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**2022 Chester County Housing Forum
Housing Development Costs**

November 15, 2022

Purpose of Today's Meeting

- Brief Introduction to Pennrose
- Affordable and Attainable Housing Definitions
 - Incomes and Rental Rate
- What can municipalities do to promote affordable or attainable housing?
- Housing Case Study Comparison Budget



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•Mission: Our committed team of exceptional professionals transforms communities by creating high quality real estate developments and delivering outstanding value to our clients and partners.

- Combined expertise in creating real estate developments of distinction with professional management services to create exceptional multifamily communities.
- Founded in 1971.
- Headquartered in Philadelphia with regional offices in Baltimore, Boston, Atlanta, Cincinnati, Dallas, Kansas City, and New York.
- Penrose development and/or management activities in 16 states, District of Columbia, USVI, and Puerto Rico.
- More than 360 development projects completed and over 165 properties currently managed.
- Over 470 employees contribute to the development and management activities throughout the Penrose organization.
- Led by principals Richard K. Barnhart (Executive Chairman), Mark H. Dambly (CEO), and Timothy I. Henkel (President).

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- By the Numbers:

• 27,000+
UNITS DEVELOPED

• 350+
DEVELOPMENTS

• 200+
INDUSTRY AWARDS WON

• \$5 billion
OF DEVELOPMENT COMPLETED

• 5th
LARGEST AFFORDABLE HOUSING DEVELOPER (2020)

• 470
EMPLOYEES

• 100+
PARTNERS

• 50
YEAR HISTORY

• 12,000+
UNITS MANAGED

• 15+
NEW DEVELOPMENTS EACH YEAR

Mary Taylor House

West Chester, PA | 2011 | 60 units



French Creek

Phoenixville, PA | 2004 | 70 units



Don Coppedge Village

Phoenixville, PA | 2013 | 36 units

**FAIRVIEW
VILLAGE**



A PENNROSE PROPERTY IN
PARTNERSHIP WITH THE
HOUSING AUTHORITY OF
CHESTER COUNTY

(P) 484-920-2064 (F) 610-482-4672

Affordable and Attainable Housing Definitions

Affordable Housing = Low Income Housing Tax Credits

- Rental Building
 - 40% of Units at 60% of AMI
 - 20% of Units at 50% of AMI
- AMI listed by HUD per County
- LIHTC's typically fund 50-70% of the development
- 30% of Income should be spent on housing



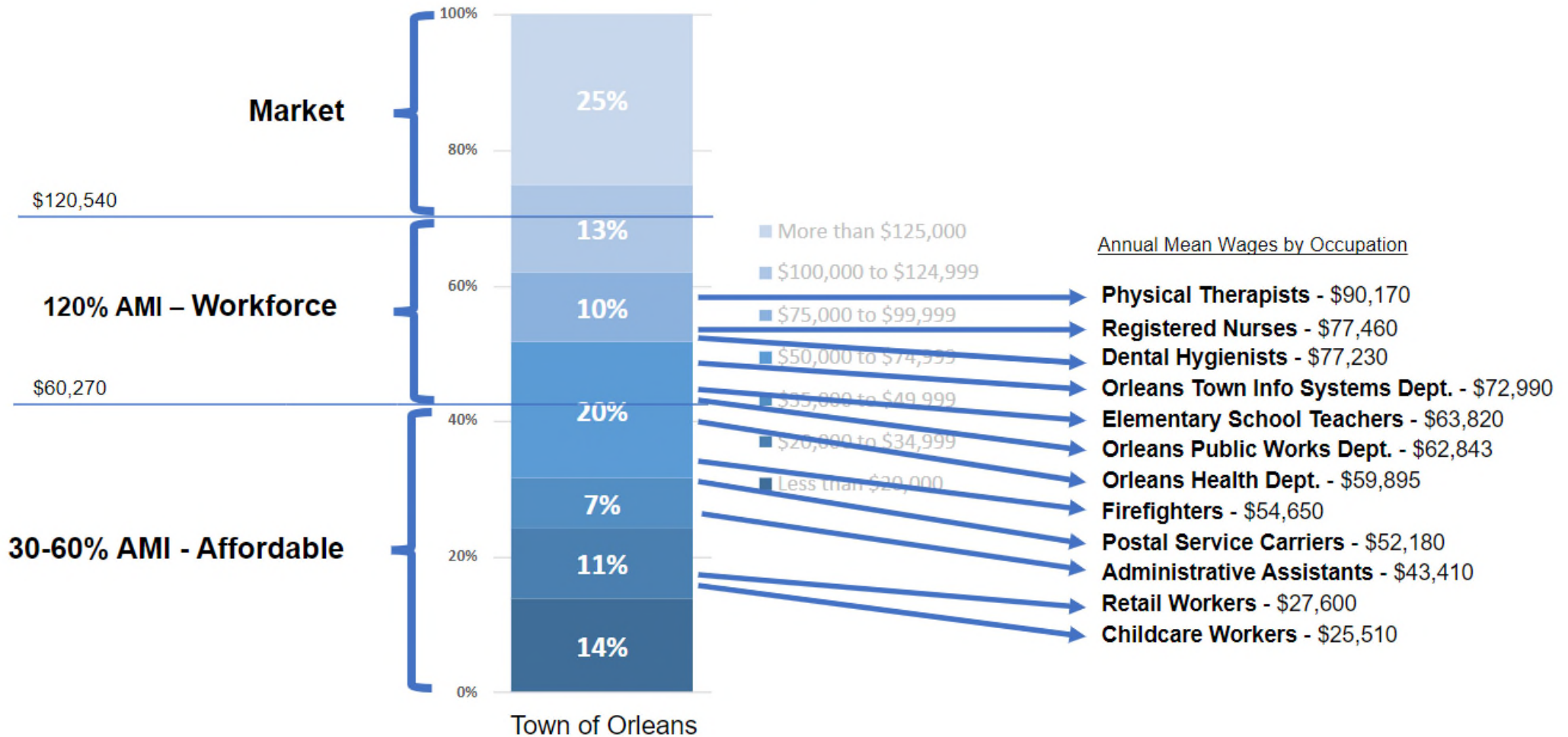
Fair Market Value – HUD's Expected Market Rent per Zip Code

- HUD Sizes Housing Choice Voucher Operating Subsidy

Attainable Housing = No Low Income Housing Tax Credits

- Rental Building
 - Units 60% - 80% of Area Median Income

Households by Annual Income, 2019



Affordable vs. Attainable Housing Chart

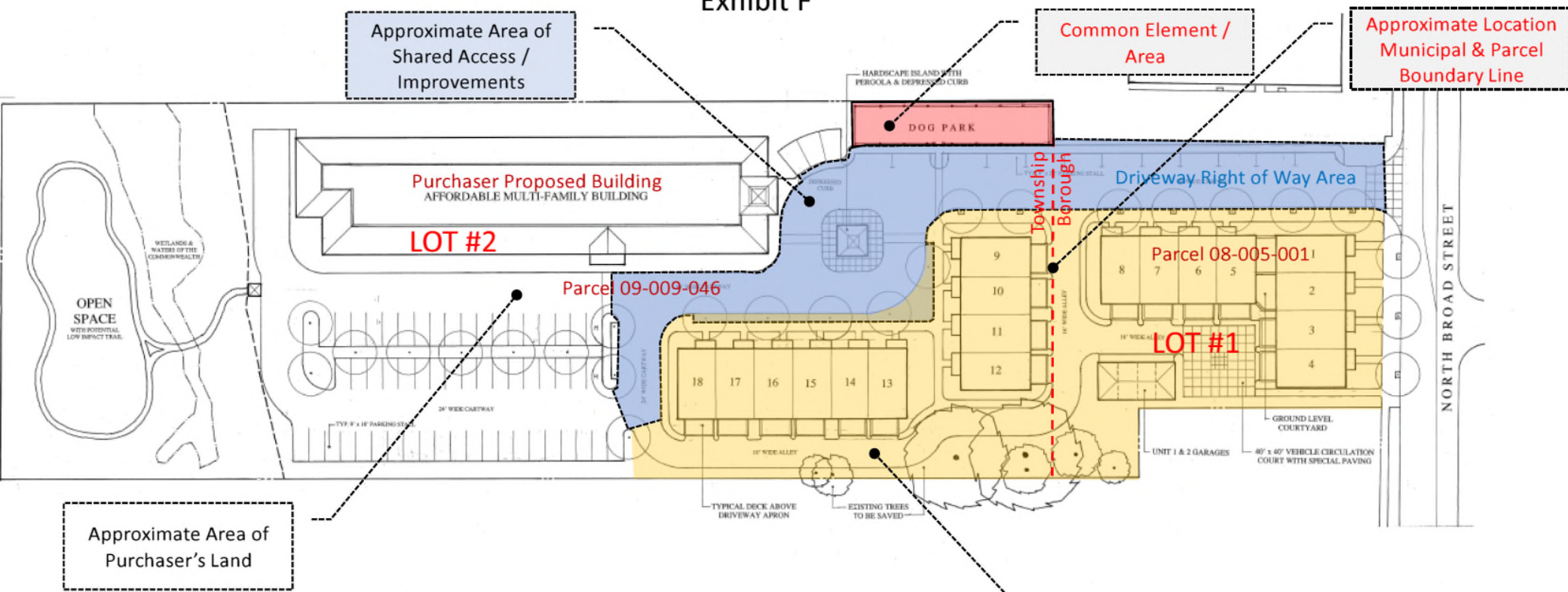
	1BR Rent	1BR Income	2BR Rent	2BR Income	3BR Rent	3BR Income
Occupant	1.5	1.5	3	3	4.5	4.5
50% AMI	\$988	\$39,550	\$1,186	\$47,450	\$1,370	\$54,825
60% AMI	\$1,186	\$47,460	\$1,423	\$56,940	\$1,644	\$65,790
80% AMI	\$1,581	\$63,264	\$1,897	\$75,901	\$2,191	87,698
FMR	\$1,540	\$61,625	\$1,860	\$74,426	\$2,260	\$90,441
Example	\$1,694	\$70,960				
Beckon Collective	\$2,060	\$85,600	\$2,196	\$91,840	\$2,450*	\$102,800

* Jefferson at Westtown 3BR Rent

What can municipalities do?

- Connect Developers to underutilized land – Municipally or Privately Owned Land
 - RFP and RFQ Solicitations for Developers
- Zoning Ordinances Enabling Density
 - West Chester Borough's Unified Mixed-Use Development Zoning Ordinance
 - At least 50% of GFA must be Affordable at 80%
 - Community facilities and/or neighborhood amenities on same lot
 - No minimum lot area requirement per use or dwelling unit
 - Parking – 2 spaces per Townhouse & .8 spaces per apartment
- Identify a Housing Champion in Leadership – Connect with existing Committees
- Support an Attainable/Affordable Housing Tax like the Open Space Tax
- Consider reductions in Municipal Fees
- Assess Real Estate Taxes on “Income Restricted” value of property

Exhibit F



Approximate Area of Shared Access / Improvements

Common Element / Area

Approximate Location Municipal & Parcel Boundary Line

Approximate Area of Purchaser's Land

Approximate Area of Sellers Land



	Senior Building	Senior Building	Senior Building
	Affordable	Attainable	Attainable
	60 1BR Units	60 1BR Units	80 1BR Units
Development Costs			
Acquisition Costs	1,505,000	1,505,000	1,505,000
Hard Construction Costs	20,886,238	14,620,374	18,947,473
Permits/Utilities	610,712	610,712	792,091
Professional Fees	898,470	823,470	979,585
Financing Fees	881,725	538,900	799,702
Marketing	72,000	96,000	128,000
Reserves	970,307	633,202	827,810
Developer Fees	2,000,000	2,000,000	2,000,000
Total Costs	27,824,452	20,827,657	25,979,661
Cost Per Unit	463,741	347,128	324,746

	Senior Building Affordable 60 1BR Units	Senior Building Attainable 60 1BR Units	Senior Building Attainable 80 1BR Units
<u>Funding Sources</u>			
Tax Credit Equity	13,498,650		
Developer's Equity 35% of TDC		7,289,680	9,092,881
Permanent Debt	6,192,422	8,549,250	11,607,942
County Affordable Funds	1,000,000		
Housing Auth Affordable Funds	5,000,000		
State Affordable Funds	1,000,000		
State Tax Credit Equity	1,050,000		
Energy Rebates	32,630	32,630	32,630
Financing Gap	50,750	4,956,097	5,246,208
Total Sources	27,824,452	20,827,657	25,979,661
Net Revenue	1,047,628	1,123,244	1,497,659
Operating Expenses	478,263	407,197	525,430
Debt Service	469,851	596,706	810,191
Reserves	22,500	22,500	30,000
Year 1 Cash Flow	77,014	96,841	132,038
Cash on Cash Return		1.33%	1.45%
1BR Rent = 120% of Fair Market Rent for 18901	1,540	1,694	1,694

Municipal Fees Assumptions	Senior Building Affordable 60 1BR Units	Senior Building Attainable 60 1BR Units	Senior Building Attainable 80 1BR Units
Building Permits	48,512	48,512	60,391
Land Development Fees (Prelim + Final Plan)	9,100	9,100	10,900
Sewer Tap Fee	190,320	190,320	253,760
City Inspection & Review Fees	50,000	50,000	50,000
Sewer Debt Service Fee	24,000	24,000	32,000
Water Tap Fee	288,780	288,780	385,040
Total	610,712	610,712	792,091
% of Total Development Cost	2.2%	2.9%	3.0%
Annual Real Estate Taxes	50,000	50,000	60,000

Thank You

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