



Mixed Income Housing Programs Report



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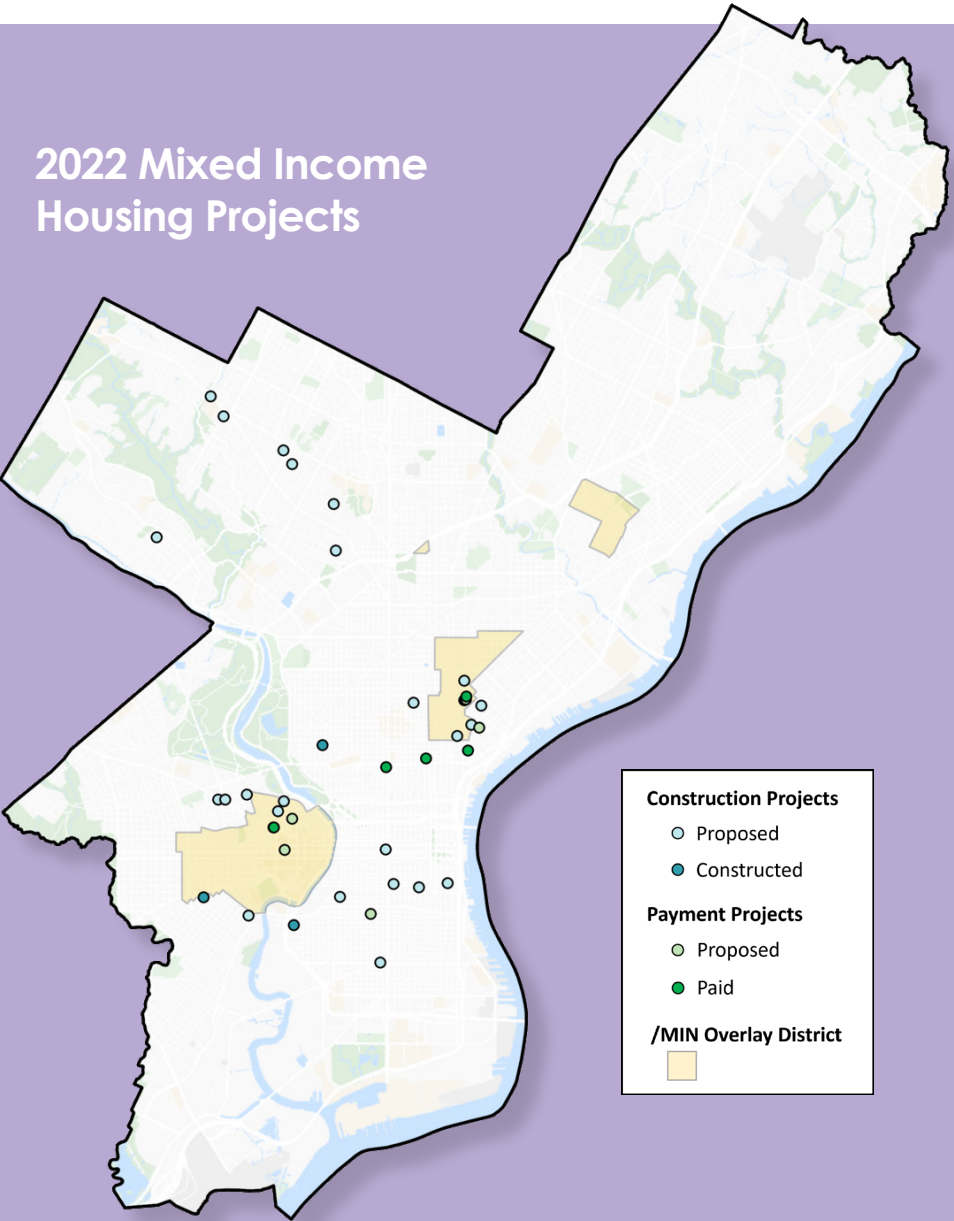
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Cover renderings:
Top L to R: 4701-15 Wayne Ave., Germantown,
401-7 Walnut Ln., Germantown
1828 Frankford Ave., Fishtown.
Bottom: 401 7 Walnut Ln., Germantown.

2022 in Review Milestones:

- January 1, 2022 – The phasing out of Philadelphia’s 10-year tax abatement begins, causing a deluge of permit activity for residential projects in the fourth quarter of 2021.
- May 11, 2022 – Construction completed on an affordable unit in a nine-unit Mixed Income Housing Bonus (MIHB) project. This is the second MIHB project to produce affordable housing since the program started in 2019.
- July 18, 2022 - Mixed Income Neighborhoods Overlay (MIN) goes into effect, requiring residential housing projects in certain areas of the city to set aside 20% of project units for affordable housing.
- August 1, 2022 – Construction completed on an affordable unit in an eight-unit MIHB project.
- October 11, 2022 - First MIN project receives its Zoning Permit. The project developer also chose to participate in MIHB, bringing a total of 6 affordable units into the pipeline.
- December 7, 2022 – Construction completed on five affordable units in a 42-unit MIHB project.

2022 Mixed Income Housing Projects



7 New Affordable Units Online

1 MIN Project with a 2022 Zoning Permit

\$1.3M Payments Collected in 2022 to fund affordable housing initiatives

32 Affordable Units with a 2022 Building Permit

719 North 35th Street



7619 Germantown Avenue

Project Status as of Dec 31, 2022

PROJECT TYPE	PROPOSED PROJECTS			COMPLETED PROJECTS	
Construction	Zoning Permit Issued	Building Plan Approved	Building Permit Issued	Construction Complete	
	MIHB	5	10	9	3
	MIN		1		
Payment	Zoning Permit Issued			Payment Collected	
	MIHB	5		7	



Addressing Philadelphia's Housing Need

As stated in Philadelphia's Housing Action Plan, "housing is the foundation of a vibrant and resilient city and supports the health and well-being of all its residents." In the 2018 Plan, the Department of Planning and Development committed to a goal of producing 71,000 units of affordable housing over a 10-year period. The Department is currently on track to achieving this goal.

The Mixed Income Housing programs are a significant contributor to this success, incentivizing construction of new affordable and market-rate housing units and generating payments to support affordable housing programs.



614 South 13th Street rendering



614 South 13th Street

About the Programs

Two Mixed Income Housing programs leverage private sector investment in the city to produce more affordable housing:

- **Mixed Income Housing Bonus (MIHB):**
This optional program was created in 2012 and expanded in 2018. Developers who opt into MIHB are eligible for a "zoning bonus," which allows them to build a larger or denser project than what is otherwise allowed under the Zoning Code. To access this increased density and the resulting increase in revenue it might bring, participating developers agree to set aside 10% of a project's housing units for affordable housing or contribute a set amount of funds to the City. Participating developers choose between two levels, low-income or moderate-income, with the former level yielding a larger bonus than the latter. Developers choosing the low-income bonus level must construct units affordable to lower-income households or else make a higher payment than developers choosing the moderate-income level. For more information, see Section § 14-702 (7) of the Philadelphia Code.

- **Mixed Income Neighborhoods Overlay (MIN):**
This program requires developers in certain areas of the city to sell or rent 20% of newly constructed housing units at affordable rates. The requirement applies to developments with 10 or more total residential units. The MIN became effective for projects that filed for a Zoning Permit after July 18, 2022. For more information, see Section § 14-533 of the Philadelphia Code.



4512 Lancaster Avenue

Since 2019:

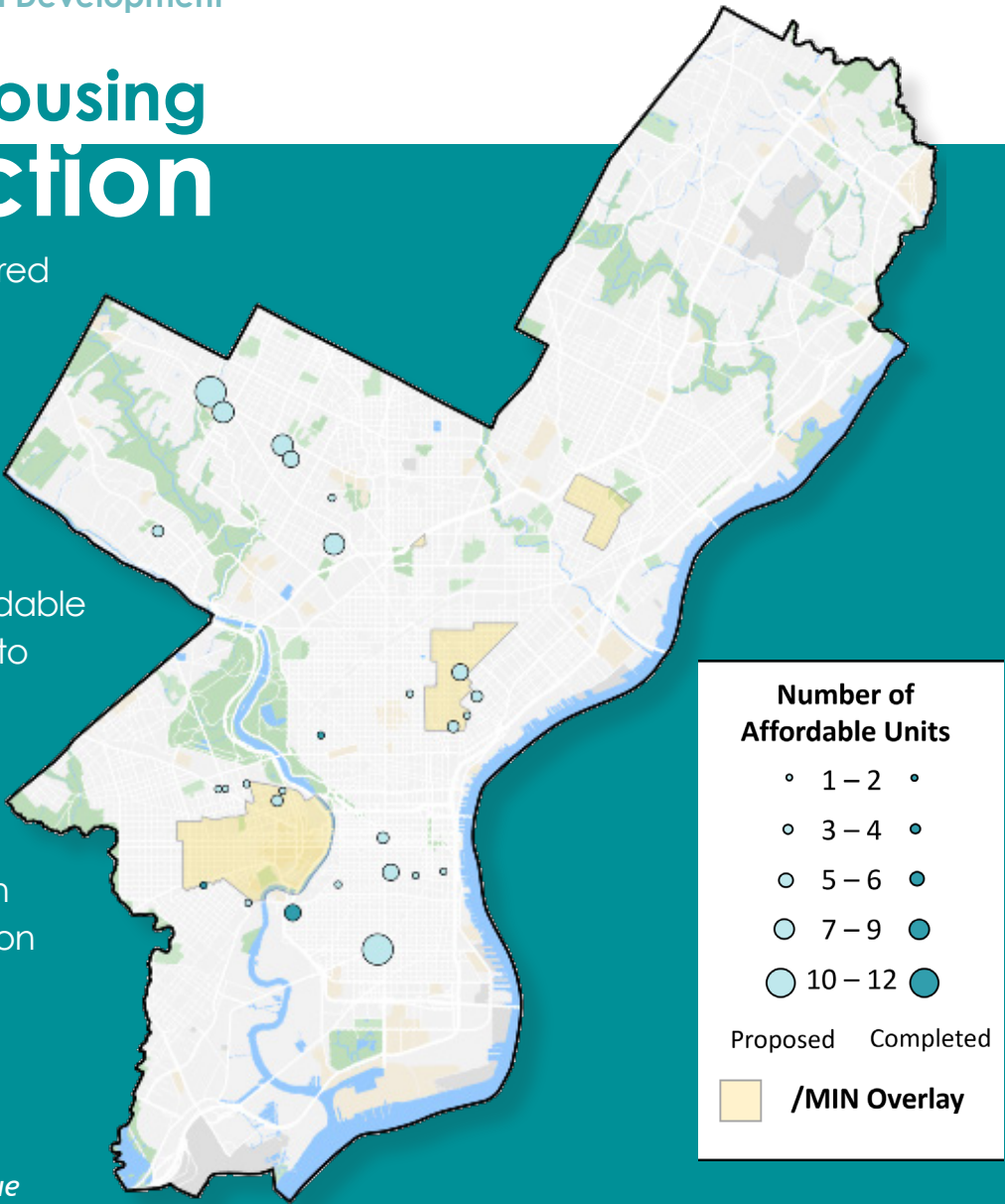
11
total affordable units completed

145
total affordable units with building permits

\$27.6 M
in contributions to the City to fund affordable housing initiatives

Affordable Housing Construction

Housing is typically considered affordable when housing costs (including utilities) are 30% or less than a household's total income. Housing programs are often targeted at different spectrums of earners. Affordable units constructed pursuant to a Mixed Income Housing program can be rented to households with up to 40%, 50% or 60% of Philadelphia's Area Median Income (AMI), depending on the project.



1828 Frankford Avenue

Program Requirements

Under MIHB, 10% of a project's units must be affordable at 50% or 60% AMI, depending on the size of the zoning bonus the developer is seeking. Under MIN, 20% of a project's units must be affordable at 40% AMI. Affordable housing units produced under either program must remain affordable for 50 years, be of quality comparable to market-rate housing, and be dispersed throughout the development. For rent limits by household size and level of affordability, see Appendix 1.

614 South 13th Street

893-97 Belmont Avenue



Income Limits at Initial Occupancy for Affordable Housing Rental Unit Eligibility in 2022

Household Size	40% AMI MIN Overlay	50% AMI MIHB Low Income	60% AMI MIHB Moderate Income
1	\$29,520	\$36,900	\$44,280
2	\$33,720	\$42,200	\$50,640
3	\$37,960	\$47,450	\$56,940
4	\$42,160	\$52,700	\$63,240



Projects with 2022 Zoning Permits by Level of Affordability

Program	Affordability Restrictions for Renters	Number of Projects	Number of Affordable Units
MIN	40% AMI	1	4
MIHB Low-Income Level	50% AMI	16	58
MIHB Moderate-Income Level	60% AMI	4	12
Total		21	74

Process Overview

Several milestones mark progress through the Mixed Income Housing process.

- 1. Developers interested in building in a Mixed Income Neighborhoods Overlay, or any developer interested in receiving a Mixed Income Housing Bonus, must submit an application with their **Zoning Permit**. From 2019 to 2021, approximately 80% of MIHB projects that received their Zoning Permit went on to receive a Building Permit.
- 2. After receiving a Zoning Permit, applicants submit a **Building Plan** that includes floor plans of all market-rate and affordable units. Department of Planning and Development staff review the Plan to ensure that the quality of the proposed affordable units is consistent with the quality of units in the project as a whole.
- 3. Next, the developer records a deed restriction limiting rents on the affordable units for 50 years. After all other standard permitting requirements are met, the project is issued a **Building Permit** and construction can begin.
- 4. The project is issued a **Certificate of Occupancy** when construction is complete and Construction Inspectors from the Department of Licenses and Inspections have determined that the building is ready to be occupied. It took an average of 430 days for MIHB construction projects to receive their Certificate of Occupancy after being issued a Building Permit.



401 East Walnut Lane

2022 Trends

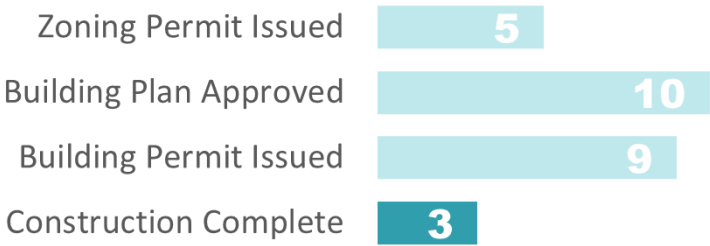
Because MIN was not put into effect until July 18, 2022, only one MIN project reached the Zoning Permit stage, with 4 affordable units.

For MIHB construction projects, there were more 2022 Zoning and Building Permits than 2019 and 2020 combined. This is likely because the cost of the payment increased, pushing more developers toward the construction option. Compared to 2021, Zoning Permit activity remained steady, but there was a decline in Building Permit activity. This gap reflects the anomalously high number of Building Permits issued in the fourth quarter of 2021 ahead of reductions in Philadelphia's 10-year tax abatement and introduction of a Construction Tax effective January 1, 2022. For a full breakdown of 2022 affordable housing construction projects, see Appendix 3.



769 South 10th Street

2022 Project Status



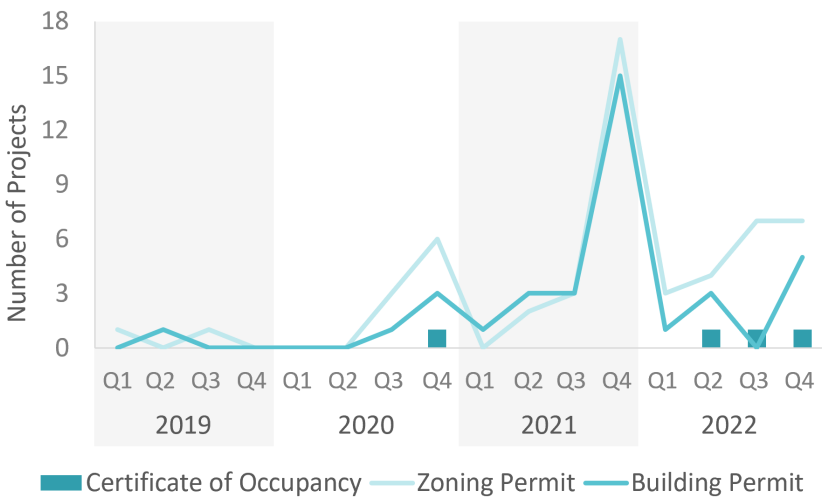
Includes the status of Mixed Income Housing projects that received a 2022 Zoning Permit, 2022 Building Permit, or 2022 Certificate of Occupancy.

2022 Trends

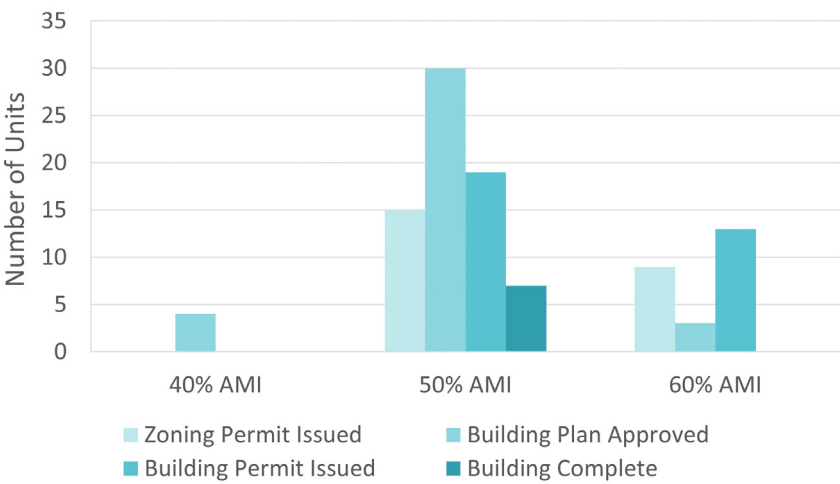
Other key takeaways for MIHB Affordable Housing Construction Projects in 2022:

- Projects of all sizes, ranging from 5 to 114 total residential units, took advantage of the Mixed Income Housing Bonus.
- About 75% of MIHB developers selected the low-income level bonus, requiring them to offer rents that are affordable for those earning 50% AMI or less.
- The average affordable unit size for 2022 projects with an approved Building Plan was 1.3 bedrooms.
- All MIHB affordable housing production to date has been in rentals, despite the program applying to both for-sale and rental units.

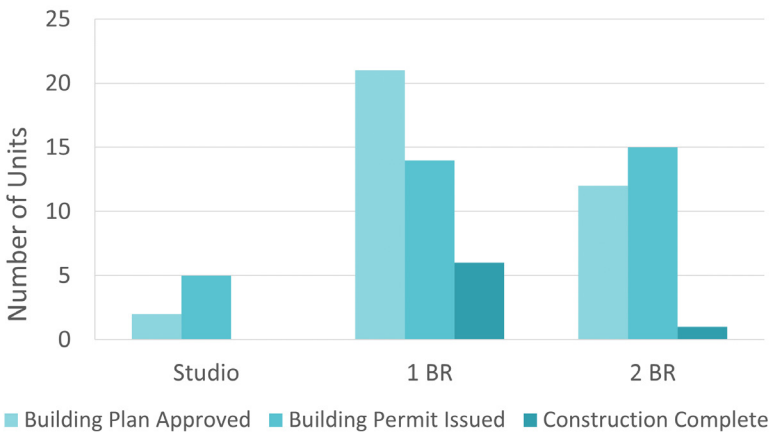
Construction Project Permit Issue Date



Affordable Units by Level of Affordability for 2022 Projects



Affordable Unit Size of 2022 Projects



Payments To Support Affordable Housing

Program Requirements

Payments are determined by property size, zoning, and whether the project is MIN, MIHB Low-Income Level, or MIHB Moderate-Income Level. Collected payments fund projects that fuel affordable housing development, unlock new homeownership opportunities, preserve homes, increase accessibility, and maintain housing stability.

A developer who opts into MIHB may freely choose to provide a payment to the City instead of creating affordable housing as part of their project. This is not the case for MIN projects. Once the owner of a Residential Housing Project decides to build in a MIN overlay, they are required by the Philadelphia Code to set aside 20% of the project's units for affordable housing. If the project is unable to fulfill the entirety of the affordable housing requirement onsite, the developer may be eligible to offset 5% of the requirement with either 1) a payment to the City or 2) production of offsite affordable housing located within a half-mile of the project site. No MIN projects have pursued either of these two alternatives to date.

\$182,351
Average MIHB Payment in 2022

Payment Calculation by Zoning District and Program

Zoning District	MIN	MIHB Low-Income Level	MIHB Moderate-Income Level
RM-2, RM-3, RM-4, RMX-1, RMX-2, RMX-3, IRMX, CMX-3, CMX-4, CMX-5*	\$9 x Total Gross Floor Area Allowed	\$14.60 x Total Gross Floor Area Allowed	\$11.30 x Total Gross Floor Area Allowed
RM-1, CMX-1, CMX-2, CMX-2.5**	\$10,900 x Total Dwelling Units Allowed	\$17,700 x Total Dwelling Units Allowed	\$13,600 x Total Dwelling Units Allowed
Other#	\$10,900 x Total Dwelling Units Allowed + Total Sleeping Units ÷ 2	N/A	N/A

* Calculation does not include gross floor area earned from other zoning bonuses. In the Special Flood Hazard Area, height bonus payments are calculated on the lesser of the total gross floor area used or allowed. Different standards apply for the Optional Special Standards of the / CDO overlay.

** Calculation does not include dwelling units earned from other zoning bonuses.

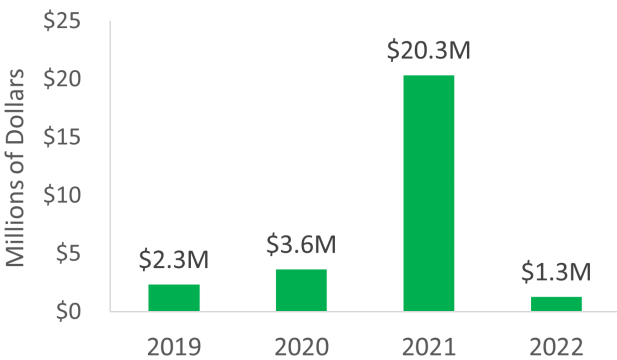
Process Overview

- For MIN projects, the applicant must obtain a waiver to utilize the payment option as part of their project. The process for obtaining a waiver can be found in Section 9.12 of the Philadelphia Planning Commission Regulations.
- For the MIHB project process, the applicant applies for a Zoning Permit indicating that they would like to pursue the bonus by making a payment to the City. Once approved, the owner submits the payment, concluding the process and enabling the applicant to receive their zoning bonus and Building Permit.

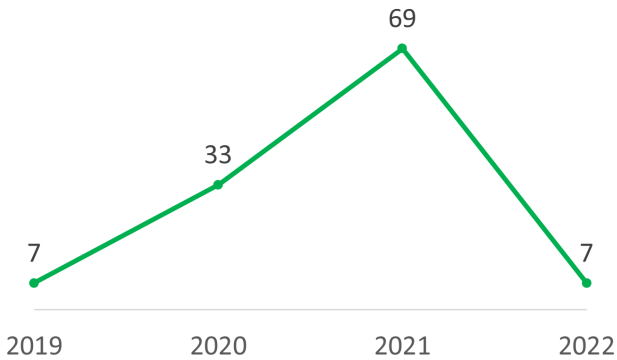
MIHB Payments Made in 2022

Address	Program Level	Payment
1351-59 Frankford Ave	Low-Income	\$600,000
918 N Broad St	Moderate-Income	\$230,100
2214-20 N Front St	Low-Income	\$212,400
1905-09 E Dauphin St	Moderate-Income	\$75,500
3823 Lancaster Ave	Low-Income	\$60,000
3821 Lancaster Ave	Moderate-Income	\$38,458
1230 N Marshall St	Low-Income	\$60,000
Total		\$1,276,458

Total MIHB Payments Over Time



Number of Projects by Pay Year



Overall Takeaways from 2022

Despite an overall slowdown in Mixed Income Housing projects, 2022 was an important year for the program.

Construction completed on three projects in 2022, bringing seven new units of affordable housing online.

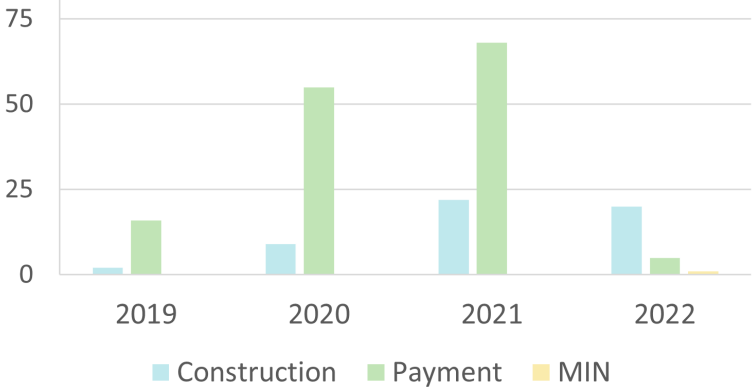
2022 marked the first year that there were more projects for which the developer opted to produce affordable housing rather than make a payment to the City. Adding to this trend towards production, the MIN Overlay went into effect, bringing with it the first MIN application for affordable housing construction.

Since kicking into full gear in 2019, the Mixed Income Housing programs have provided \$27.6 million in monetary support for affordable housing initiatives and produced 11 new affordable units. With many projects finally nearing the end of construction, and many more in the pipeline, the Mixed Income Housing programs are having a direct and growing impact in addressing Philadelphia's affordable housing need.

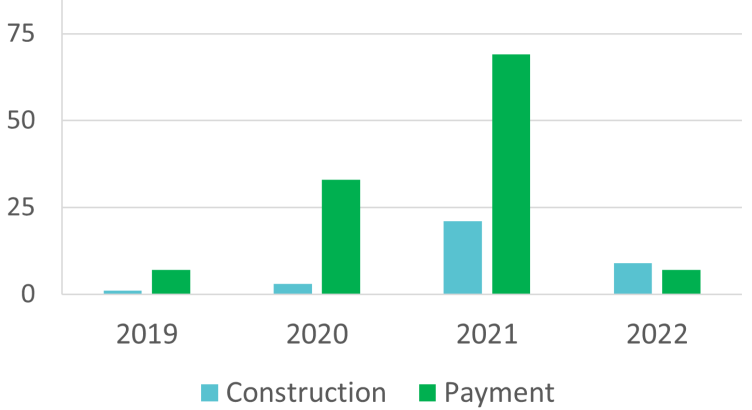


608 South American Street

Projects by Zoning Permit Year



Projects by Building Permit Year



Appendix

Table 1: Gross Monthly Rent Limits in 2022			
Unit Size (Household Size)	40% AMI (MIN)	50% AMI (MIHB Low Income)	60% AMI (MIHB Moderate Income)
Efficiency/Studio (1)	\$738	\$922	\$1,107
1 Bedroom (1.5)	\$790	\$988	\$1,186
2 Bedroom (3)	\$949	\$1,186	\$1,423
3 Bedroom (4.5)	\$1,096	\$1,370	\$1,644

Table 2: Affordable Housing Construction in 2022									
Address	Status	Program	Income Restrictions	Bonus Type	Market Rate Units	Affordable Units			
						Total	Studio	I BR	2BR
1501-11 Snyder Ave	Zoning Permit Issued	MIHB	50% AMI	Units	84	10	TBD	TBD	TBD
315 E Ashmead St	Zoning Permit Issued	MIHB	50% AMI	Units/Height	6	1	TBD	TBD	TBD
1135-43 S Broad St	Zoning Permit Issued	MIHB	50% AMI	Units/Height	27	4	TBD	TBD	TBD
20-30 W Allens Ln	Zoning Permit Issued	MIHB	60% AMI	Units/Height	68	8	TBD	TBD	TBD
2243 Christian St	Zoning Permit Issued	MIHB	60% AMI	Units/Height	7	1	TBD	TBD	TBD
2520 N Front St	Building Plan Approved	MIN	40% AMI	N/A	14	4	0	4	0
		MIHB	50% AMI	Units/Height		2	0	2	0
3618 Wallace St	Building Plan Approved	MIHB	50% AMI	Units	28	4	1	0	3
2400-06 Mascher St	Building Plan Approved	MIHB	50% AMI	Units/Height	25	3	0	1	2
6327 Musgrave St	Building Plan Approved	MIHB	50% AMI	Units/Height	60	7	1	4	2
1452 Greys Ferry Ave	Building Plan Approved	MIHB	50% AMI	Units/Height	4	1	0	1	0
871 N Preston St	Building Plan Approved	MIHB	50% AMI	Units/Height	8	1	0	1	0
2406 Frankford Ave	Building Plan Approved	MIHB	50% AMI	Units/Height	19	3	1	1	1
4701 Wayne Ave	Building Plan Approved	MIHB	50% AMI	Units/Height	81	9	0	6	3
4512 Lancaster Ave	Building Plan Approved	MIHB	60% AMI	Units/Height	9	2	0	1	1
713-15 S Mildred St	Building Plan Approved	MIHB	60% AMI	Units/Height	9	1	0	0	1
4550 Mitchell St	Building Permit Issued	MIHB	50% AMI	Units/Height	34	4	0	2	2
401-07 E Walnut Ln	Building Permit Issued	MIHB	50% AMI	Units/Height	51	6	1	3	2
719 N 35th St	Building Permit Issued	MIHB	50% AMI	Units/Height	5	1	0	1	0
914-18 W Susquehanna Ave	Building Permit Issued	MIHB	50% AMI	Units/Height	8	1	0	0	1
614 S 13th St	Building Permit Issued	MIHB	50% AMI	Units/Height	40	5	2	2	1
608 S American St	Building Permit Issued	MIHB	50% AMI	Units/Height	8	1	0	1	0
1828 Frankford Ave	Building Permit Issued	MIHB	50% AMI	Units/Height	8	1	0	1	0
7611-19 Germantown Ave	Building Permit Issued	MIHB	60% AMI	Units/Height	102	12	1	4	7
893-97 Belmont Ave	Building Permit Issued	MIHB	60% AMI	Units/Height	9	1	0	0	1
1330-34 S Patton St	Building Complete	MIHB	50% AMI	Units/Height	37	5	0	5	0
2621-23 Jefferson St	Building Complete	MIHB	50% AMI	Units/Height	8	1	0	0	1
5007 Pentridge St	Building Complete	MIHB	50% AMI	Units	7	1	0	1	0

Table 3: MIHB Payments in 2022						
Address	Status	Zoning District	Bonus Level	Bonus Type	Market Rate Units	Payment
3615-35 Chestnut St	Zoning Permit Issued	CMX-4	Low	FAR	363	\$6,934,956
1600 E Berks St	Zoning Permit Issued	RSA-4	Low	FAR	15	\$658,960
2221 N Front St	Zoning Permit Issued	CMX-2.5	Mod	Units/Height	60	\$300,000
1701 Federal St	Zoning Permit Issued	CMX-2	Low	Units/Height	33	\$300,000
3401 Hamilton St	Zoning Permit Issued	CMX-2	Low	Units/Height	15	\$265,000
1351-59 Frankford Ave	Payment Complete	CMX-2	Low	Units/Height	61	\$600,000
918 N Broad St	Payment Complete	CMX-4	Mod	FAR	49	\$230,100
2214-20 N Front St	Payment Complete	CMX-2	Low	Units/Height	14	\$212,400
1905-09 E Dauphin St	Payment Complete	RM-1	Mod	Units/Height	10	\$75,500
3823 Lancaster Ave	Payment Complete	RM-1	Low	Units/Height	6	\$60,000
1230 N Marshall St	Payment Complete	RM-1	Low	Units/Height	6	\$60,000
3821 Lancaster Ave	Payment Complete	RM-1	Mod	Units/Height	6	\$38,458

