservation makes it harder, both in terms of costs and logistics."

At Parkside, the biggest challenge with the scope of work pertained to the flooring. As part of the HTC review, the project team needed to survey the historic wood flooring to determine which areas could be retained and which replaced.

"The flooring was more expensive than our typical per-square-foot cost," said McPhedran. "We had to identify areas of flooring that could be reused and refinished and also identify a historically acceptable replacement flooring product. While the result was beautiful, both of these elements added cost to the project."

In addition to somewhat typical challenges with the scope, there were logistical challenges due to the buildings' active use as affordable multi-family housing. McPhedran explained Mission First's approach to relocation, as this is a common occurrence in the affordable housing industry.

“In many instances, we may ask residents to vacate their homes for a day, while construction crews work,” said McPhedran. “Those individuals then return to their units at night. For those residents needing a place to go during the day, we provide a hospitality suite.” She said, “in this case, as the scope of work was more involved, that was not possible, so residents had to vacate for an extended period of time.”

During the project planning phase, the Mission First team—including construction, development and property management—meets to devise a relocation plan. A portion of the units are allowed to remain vacant in the run up to construction start to enable residents whose apartments will be renovated first to vacate their unit. Residents typically move into “hotel” units within the project—units that will serve as temporary housing while a resident’s permanent unit is renovated. Mission First’s staff includes a relocation specialist to ensure that the complex process goes as smoothly as possible. The relocation specialist assists in designing the unit-by-unit relocation plan, providing notice to residents indicating when they will move, providing boxes to residents and scheduling movers, and assisting with trash removal.

“We were fortunate with Parkside as we were able to use one building as a ‘hotel,’ wherein we could move residents from their apartment to the nearby temporary housing

and conduct all rehabilitation while the apartment was vacant,” said McPhedran. The construction crews were then able to focus on one building at a time, renovating all apartments then moving on to the next as residents transitioned to the “hotel” then back to their apartment.

McPhedran said the ability to relocate residents temporarily on site was greatly beneficial, as some residents have been there since Mission First initially rehabilitated these properties in the early 2000s.

Conclusion: Account for the Human Factor

With the completion of the Parkside rehabilitations, 82 affordable apartments were preserved and upgraded to meet the needs of residents. Mission First’s forward-thinking approach enabled many of these residents to stay within their neighborhood while construction work took place. The human factor of the work taking place during HTC projects is an underappreciated aspect of these types of rehabilitations. Maintaining a relocation plan to ensure seamless transitions and minimal work delays are paramount, therefore, to ensuring success not only in the construction work, but also in providing adequate housing to those who need it most. ❖

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