The background of the cover is a light gray map of a city grid. A central portion of the map is filled with a photograph of historic, multi-story brick and stone buildings with ornate architectural details. A vertical strip of the map grid is highlighted in a solid orange color, passing through the center of the photograph. The title text is overlaid on the upper left portion of the map.

POWELTON **V**ILLAGE NEIGHBORHOOD & DEMOGRAPHIC STUDY

**KSK ARCHITECTS PLANNERS HISTORIANS, INC.
REAL ESTATE STRATEGIES, INC.**

January 2015

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INTRODUCTION

Purpose of Study

The Powelton Village Neighborhood & Demographic Study gives an in-depth look into homeownership and occupancy in the Powelton Village Neighborhood. The study builds upon a principal recommendation from the 2011 Powelton Village DIRECTIONS Neighborhood Plan to preserve and promote owner-occupied housing in Powelton Village, and create financially viable models for homeownership. The study also builds on recommendations and potential developments from Drexel University's 2012 Master Plan. The main purpose of the study is to provide recommendations to help meet the goal of an overall homeownership rate in Powelton Village of 25% by the year 2024.



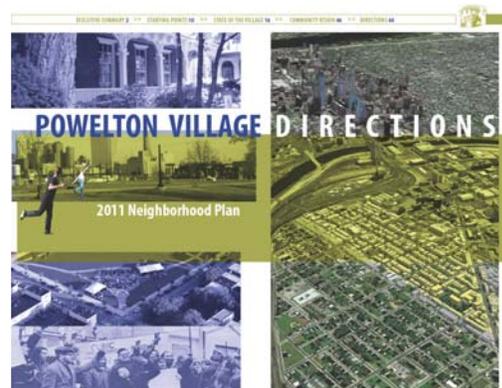
Transforming the Modern Urban University
DREXEL UNIVERSITY CAMPUS MASTER PLAN



2012 Drexel Campus Master Plan

Components of the study include a look at development patterns in Powelton Village since 1993, analysis of current and historic zoning, historic homeownership rates based on Census data since 1990, detailed current building occupancy information, analysis of real estate trends, possible approaches to increasing homeownership, and review of potential development sites.

The Powelton Village Neighborhood & Demographic Study is a result of collaboration between Drexel University and the Powelton Village Civic Association (PVCA). Both Drexel and PVCA worked closely with the consultant team to provide feedback on survey information, recent developments, and relevant homeownership initiatives. The two organizations will continue to work together on implementation of the plan, which will include updates from the consultant team every five years on demographic and survey data.



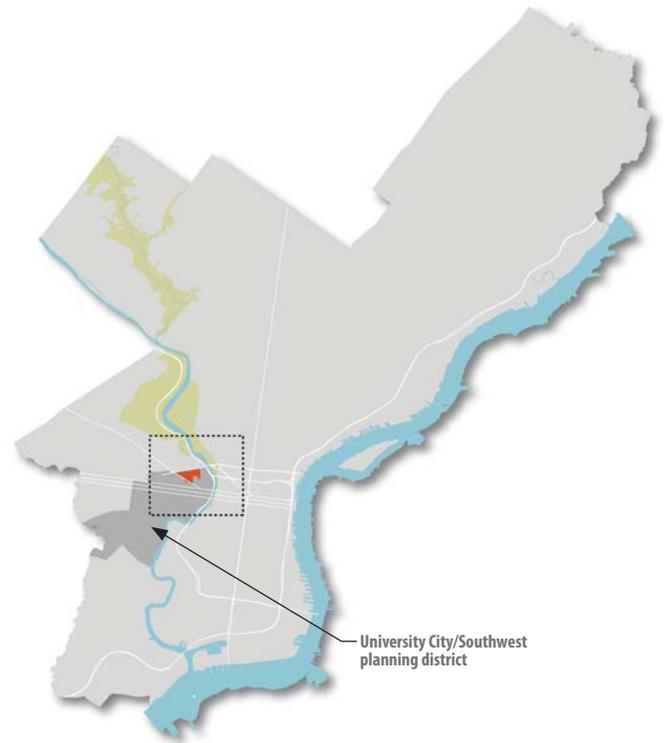
2011 Powelton Village Neighborhood Plan

Powelton Village Overview

Powelton Village is a predominantly residential neighborhood in West Philadelphia with a rich architectural history. It is located south of Mantua in the larger University City/Southwest planning district, with close proximity to Drexel University, the University of Pennsylvania, 30th Street Station, Center City, and other amenities such as the Philadelphia Zoo and the Philadelphia Art Museum. Powelton Village is also part of the University City District (UCD), a business improvement district that provides services, events, and programming in the area it serves. Powelton Village's prime location is enhanced further by its excellent access to public transportation with four bus routes, a trolley line, and nearness to 30th Street Station.

The study area for the Powelton Village Neighborhood and Demographic Study is roughly bound by Spring Garden Street, 31st Street, Summer Street, Powelton Avenue, Lancaster Avenue, and 39th Street. A detailed map of the study area is shown on Figure 1 on the following page. The majority of the study area is residential, with many tree-lined streets, large Victorian style twin and detached homes, traditional two and three-story rowhouses, and multi-unit apartment complexes serving the student population. There is a commercial district along Lancaster Avenue, and there are a few other commercial uses scattered throughout the neighborhood. The southeast area of the study area is part of Drexel University's campus, and much of this area of the neighborhood is dedicated to University buildings and facilities.

Powelton Village is home to several community amenities, including



Drexel Park at 31st Street and Powelton Avenue. This large open space offers excellent views of the Schuylkill River and Center City, and it is well used by the community. There are also several churches located throughout the neighborhood, as well as an elementary school and social services.



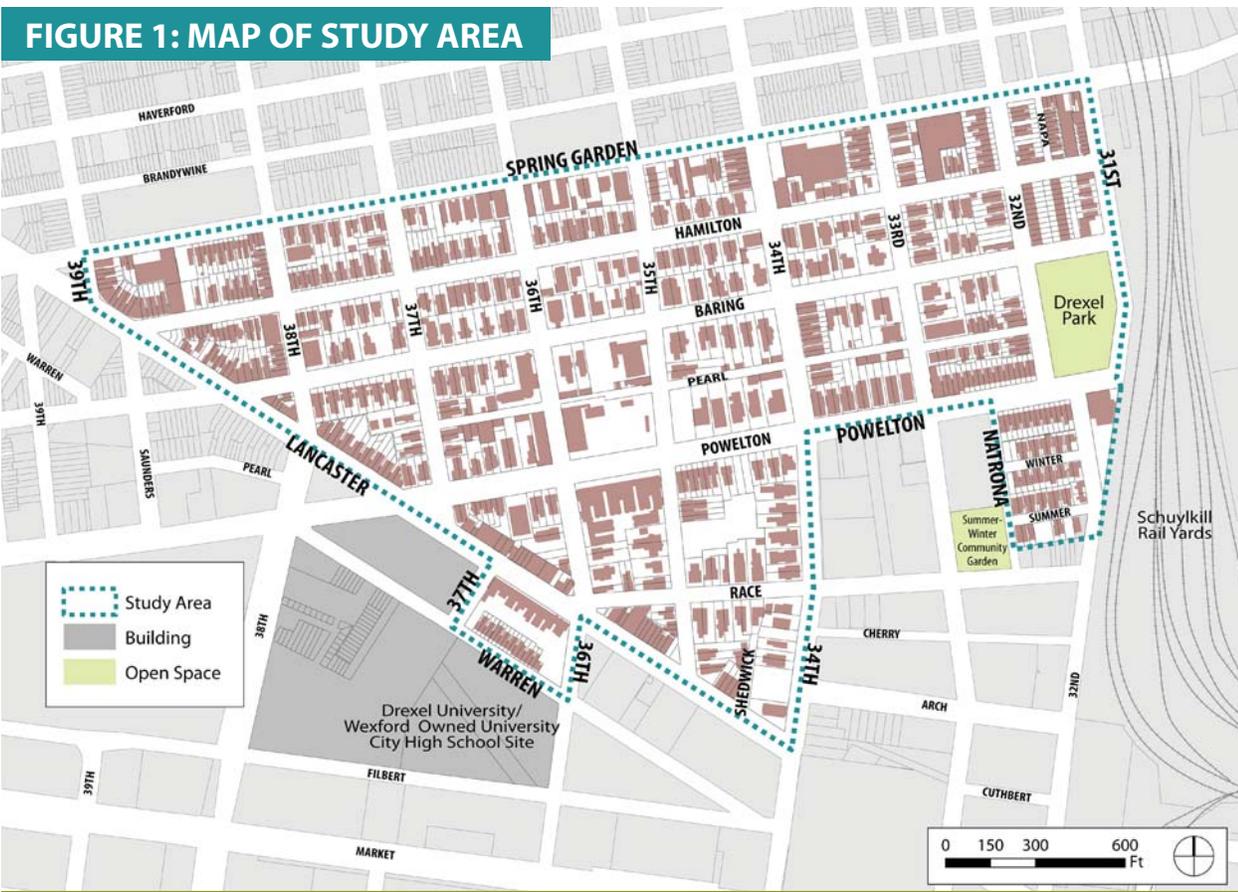
Victorian style twin housing

Powelton Village has a long history of strong homeownership and civic engagement among its residents. However, as Drexel University has grown and expanded over the past 20 years, these patterns have begun to shift to accommodate the demand for student housing in Powelton Village. In response to this increased demand, many of Powelton Village's large homes have been purchased by investors and converted to multi-family rentals geared towards students. Commercial and industrial properties have been demolished to build student housing apartment buildings. Investors have also bought single family houses and rented them to groups of students, which are referred to in this report as rental rooming houses. The result of these changes is a shift away from Powelton Village's history of homeownership and

towards a predominantly investor owned neighborhood with absentee landlords and a lack of maintenance on many of the properties.



New student housing on Hamilton Street



DEVELOPMENT HISTORY

Development in the study area since 1993 has been divided into two time periods: 1993-2003 and 2004-2014. New construction during those time periods, as well as recent renovations are shown on Figure 2 on the following page.

1993-2003

Most of the new development during this period was located around Summer Street and 32nd Street. Carriage Lane, a 24 unit rowhouse development with a shared rear parking lane at 32nd and Baring streets, was built by Tron Construction Co. of Philadelphia in 1996. The majority of the units are rental, with five homeownership units. The next development took place in 1999 at Summer and 32nd streets and is comprised of three new rowhomes with parking. These houses were built as single family homes, and all of them are currently rented.



Carriage Lane rowhouse development

Other scattered developments from this timeframe include a 2-unit rental building at 434 North 33rd Street, a 3-unit rental building at 3410 Spring Garden Street, and a 4-unit rental building at 3719-31 Lancaster Avenue.

2004-2014

The majority of the new developments in the study area in the last years are multi-unit student rental housing buildings developed by University Realty. Three such developments have been put into place in the last two years, including a 24-unit building at 3104 Hamilton Street, a 12-unit building at 3835 Hamilton Street, a 28-unit building at 3836 Spring Garden Street, and a 3-unit building at 434 North 31st Street. Each of these developments was built in the last two years, with the two at 3836 Spring Garden and 434 North 31st currently under construction. The uninteresting design of the buildings does nothing to contribute to the streetscape of Powelton Village, and they are seen by many neighborhood residents to



University Realty student housing development on the 3800 block of Spring Garden Street

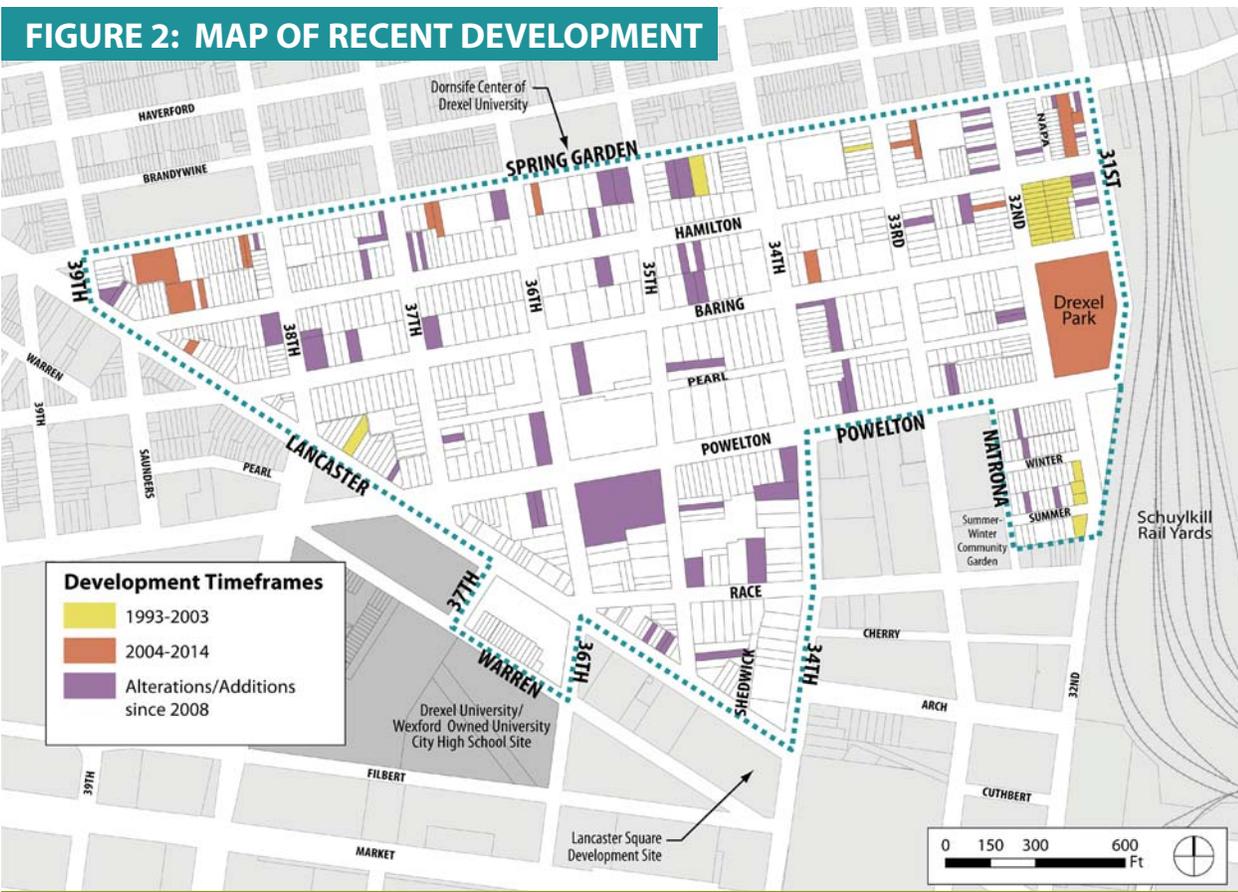
be blemishes to blocks of otherwise strong architectural character. This is a key issue that needs to be addressed, since the buildings were built by-right under the current CMX-2 zoning classification, which means there was no opportunity for community input on their design. During the course of this study, University Realty purchased another CMX-2 property, the Super Deli at 34th and Hamilton/Spring Garden, and is currently developing another student rental housing building. This is a by-right development, despite the PVCA trying to negotiate better design for increased density. The ZBA refused to grant a variance for the higher density proposal.

Other developments during this time period are almost entirely investor rental buildings, many of them multi-unit developments intended for students. These

developments include two duplex buildings at 3806 and 3808 Spring Garden Street developed by Strong Properties LLC, a 4-unit rental building and 6-unit rental building at 3614 and 3616 Spring Garden Street developed by Ramy Shraim, a 3-unit rental building at 3518 Spring



Duplex new construction at 3806-08 Spring Garden



Garden Street developed by Ramy Shraim, a 2-unit rental developed by Cash Cow Realty at 429 North 33rd Street, a 2-unit rental at 414 N 32nd Street developed by Group G LLC, a 4-unit rental at 3222 Spring Garden Street developed by ML Builders LLC, and a single family rowhouse at 3313 Baring Street developed by the current owner for owner occupancy.

This time period also saw the development of a large community open space, Drexel Park. The 2 acre park was developed by Drexel University in 2012. It is bordered by Baring Street, 31st Street, Powelton Avenue, and 32nd Street. It has excellent views of Center City and the Schuylkill River, and it is well used by residents of Powelton Village.

Renovations

In addition to the new construction detailed above, there have also been a fair number of renovations in the study area to existing buildings in the last few years. Figure 2 on the previous page shows locations where permits have been pulled for alterations and additions since 2009. The renovations are fairly evenly distributed over single family, multi-family, and institutional buildings, and they include both rental and homeownership units.



Drexel Park



Recent renovation at 418 N 31st Street

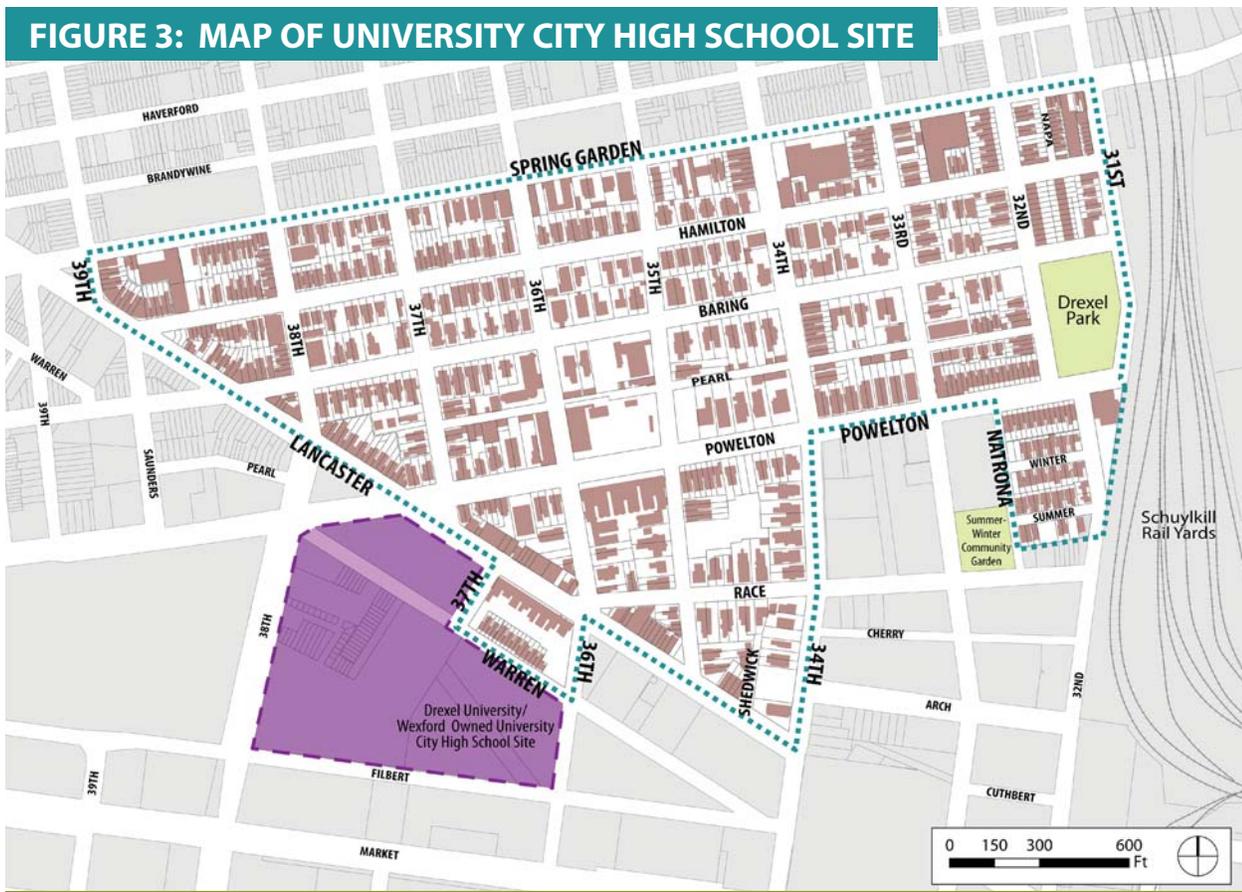
Future Drexel Developments

In Drexel University's Master Plan from 2012, several future developments are identified that will be located near to Powelton Village. These developments include the following:

- New mixed use development on JFK Boulevard;
- Mixed use development at Lancaster Avenue and 34th Street with retail, and student housing, and a student dining hall (currently under construction);

- Renovation and potential expansion of the Daskalakis Athletic Center on the 3300 block of Market Street;
- New mixed use development at 32nd and Race Street developed by the Radnor Property Group. The project will include a childcare center, parking, residential tower with market rate apartments geared toward professionals, and townhomes. Units within 4-story townhouses along Summer Street (16 units proposed) are intended to attract long-term residents. The development is proposed to have 161 total residential units.

Drexel and its joint venture partner, Wexford Science & Technology, recently acquired a large development site bordering the study area southwest of 36th Street, shown in Figure 3 below. The site was formerly the University City High School, which is now vacant. Drexel plans to demolish the existing buildings and build a mixed used development on the site. The program for the development is still being worked out, but it will likely include laboratory space, some ground floor retail, a residential component, and potentially a new public school.



ZONING

Historic Zoning

Before the most recent overhaul of the zoning code, initiated in 2008, Philadelphia's zoning code, and that of Powelton Village, had been unchanged for several decades. When the new zoning designations were put into place for Powelton Village, the only changes to the zoning were the names of the districts, which were changed to reflect the classifications in the new zoning code.

Current Zoning

Four residential zoning classifications predominate in the Powelton Village neighborhood:

RSA-3: single-family lower density attached homes (25' wide lots)

RSA-3 zoning is intended for semi-detached houses on individual lots, but it can also accommodate detached housing; attached houses are not permitted. It is intended for single family occupancy; two-family and multi-family occupancy are not permitted. Group living with single-room residences is permitted as a special exception only. Group Living includes single room residences which in turn includes Rooming Houses, defined as "a building containing rooms rented as living quarters without private bathrooms". Retail, commercial, and office uses are not permitted. Some civic/institutional uses are permitted, such as day care, education, fraternities, and religious assembly. Dimensional standards for developments in the RSA-3 zone are as follows: 25' minimum lot width, 2,250 sf minimum lot area, 50% minimum open area, 8'

minimum front setback, 8' minimum side yard(s), 15' minimum rear yard depth, and 38' maximum height.

There are 108 parcels zoned RSA-3 in the study area, and of those 46 are multi-family buildings, which are not permitted in RSA-3 zones. This suggests that the current zoning is not in sync with land uses, and is not being an effective control to create single family housing. Instead, single family houses have been converted to multi-unit buildings, sometimes as an accessory unit(s) in an owner occupied buildings, and otherwise as rental buildings with no owner occupancy.

RSA-3 zoning predominates on the 3500-3700 blocks of Spring Garden and the north side of Hamilton streets, the 3500 blocks of Powelton and Baring, and the east side of the 400 block of 33rd Street. The single-family zoning of these blocks has supported continued high owner-occupancy (54.8%) on the 3700 block of Spring Garden, but not on the 3500 or 3600 blocks, where owner-occupancy is only 10-11%. The homeownership rate for parcels zoned RSA-3 in the study area is 54.6%.

RSA-5: higher density single-family attached homes (16' wide lots)

RSA-5 zoning is intended for attached and semi-detached houses on individual lots, but it can also accommodate detached housing. It is intended for single family occupancy; two-family and multi-family occupancy are not permitted. Group living with single-room residences is permitted as a special exception only. Retail, commercial, and office uses are not permitted. Some civic/institutional

uses are permitted, such as day care, education, fraternities, and religious assembly. Dimensional standards for developments in the RSA-5 zone are as follows: 16' minimum lot width, 1,140 sf minimum lot area, 30% minimum open area (20% at corners), front setback identical to nearby properties, 5' minimum side yard (s) on semi-attached and detached buildings, 9' minimum rear yard depth or 20% of the lot depth (whichever is greater), and 38' maximum height.

There are 71 parcels zoned RSA-5 in the study area, and of those only two are not in compliance with the zoning, because they have been converted to multi-family use. However, many of the properties in this zoning classification are rental rooming houses, which are defined as single family homes that are rented. In student populated areas such as the study area, these rental rooming homes typically involve group living where more than three unrelated people live together. Group living is only permitted by special exceptions.

RSA-5 zoning predominates on the 3200 blocks of Winter and Summer streets. The single-family zoning of these blocks has not acted as an effective deterrent to much of the housing stock on these two blocks being used as rental properties; however due to the smaller size of the lots, most of the buildings have not been converted to multi-family units. The homeownership rate for parcels zoned RSA-5 in the study area is 23.9%.

RTA-1 low density two family attached homes

RTA-1 zoning is intended for two-family semi-detached houses on individual lots, but it can also accommodate detached houses; attached houses are not permitted. It is intended for single and two-family

occupancy; multi-family occupancy is not permitted. Group living with single-room residences is permitted as a special exception only. Retail, commercial, and office uses are not permitted. Some civic/institutional uses are permitted, such as day care, education, fraternities, and religious assembly. Dimensional standards for developments in the RTA-1 zone are as follows: 25' minimum lot width, 2,250 sf minimum lot area, 50% minimum open area, 8' minimum front setback, 8' minimum side yard (s), 15' minimum rear yard depth (single family), 20' minimum rear yard depth (other), and 38' maximum height.

There are 313 parcels zoned RTA-1 in the study area, and 130 of these parcels have more than two dwelling units per parcel, which means they are not in compliance with the zoning code.

Much of the core of Powelton Village is zoned RTA-1. Owner-occupancy in the RTA-1 zones varies from zero percent on the 3400 block of Powelton to near 31% on the south side of the 3300 block of Baring Street. The homeownership rate for parcels zoned RTA-1 in the study area is 37.4%.

RM-1: Multi-family attached homes

RM-1 zoning is intended to accommodate moderate-sized multi-unit and row structure type residential buildings. Buildings in the RM-1 zone can be detached, semi-attached, or attached. It is intended for multi-family occupancy, but single and two-family occupancy are also permitted. Group living with single-room residences are permitted in this zone. Retail, commercial, and office uses are not permitted. Some civic/institutional uses are permitted,

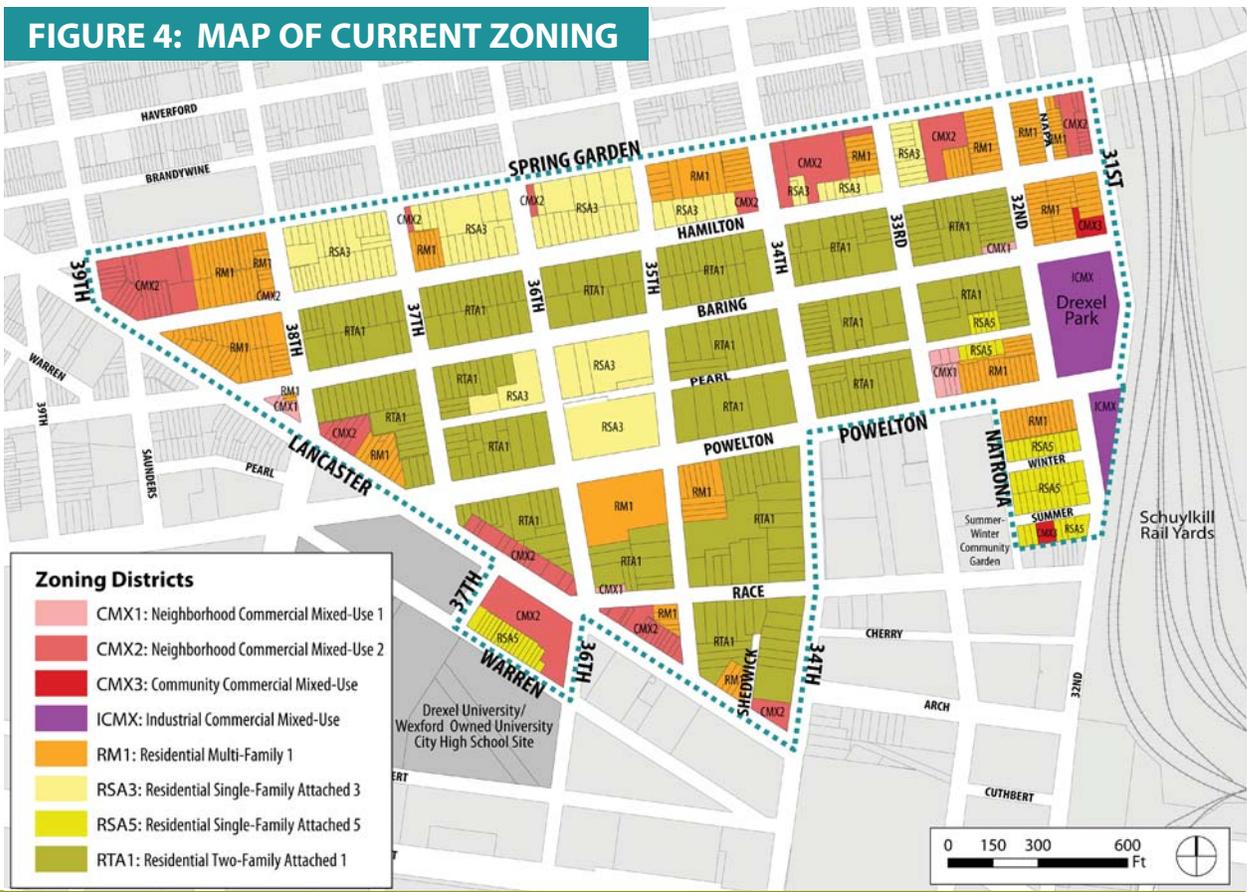
such as day care, education, fraternities, and religious assembly. Dimensional standards for developments in the RM-1 zone are as follows: 16' minimum lot width, 1,440 sf minimum lot area, 30% minimum open area (20% at corners), front setback identical to nearby properties, 5' minimum side yard (s), 144 sf minimum rear yard area, and 38' maximum height.

Several areas, including 32nd Street north of Baring, and the blocks between Baring and Spring Garden west of 38th Street are zoned RM-1 multi-family residential. It is interesting that, although this is a multi-family zoning classification, some of these blocks have the highest percentage of owner-occupied units in the neighborhood. Fortypercent (40%) of the units on the block between Hamilton and Baring west of 38th Street are owner-occupied. The homeownership rate for parcels zoned RM-1 in the study area is 19.3%.

Some RM-1 blocks, such as the 400 blocks of Napa and N 31st Streets, are made up of smaller two-story rowhouses, that are better suited for a RSA-5 zoning designation.

Many of the properties with non-compliant zoning (rental rooming houses and multi-family buildings in single-family zones), dates from uses in the 1950's/1960's that were grandfathered in when the zoning code was first introduced. There have been very few special exceptions granted recently for group living.

Other non-residential zoning classifications include CMX-1, CMX-2, and CMX-3 (Neighborhood Commercial Mixed-Use), located along Lancaster Avenue, Spring Garden Street, and certain corners. These zoning classifications promote neighborhood serving retail and service uses along with residential uses, so as to create mixed-use development.



CENSUS HOMEOWNERSHIP RATE

1990, 2000, & 2010 Census Data

In order to better understand historic patterns of homeownership in Powelton Village, Census data from 1990, 2000, and 2010 was used to map homeownership rates for each block in the study area based on the reported number of residential units, with the exception of the 1990 data, which was only available on the block group level; these maps are shown on Figure 5 on the following page.

1990 had the highest rate of homeownership at 17.8%. The strongest area of homeownership during this time period with a rate of 34.8% was the northeast corner of the study area bound by Spring Garden Street, 31st Street, Baring Street, and 34th Street. One potential reason for this high rate is the large number of smaller parcels on these blocks, particularly on Napa, 31st, and 32nd streets, since these smaller lots lead to buildings more suited for single family homeownership. Other strong homeownership areas during this time period, with rates between 20% and 27%, were the north, northwest, and southeast sections of the study area. The lowest levels of homeownership were under 5% and were located in the southern portion of the study area around Powelton Avenue, 34th Street, and Race Street. These blocks are made up mostly of Drexel related properties, including fraternities and sororities and multi-unit housing for students.

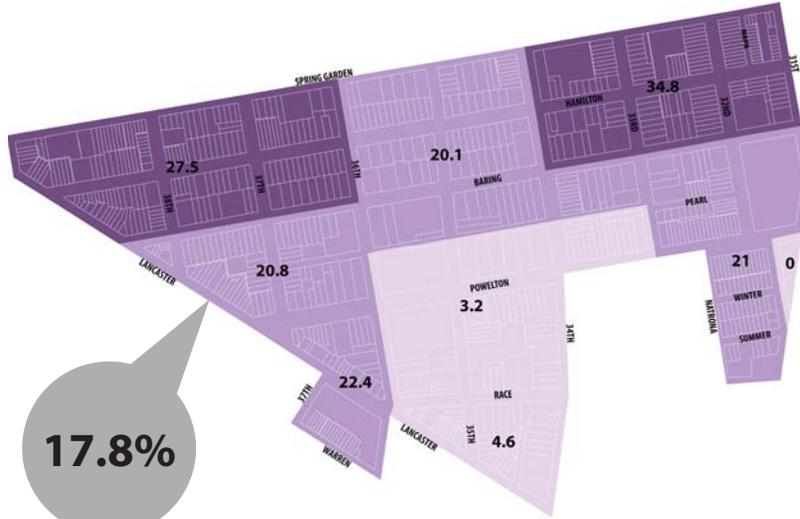
Homeownership rates declined slightly between 1990 and 2000, from

17.8% to 16.4%. Homeownership increased in the northwest section of the study area around Spring Garden Street, Lancaster Avenue, and 38th/39th Streets. These blocks have attractive twins and rowhouses that are conducive to homeownership. Homeownership decreased in the center of the study area closest to Drexel's campus as Drexel expanded and there became more of a demand for student housing in the neighborhood. Other areas of Powelton Village remained relatively stable in their levels of homeownership during this period.

Homeownership rates declined further between 2000 and 2010, from 16.4% to 13.1%. Areas that saw the most declines in their homeownership rates were blocks on the periphery of the study area, particularly in the northwest corner and the area closest to Drexel's campus. A formerly very strong block at Spring Garden and 39th streets went from 31.9% to 16.9% homeownership as homes were converted to multi-family dwellings or rental rooming houses to meet student housing demands. The blocks on Winter and Summer Streets also saw a significant decline, as smaller twin buildings were converted to rental rooming houses for students. The decrease in homeownership in the study area follows an overall trend of declining homeownership in the city of Philadelphia as a whole; according to a 2014 study on homeownership done by Pew Charitable Trusts, *Homeownership in Philadelphia: On the Decline*, owner occupancy in Philadelphia went from 59.3% in 2000 to 52.2% in 2012.

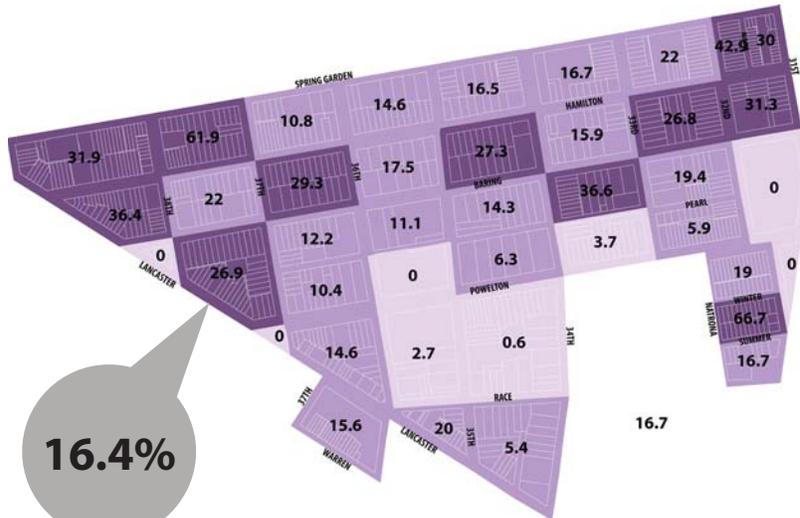
FIGURE 5: MAPS OF HOMEOWNERSHIP RATES

1990



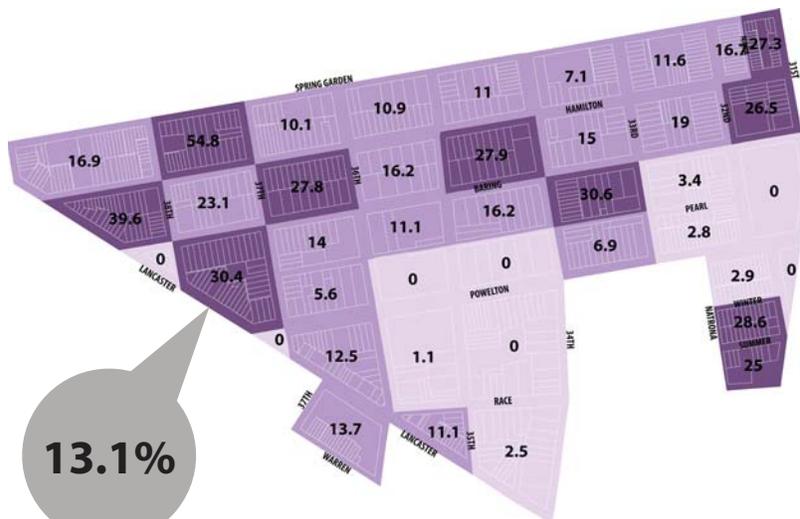
17.8%

2000



16.4%

2010



13.1%

% Homeownership

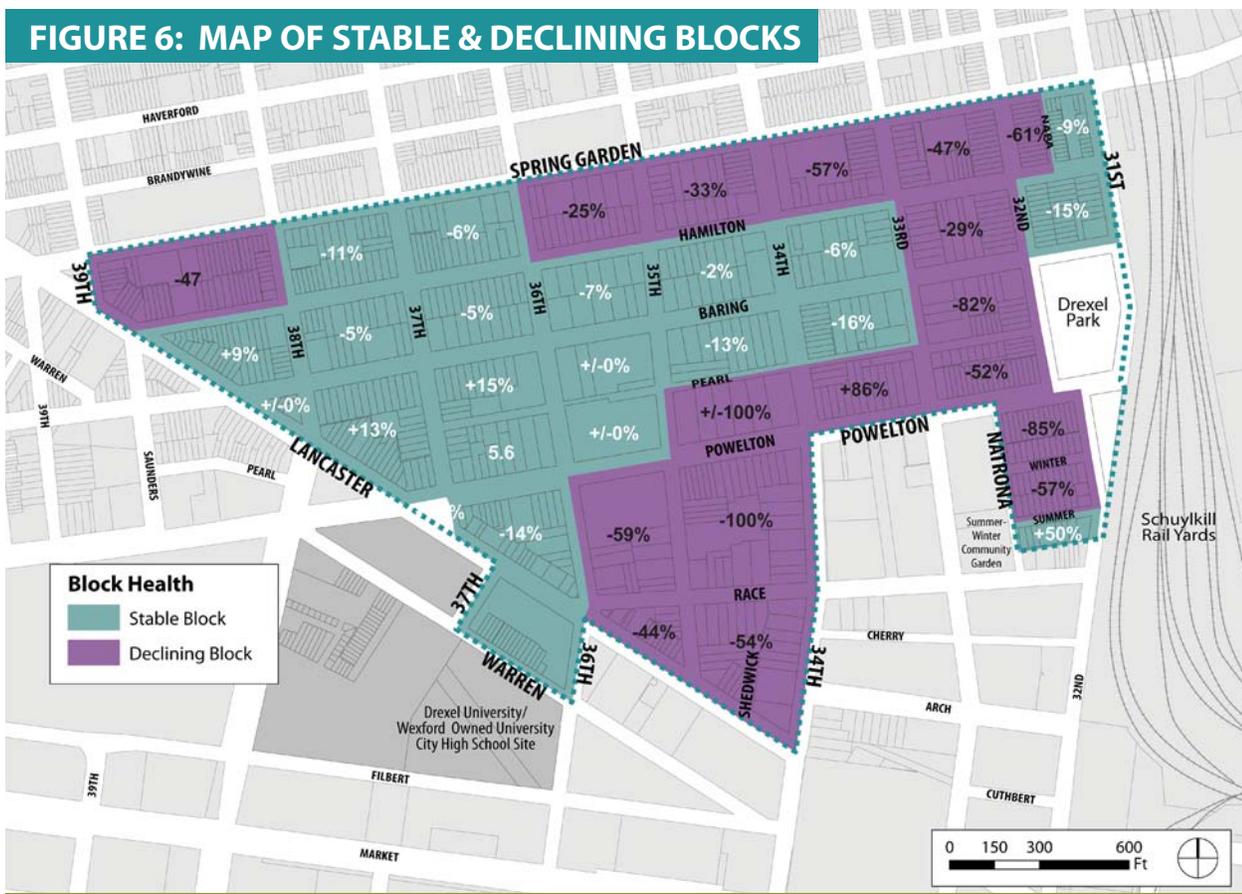
- 0 - 5.0
- 5.1 - 24.9
- 25.0 - 100



Stable and Declining Homeownership Blocks

Based on changes to the homeownership rate, blocks have been classified as stable or declining; stable blocks are those that have had a change in homeownership level of less than 20%, while declining blocks are those that have had a change in homeownership of more than 20%. Figure 6 below shows this information. Stable blocks are typically located in the center of the study area and closer to Lancaster Avenue, while declining blocks are located more along the periphery of the study area and in the blocks closest to Drexel. The stable blocks represent the core of historic Powelton Village, with well-maintained, owner occupied homes. Building sizes are manageable for single family occupancy or owner occupancy with an accessory

rental unit, and investors have not done significant developments or acquisitions on these blocks to convert them to rental properties yet. The declining blocks along the periphery represent areas that were more vulnerable to conversions to student rental housing. Their proximity to Drexel's campus makes them more desirable for student housing, and many of the smaller lots on these blocks were bought by investors for who could out-bid potential homeowners, and were then used as rental rooming houses. Blocks facing Spring Garden Street and Powelton Avenue were well suited for conversion to multi-family student rentals due to the large size of the houses on those blocks. The largest declines were on Winter, Summer, and Napa Streets, the 3200 blocks of Pearl and Baring streets, and the 3300 blocks of Powelton, Pearl, Hamilton, and Spring Garden Streets.



SURVEY DATA

In order to determine the current homeownership patterns in the study area with a greater level of accuracy, a parcel by parcel walking survey was done by the project team throughout the study area to determine housing tenure, occupancy, and unit counts for each building. Accurate unit counts for each building were determined during the study area survey by counting mailboxes, doorbells, and utility meters. This data was then cross-checked with data from the City on rental licenses and off-site property owners. Finally, the data was distributed to members of the PVCA and edited to match information provided by local residents.

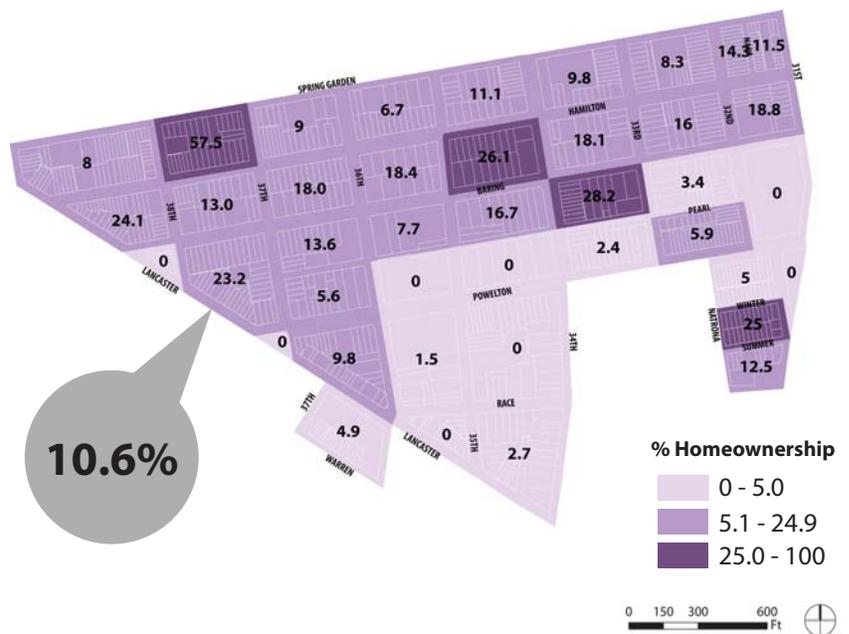
The data was used to calculate current homeownership rates by block using three different methodologies: by total number of units, by units in smaller residential buildings, and by total number of parcels. Each of these methodologies provides a different way of looking at homeownership. The calculation by unit is in keeping with the way census tenure rates are determined. Looking at smaller residential buildings gives information about buildings more suited to single

family homeownership. The parcel calculation gives the same weight to single family homes and multi-family rental properties. The results of these calculations are detailed on the following pages.

Homeownership Rate by Unit

Based on the in-person survey by the project team in the spring of 2014, the current homeownership rate by total number of residential units is 10.6%. This rate shows a decline from the 2010 Census data rate of 13.1%, which implies that the trend of declining homeownership in the area is continuing, and perhaps even becoming more severe. Previously stable blocks along Hamilton and Baring streets saw a further decline in homeownership, particularly on the 3500, 3600, and 3700 blocks. Two corners of the study area, the northeast and northwest declined

FIGURE 7: MAP OF HOMEOWNERSHIP RATE BY UNIT



as well due to new University Realty student housing developments on the 3100 and 3800 blocks of Spring Garden and Hamilton streets. Blocks closest to Drexel's Campus around Powelton and Race streets continue to exhibit very low homeownership rates, with most under 10%. These blocks will likely continue to exhibit these low rates, since the parcels are predominantly devoted to Drexel student housing and facilities. The Winter and Summer streets blocks, also close to Drexel, saw declines in homeownership as well, as more buildings became rental rooming houses for students. A map of these homeownership rates is located on the previous page in Figure 7.

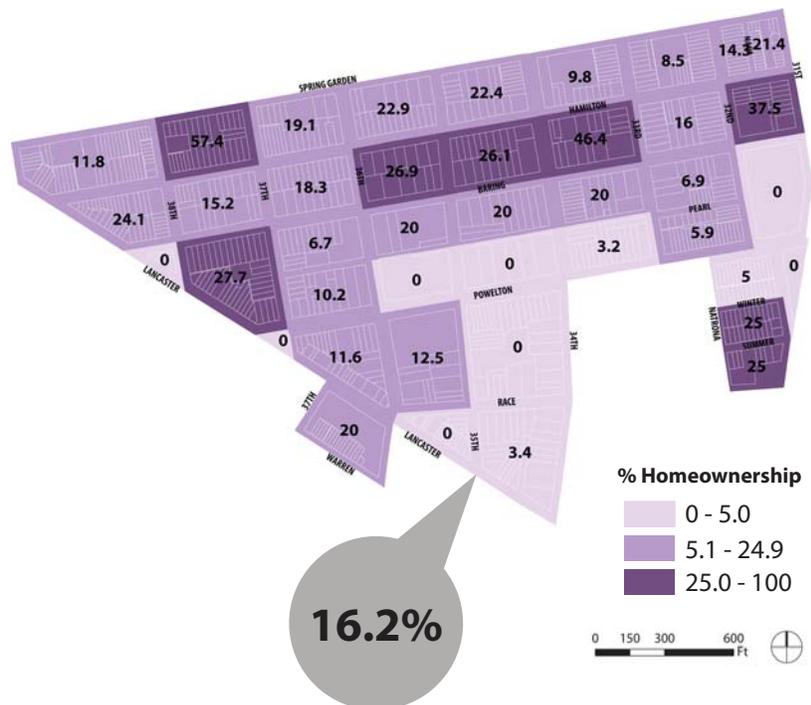
Homeownership Rate by Smaller Residential Buildings

In order to better understand the homeownership rate for non-apartment style buildings, another

homeownership rate was calculated; all units in residential buildings with up to and including 6 units were counted, thus removing large-scale multi-family buildings from the calculation. This gives an idea of how many buildings that are intended to be single family homes are owner occupied. In this scenario, the homeownership rate is 16.2%, which is higher than the 10.6% rate with multi-family buildings, but still below the desired 25% homeownership rate. In this analysis, the strongest blocks, all of which have homeownership rates above 25%, are the 3700 blocks of Spring Garden, Hamilton, Baring, and Powelton, the 3100, 3300, 3400, and 3500 blocks of Hamilton and Baring streets, and the 3200 block of Summer Street. These blocks typically have smaller lot and building sizes compared to the overall study area. The blocks with the weakest homeownership

FIGURE 8: MAP OF HOMEOWNERSHIP RATE BY SMALLER RESIDENTIAL BUILDINGS

Housing Type	# of Units
Owner Occupied Unit	249
Owner Occupied B&B	2
Rental Unit in Owner Occupied Building	117
Rental Unit in 2-6 Unit Rental Building	982
Single Family Rental Home	167
TOTAL	1,517



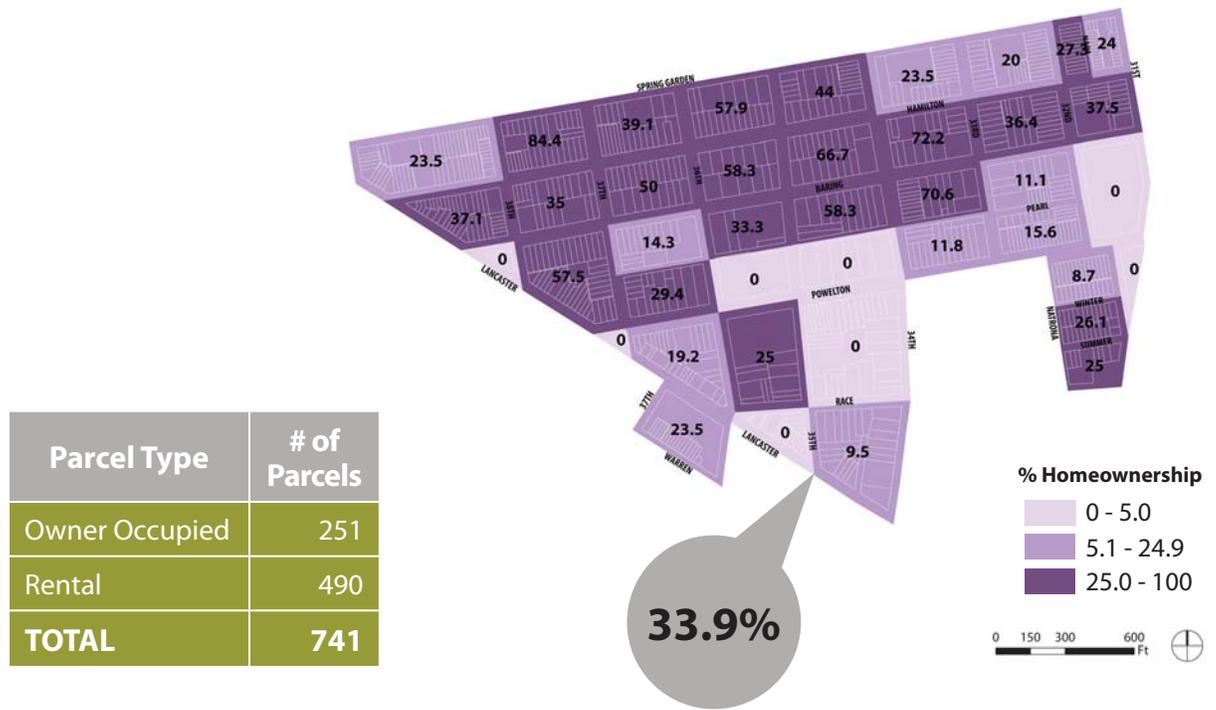
rate border Drexel’s campus and are mostly fraternities and university buildings. The blocks with the most room for improvement are those with rates between 5 and 25 percent, because they are not dominated by Drexel buildings and therefore have more of a chance of conversion back to homeownership. A map and table of this analysis is shown in Figure 8 on the previous page.

Homeownership Rate by Parcel

The homeownership rate increases significantly when it is calculated based on the total number of residential parcels; the rate quoted in the previous paragraph is calculated based on the total

number of residential units. The homeownership rate by parcel counts buildings that have an owner occupied unit with accessory rental units as owner occupied. The parcel-based calculation gives a much higher homeownership rate of 33.9%, thus showing that the many multi-unit buildings in the study area result in a significant weakening of the homeownership rate. In this analysis, about half of the blocks are at or above the desired 25% homeownership rate. These strong blocks are located in the central core of the study area along Spring Garden, Hamilton, and Baring Streets, as well as Winter and Summer streets. A map and table of this analysis is shown in Figure 9 below.

FIGURE 9: MAP OF HOMEOWNERSHIP RATE BY PARCEL



Housing Types

There are several different types of housing within the study area; definitions for each type are listed below.

Owner Occupied

Single-family owner occupied home;

Owner Occupied with Accessory Unit

Multi-family home with one owner occupied unit and one or more rental unit(s);

Owner Occupied Bed & Breakfast

Single-family owner occupied home that also rents rooms as a hotel;

Multi-Family Rental Building

Residential building with two or more units that is all renter occupied;

Rental Rooming House

Single-family renter occupied home; often inhabited by more than three non-family members, so not in compliance with zoning code;

Figure 10 on the following page shows different housing types in the study area. The majority of Powelton Village's housing stock is located in multi-family rental buildings, with 1,792 of the total 2,360 housing units. The number of owner occupied homes is roughly equivalent to the number of rental rooming houses, with 181 of the former and 167 of the latter. There are 68 owner occupied buildings with accessory units; these buildings



Top to bottom: single family homes; 2-6 unit multi-family converted rowhomes; 7-20 unit apartment building;

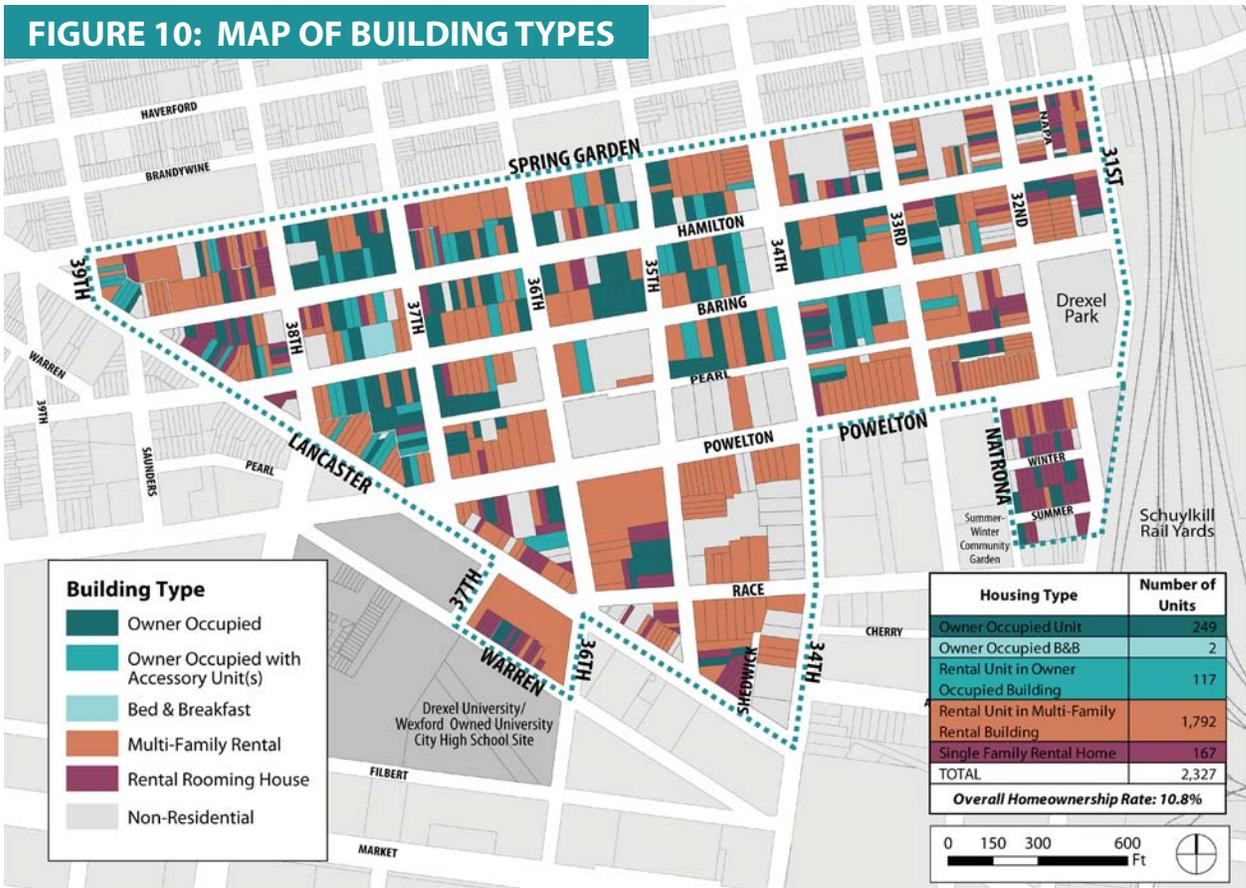
produce 68 owner occupied units and 117 rental units. Most of the owner occupied and owner occupied with accessory unit buildings are located on the 3400, 3500, 3600, and 3700 blocks of Baring and Hamilton Streets, and the north/south streets north of Powelton Avenue.

Concentrations of rental rooming houses are high in the northeast, northwest, and southeast blocks of the study area, particularly around Winter and Summer streets. These blocks have smaller twin-style buildings, and many are in very poor shape. Of the 42 parcels on these blocks, 26 are rental rooming houses (62%).

A potential reason for the poor conditions and high rental rates on the Winter and Summer streets blocks is that they are surrounded

by Drexel developments, both existing and proposed, and the property owners may be deferring maintenance in the hopes that their properties will eventually be purchased by Drexel for expansion. A new residential and daycare development is planned for the south side of Summer Street and north side of Race Street, which should provide a stable anchor for the area.

Multi-family rental buildings are located throughout the study area with high concentrations on Powelton Avenue, Spring Garden Street, and the south-central portion of the study area near Drexel's campus and Lancaster Avenue. The fraternities serving Drexel's campus are clustered around Powelton Avenue and 34th Street.



Unit Counts

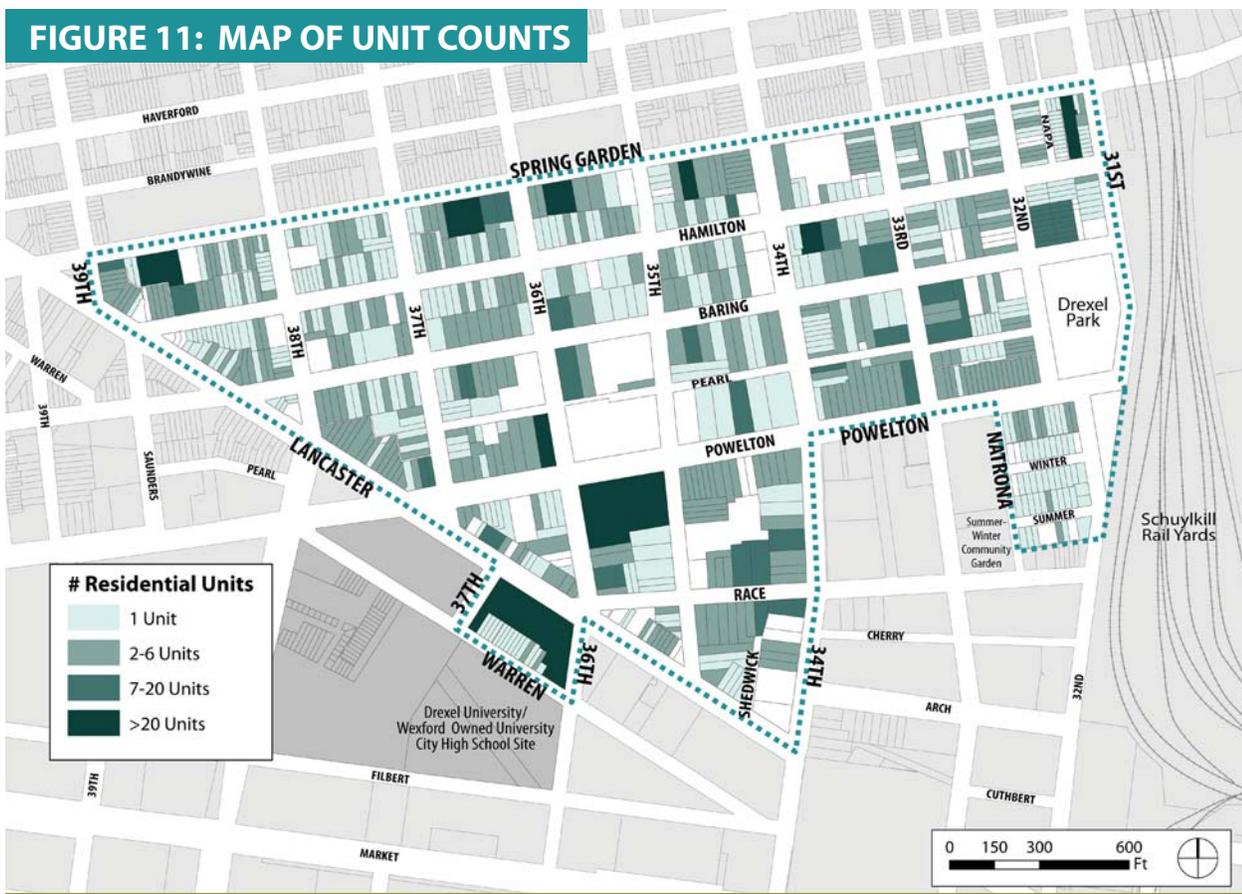
Single-family buildings are located throughout the study area, with greater concentrations on the western end and the area around Winter and Summer streets where buildings and lot sizes are smaller and therefore more suited to single family homes. Buildings with 2-6 units are typically former single-family houses that have been converted to multi-family residences. These converted buildings are typically located on medium to larger sized lots along Hamilton, Baring, and Powelton, as well as the blocks closest to Drexel's campus. Medium to high density buildings with 7-20 units are mostly located near Drexel's Campus around 33rd Street, 34th Street, and Race Street. The highest density buildings with more than 20 units are scattered throughout the study area with several fronting on Spring Garden Street.

Vacancy

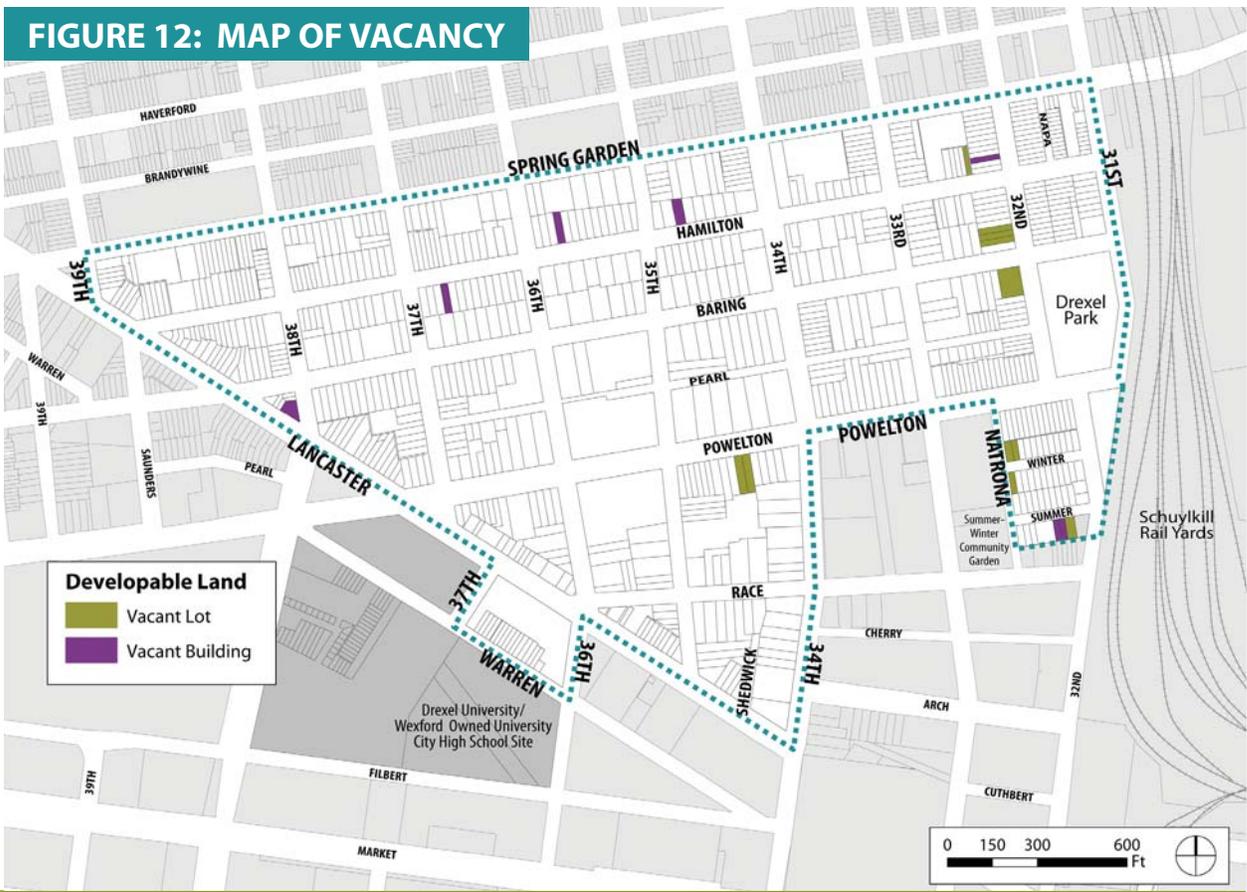
There is very little vacancy in Powelton Village, both in terms of vacant lots and vacant buildings. Out of the entire study area, there are 7 vacant buildings and 11 vacant parcels. Vacancy is scattered throughout the study area with the greatest concentration around Winter and Summer streets. This lack of vacancy makes it difficult to propose new homeownership infill development in the study area.

The vacant parcels in the study area include the following:

1. **3200-04 Baring Street:** 7,350 sf corner lot owned by East Baring Associates LLC fronting on Baring Street and 32nd Street across from Drexel Park; zoned RTA-1;



2. **402-06 N 32nd Street:** three contiguous lots owned by East Baring Associates LLC on the west side of 32nd Street; 2,300 sf each and zoned RTA-1;
3. **3202 Summer Street:** 2,230 sf lot owned by Drexel on the South side of Summer Street next to two vacant buildings; zoned RSA-5;
4. **3213 Hamilton Street:** 1,630 sf lot owned by John Hart on the north side of Hamilton Street at the end of a row of four three-story rowhouses; zoned RM-1;
5. **3221-23 Winter Street:** two contiguous lots owned by Sheldon Schwartz at the northwest corner of Winter Natrona streets; 1,350 sf and 1,700 sf respectively and zoned RSA-5;
6. **3222 Winter Street:** 1,450 sf corner lot owned by Vivian Crews across the street from 3221-23 Winter Street vacant lots; zoned RSA-5;
7. **3412-14 Powelton Avenue:** two contiguous lots owned by Drexel on the south side of Powelton Avenue; they are both 2,650 sf and zoned RTA-1



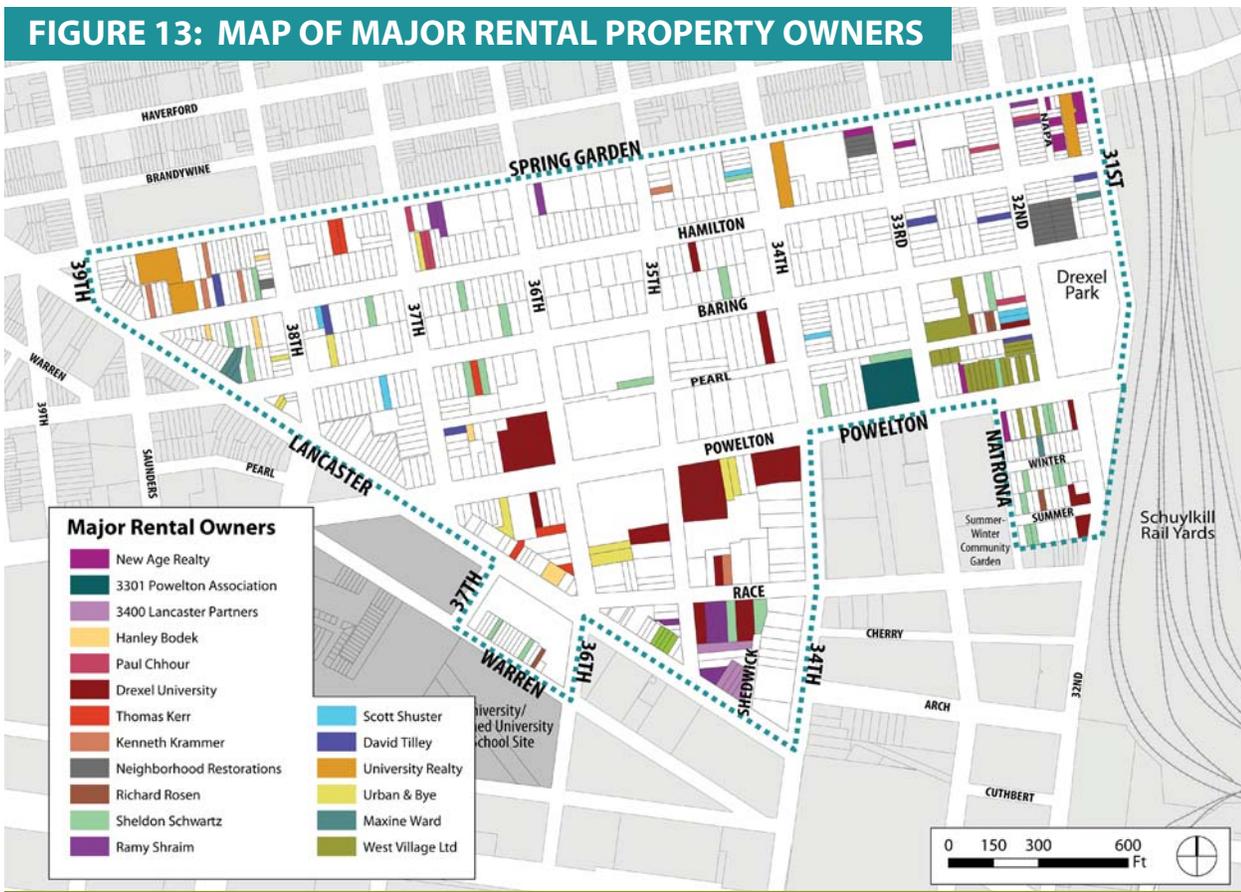
CITY DATA

The project team gathered information from several City of Philadelphia sources to add to the survey information. Rental license and violation information was obtained from L&I, property ownership information from OPA, and additional property information from the zoning archive.

Major Rental Property Owners

There are 23 major rental owners in the study area, each owning more than three parcels. A map of the major rental property owners is shown on the following page. The owners with the most rental properties are Drexel University (33), Sheldon Schwartz (27), Wet Village LTD (20), New Age Realty (14), and Urban & Bye (10);

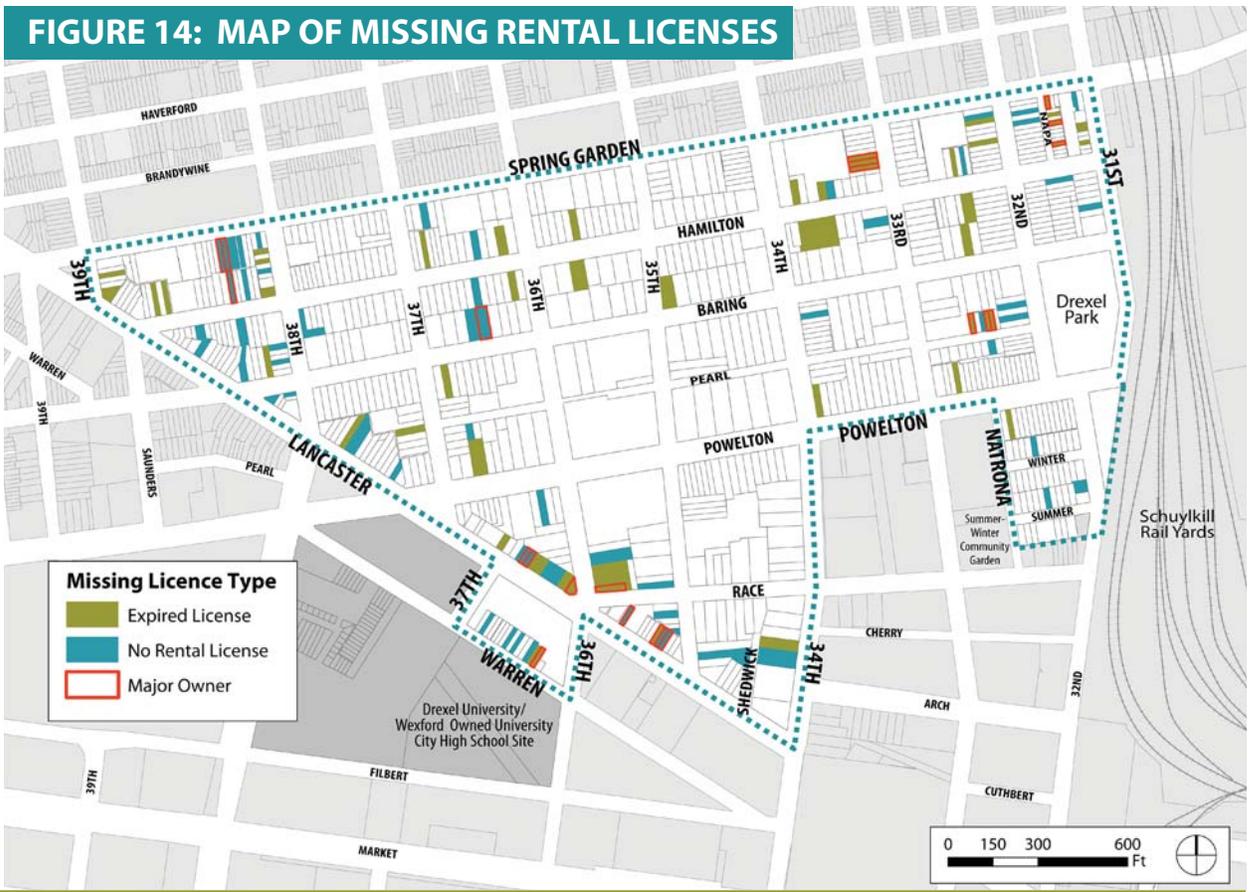
other rental owners have less than 10 properties in the study area. The properties of the four largest owners are typically clustered close to Drexel's campus around Powelton Avenue, Winter, Summer, and Race streets, due to the proximity to Drexel and the fact that many are student rental housing. While many of these major property owners are unlikely to convert long-standing student housing buildings to homeownership, scattered lots that have less of a rental history with Drexel have potential for acquisition and conversion to homeownership. For example, the 3200 blocks of Winter and Summer street have 9 such properties owned by four different owners, which could be a potential area for conversion to homeownership.



Rental Properties without Rental Licenses

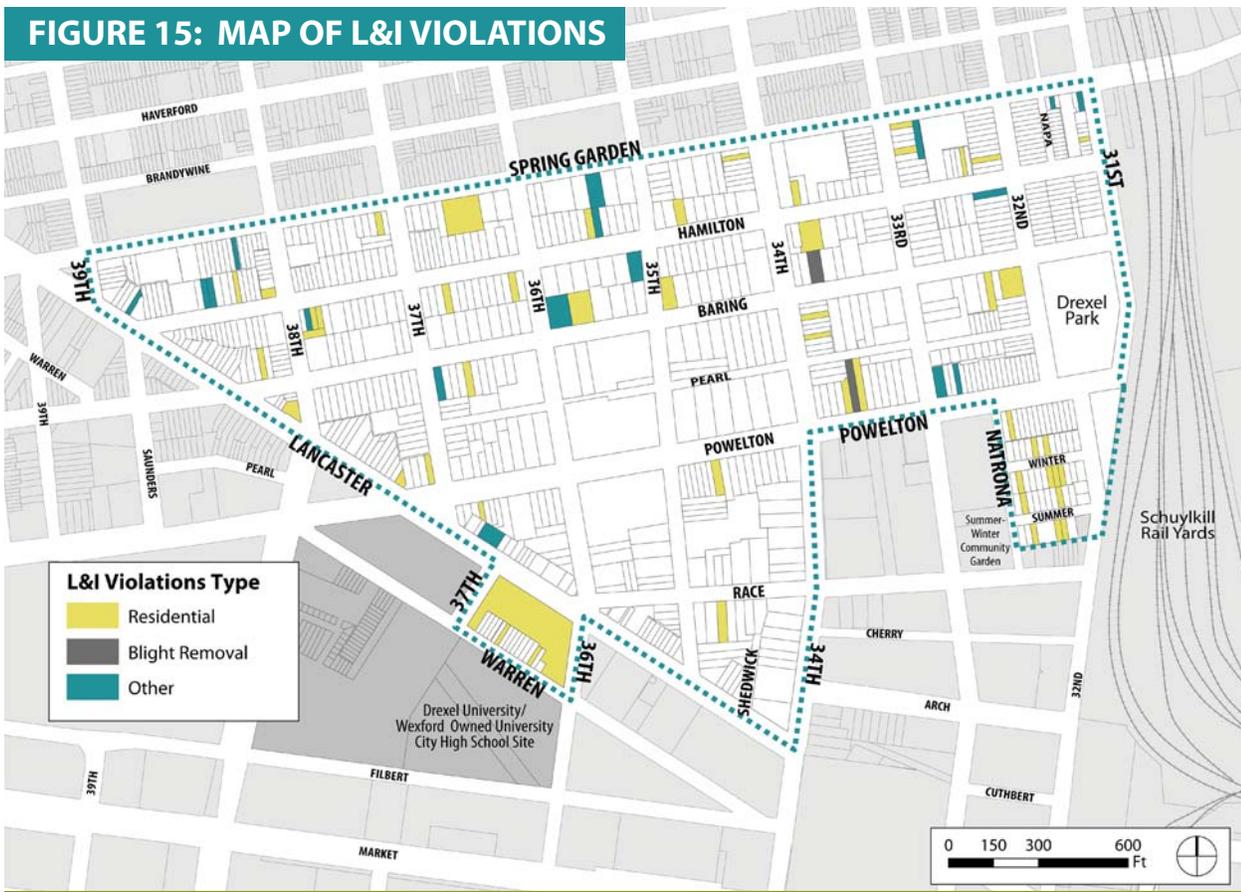
Figure 14 below shows rental properties that are operating without rental licenses. There are 122 properties operating without rental licenses; 55 of these properties have expired licenses, and 67 have no rental documentation. Major rental owners with three or more missing rental licenses include 3120 Association LLC (3), 3501 Drexel LLC (3), Christy Garrett (3), Oleh Ljachin (3), Richard Rosen (4) Lawrence Salzman (3), and Joseph Tiberino (3). There are missing rental licenses on almost every residential block in the study area,

with the highest concentrations on two blocks south of Spring Garden Street and west of 38th Street, the 3600 blocks of Powelton and Lancaster avenues, and the 3200 block of Powelton Avenue.



L&I Violations

There are 81 open L&I violations on residential properties in the study area, which impact 70 parcels. The majority of the violations are Housing Code Enforcement and construction violations/unsafe conditions. Only 11 of the properties with L&I violations are owner occupied; the rest are rental properties. High concentrations of violations are clustered on the Winter and Summer blocks, and around Hamilton and Spring Garden streets. Most of the violations impact smaller rental properties, but there are a few larger properties with violations as well, including 3600-30 Lancaster Avenue, 3312-18 Hamilton Street, 3608-12 Spring Garden Street, and 3511.



REAL ESTATE MARKET CONDITIONS

Changing tenure patterns in the Powelton Village neighborhood have been influenced by a number of factors including:

- Changing age patterns that have resulted in increasing demand for rental housing
- Increased preference for urban living and transit served locations
- Outward pressure from the escalating Center City real estate market
- Expansion of University City as an employment center
- Increased enrollment at University City educational institutions
- The transformation of Drexel University from a commuter institution to a residential university

This analysis reviews the real estate market conditions impacting homeownership in the neighborhood and suggests interventions to increase the number of homeowners residing in Powelton Village.

Location and Neighborhood Services and Amenities

Powelton Village is well located to attract demand from both renter (student and non-student) and homeowner households. The close proximity to Drexel and the University of Pennsylvania drives demand from both undergraduate and graduate student renters. The

neighborhood is convenient to a large and growing employment concentration in University City; more than 72,000 jobs are based within the bounds of the University City District. Powelton Village is immediately adjacent to the University City Science Center, the nation's first urban research park. The Science Center is expanding with new research and office space and its first residential component, new apartments under development at 3601 Market Street. Powelton Village is a short transit ride to Center City Philadelphia, the region's downtown employment hub.

Transportation Access

Powelton Village enjoys excellent transportation access. Multiple transit options are available nearby including city bus and the Market-Frankford subway. Amtrak's 30th Street Station is within a mile of most blocks of Powelton Village and offers connections to Northeast Corridor Service as well as SEPTA's regional rail network. The nearby rail access makes commuting to suburban employment centers possible and also allows day trips to both New York City and Washington, DC. Powelton Village is located adjacent to the Spring Garden Street exit of the Schuylkill Expressway, which provides connections to the regional and interstate highway network. Philadelphia International Airport is a 20-minute ride from the neighborhood by either car or SEPTA regional rail train.

Special Services

Powelton Village is part of the University City special services district (UCD), which provides street cleaning and public safety services and promotes business and community development within the UCD boundaries. The Drexel University Police force patrols the eastern part of the neighborhood between 30th and 36th Streets south of Spring Garden Street. UCD Safety Ambassadors also patrol the neighborhood and offer after dark walking escorts to neighborhood residents.

Public Schools

Families target Powelton Village specifically for a combination of access to jobs, generously sized homes and because it is within the catchment area of the Samuel Powel

School, which is a well-regarded K-4 elementary school. Students in grades five through eight attend Middle Years Alternative School. The neighborhood is part of the catchment area for West Philadelphia High School.

Neighborhood-Serving Retail

While there is a substantial supply of student-oriented retail, restaurants and entertainment options along the Walnut and Chestnut Street corridors in University City, there is limited neighborhood-serving retail in Powelton Village. The nearest supermarkets serving Powelton Village are the Fresh Grocer at 40th and Walnut or the Whole Foods Market at 20th and Callowhill Streets in the Fairmount neighborhood across the Schuylkill River to the east. The nearest chain pharmacy is located at 3401



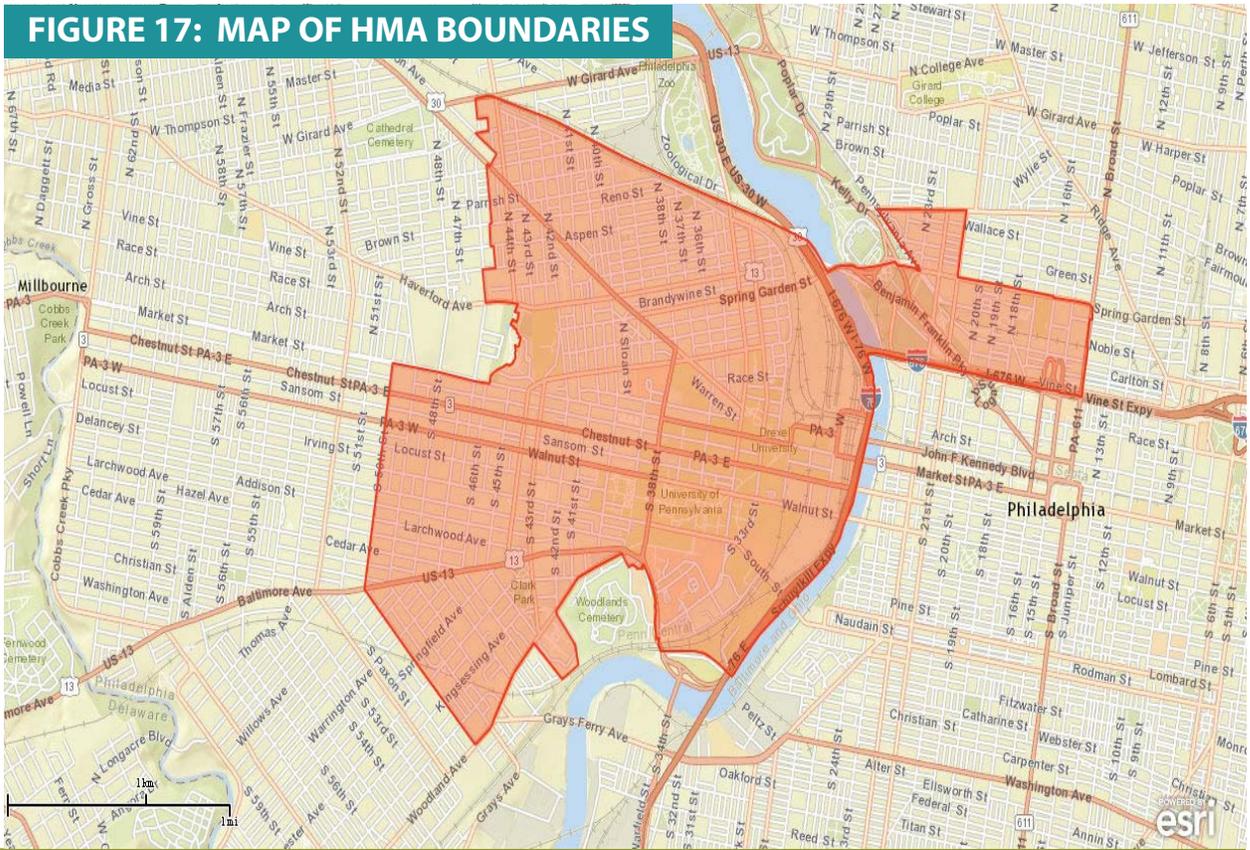
Walnut Street. New ground floor retail will be incorporated in the American Campus Communities high-rise under construction at 34th and Lancaster Avenue, but the retail tenant mix is currently unknown.

Health Care

University City is home to world-class teaching hospitals including the Hospital of the University of Pennsylvania (HUP) and its affiliate Penn Presbyterian (located adjacent to Powelton Village) and the Children’s Hospital of Philadelphia (CHOP). These three hospitals offer both emergency and acute care services and have extensive medical office facilities.

Economic and Demographic Context

The economic and demographic characteristics of Powelton Village and the market area in which it competes for homebuyers influence the potential amount, type and price point of homeownership product that could be absorbed in the neighborhood. Based on commuting patterns and interviews with Realtors and the managers of employer-assisted housing programs at Drexel and the University of Pennsylvania, the housing market area (HMA) within which Powelton Village properties compete for buyers includes zip code 19104 south of Mantua Avenue, the balance of the University City District, and the Fairmount neighborhood to the east of the Schuylkill River. The accompanying map shows the boundaries of the HMA.



Population and Household Growth Trends

Table 1 presents information on population and household trends in the Powelton Village neighborhood, the broader HMA and the City of Philadelphia as a whole. Current year estimates and 2019 projections were obtained from Esri, a major proprietary demographics vendor. The 2000 Census figures below reflect 2000 data adjusted for 2010 Census geography to accurately reflect changes between the Census years.

Both Philadelphia overall and the HMA experienced population and household growth between 2000 and 2010, while Powelton Village registered modest declines in both counts. Esri projects growth in all three geographies from 2010 through 2014 and over the five-year projection time frame. The HMA is projected to grow at almost twice the rate of the City overall and to gain 1,290 households between 2014 and 2019.

TABLE 1: POPULATION AND HOUSEHOLD TRENDS
Powelton Village, HMA and City of Philadelphia

	Powelton Village Study Area	Housing Market Area	City of Philadelphia
Total Population			
2000 Census	4,371	69,625	1,517,550
2010 Census	4,340	70,808	1,526,006
2014 Estimate	4,463	73,500	1,548,598
<i>Percent Change 2000-2010</i>	-0.71%	1.70%	0.56%
<i>Average Annual Percent Change 2000-2010</i>	-0.07%	0.17%	0.06%
<i>Percent Change 2010-2014</i>	2.83%	3.80%	1.48%
<i>Average Annual Percent Change 2010-2014</i>	0.70%	0.94%	0.37%
2019 Projection	4,597	76,289	1,581,697
<i>Percent Change 2014-2019</i>	3.00%	3.79%	2.14%
<i>Average Annual Percent Change 2014-2019</i>	0.59%	0.75%	0.42%
Total Households			
2000 Census	2,060	27,144	590,069
2010 Census	1,950	27,642	599,736
2014 Estimate	2,011	28,957	611,698
<i>Percent Change 2000-2010</i>	-5.34%	1.83%	1.64%
<i>Average Annual Percent Change 2000-2010</i>	-0.55%	0.18%	0.16%
<i>Percent Change 2010-2014</i>	3.13%	4.76%	1.99%
<i>Average Annual Percent Change 2010-2014</i>	0.77%	1.17%	0.49%
2019 Projection	2,075	30,247	626,236
<i>Percent Change 2014-2019</i>	3.18%	4.45%	2.38%
<i>Average Annual Percent Change 2014-2019</i>	0.63%	0.88%	0.47%

Source: US Census, Esri, Real Estate Strategies, Inc.

Race and Ethnicity, Age and Household Characteristics

Table 2 compares selected demographic characteristics between Powelton Village, the HMA and the City overall.

Although the household data does not include students living in dormitories, the impact of students living off-campus can be seen in the skewed median age and household

type demographics in Powelton Village and the HMA. Both areas have a much greater percentage of non-family households than the City overall, and this household type is particularly concentrated in the study area.

Single-person households and family households have a higher propensity to purchase homes for owner occupancy than non-family households. Both the HMA and Powelton Village have similar percentages of single-person households. Undergraduate students are less likely than graduate students

TABLE 2: DEMOGRAPHIC CHARACTERISTICS
Powelton Village, HMA and City of Philadelphia

	Powelton Village Study Area	Housing Market Area	City of Philadelphia
Population by Race (2010 Census)			
White Alone	66.8%	44.2%	41.0%
Black Alone	14.0%	36.8%	43.4%
Asian Alone	14.8%	14.0%	6.3%
Other	4.4%	5.0%	9.3%
Hispanic (any race)	4.0%	4.2%	12.3%
Median Age (2014 estimate)	22.9	25.7	34.1
Average Household Size (2014 estimate)			
All Households	1.66	2.05	2.44
Family Households	2.33	2.97	3.20
Households by Type (2010 estimate)			
Households with 1 Person	47.0%	47.7%	34.1%
Households with 2+ People	53.0%	52.3%	65.9%
Family Households	16.4%	31.7%	56.8%
Husband-wife Families	9.3%	15.3%	28.3%
With Related Children	2.6%	5.7%	12.3%
Other Families (No Spouse Present)	7.0%	16.5%	28.5%
With Related Children	2.4%	8.5%	17.5%
Non Family Households	36.6%	20.6%	9.1%

Source: US Census, Esri, Real Estate Strategies, Inc.

to live alone, so it is reasonable to assume that the majority of single-person households are either graduate students, persons of working age, or retired seniors. The HMA has a much larger proportion of family households than the study area, suggesting the opportunity to attract these households into Powelton Village, if appropriate housing is available.

Historically, Powelton Village has been a neighborhood with a conscious focus on racial integration. Currently, the neighborhood is less diverse than either the HMA or the City as a whole; more than two-thirds of residents are white, compared to a Citywide percentage of 41 percent.

Household Income

The distribution of households by 2014 estimated income is detailed in the Table 3. The presence of student households results in a large proportion of households in the Powelton Village study areas with annual incomes under \$15,000. Household income statistics for undergraduate students often do not accurately reflect purchasing power, because many of these students are subsidized by their families. In the HMA, this low income cohort reflects both the presence of student households as well as concentrations of lower income non-student households living in Mantua, West Powelton and the westernmost neighborhoods in the UCD.

TABLE 3:
2014 Household Income Distribution

	Powelton Village Study Area		Housing Market Area		City of Philadelphia	
	Count	Percent	Count	Percent	Count	Percent
<\$15,000	626	31.1%	9,121	31.5%	142,984	23.4%
\$15,000 - \$24,999	478	23.8%	4,851	16.8%	87,484	14.3%
\$25,000 - \$34,999	191	9.5%	3,287	11.4%	75,622	12.4%
\$35,000 - \$49,999	187	9.3%	3,081	10.6%	88,224	14.4%
\$50,000 - \$74,999	209	10.4%	3,332	11.5%	91,495	15.0%
\$75,000 - \$99,999	89	4.4%	2,045	7.1%	54,099	8.8%
\$100,000 - \$149,999	101	5.0%	1,984	6.9%	48,137	7.9%
\$150,000 - \$199,999	85	4.2%	535	1.8%	12,148	2.0%
\$200,000+	44	2.2%	711	2.5%	11,489	1.9%
Median Household Income	\$22,062		\$26,183		\$34,957	
Average Household Income	\$42,572		\$45,460		\$50,334	

Source: US Census, Esri, Real Estate Strategies, Inc.

Economic Context

In its Q2 2014 report on the five county Philadelphia metropolitan division, Moody's Analytics states that "Philadelphia is once again on the slow path toward expansion..." The metropolitan division unemployment rate dropped below six percent in the first quarter and total employment was up 0.3 percent from Q1 2013. Moody's identifies the following strengths in the metro area economy:

- A concentration of world class educational institutions
- Center for healthcare and medical research
- A housing market that is largely in balance and did not suffer the dramatic downturn seen in many other metropolitan areas during the Great Recession
- A well developed port and international airport supporting new opportunities in the transportation sector.

Economic risk factors include comparatively weak population growth in the metropolitan division overall, aging infrastructure and heavy tax burden for businesses in the City of Philadelphia. The changes in the health care environment due to the Affordable Care Act are having short term impacts on both the health services and pharmaceutical sectors, while the School District of Philadelphia's funding crisis has led to losses in public sector employment.

University City has sections that have Pennsylvania Keystone Opportunity Zone (KOZ) and

Keystone Innovation Zone (KIZ) designations. These incentive zones help to create a more competitive tax environment and have helped to spur development both at the Cira Centre complexes and in the University City Science Center.

The "eds and meds" institutions in West Philadelphia have undertaken extensive development and expansion activities and have been an engine driving the City's growth in recent years. Total employment in the UCD increased from nearly 64,900 jobs in 2012 to more than 72,000 jobs in 2013. Moody's projects employment growth in the metropolitan division over its five year forecast period (2014-19) with an estimated gain of 132,600 jobs during this period.

Student Housing Supply and Demand

Drexel University is well-known for its five-year cooperative (Co-op) program integrating internship opportunities with classroom time. Over the past two decades, Drexel has transitioned from a commuter school to a residential research university and has attracted a more affluent, geographically diverse student body. This change, in addition to growth at the University of Pennsylvania and a general renaissance in University City, has put significant pressure on the housing stock in Powelton Village.

Drexel's enrollment at the University City campus totals 15,315 undergraduate and graduate students. In the 2013-14 academic year, more than 11,500 undergraduates and most graduate

students lived off-campus. While many of these students live in University City, some are commuters and some are at coop assignments outside of Philadelphia. Freshmen are required to live in University dormitories. Sophomores are required to live in Drexel affiliated/ approved housing. The process to be designated a Drexel approved rental property has been overhauled and will require significantly increased standards and documentation for the 2014-15 academic year.

Drexel houses between 3,900 and 4,600 undergraduate students in Drexel dormitories or master leased properties. Another 240 students reside in fraternity or sorority houses. The range reflects varying use of units as either double or triple rooms. Dormitory fees range from \$2,005 to \$3,415 per resident, per quarter, for traditional double or triple occupancy dormitory rooms or suite style units. These dormitory fees are equivalent to \$668 to \$1,138 per month including utilities.

Drexel does not have apartment style units in its University City inventory. Students interested in these types of units turn to the private market. Drexel does offer flexible lease terms (3, 6, 9 or 12 month) that are appealing to students completing coop sessions out of the area, options that are typically not available from private landlords.

Several privately-owned buildings either developed under a direct agreement with Drexel (University-affiliated housing), or master leased by the University for the academic year, supplement the University's dormitories:

- University Crossings
- The Courts
- The Axis, 36th and Chestnut

Rental rates in these furnished, apartment style units range from \$3,415 to \$4,425 per resident, per quarter and include utilities. These per quarter charges are equivalent to monthly rents of \$1,138 to \$1,475.

Two new privately developed properties targeted to Drexel students are under development or have recently come online:

- The Summit, American Campus Communities' new 1,316 bed property under construction at 34th and Lancaster Avenue is scheduled to open in Fall 2015. This property is targeted, but not limited, to occupancy by Drexel students.
- Chestnut Square, a 861-bed development with ground floor retail in the 3200 block of Chestnut Street. Monthly rental rates range from \$849 to \$1,049 per bed including utilities. The property is fully leased with a waiting list for Fall 2014 occupancy.

Together, these two properties add 2,177 beds targeted to Drexel students, representing an estimated 15 to 20 percent of the 2013 off-campus demand. Assuming level enrollment, the addition of these beds should soften demand for off campus units and slow additional conversions. This dynamic can be seen in the neighborhoods around

Temple University, where private investor activity has slowed in response to the construction of new University housing options. If demand does soften, it is likely to impact the current edges of the student housing market area—West Powelton and Mantua—more significantly than portions of Powelton Village immediately adjacent to campus.

Other Multifamily Development

Evo, a 33-floor high-rise, under construction at 30th and Chestnut Streets, will offer 850 beds targeted to graduate and professional students attending school in University City. Several other new rental apartment buildings, including some targeted to students are being developed in the broader University City market area. Table 4 summarizes the buildings that have been recently completed or that are in the development pipeline.

These new developments should serve to soften the demand for off-campus housing; however, if undergraduate enrollment increases continuously over the next few years, the new beds added to the housing inventory may have less effect in softening off campus demand.

TABLE 4:
Multifamily Developments Under Construction and Recently Completed in the Powelton Village HMA

Development	Location	Square Footage	Number of Stories	Number of Units	Unit Types	Amenities	Completion
New College House (University of Pennsylvania)	34th and Chestnut Streets	195,000	N/A	350 (beds)	N/A	Built as college house system for undergraduates to integrate with supportive community	Fall 2016
Chestnut Square (American Campus Communities)	3200 Chestnut Street	361,200	19	861 (beds)	N/A	25,000 SF retail space	Summer 2013
The Summit (American Campus Communities)	3400 Lancaster Avenue	528,000	N/A	1,316 (beds)	N/A	400-seat student dining center, 25,000 SF street retail	Fall 2015
3601 Market Street	3601 Market Street	400,000	27	362	Studio - 2 BR	15,000 SF of ground floor retail, fitness center, rooftop pool, resident lounge, 200 parking spaces	Spring 2015
38th and Chestnut Apartments & The Philadelphia Episcopal Cathedral Office Complex	38th and Chestnut Streets	347,000	25	276	N/A	Ground floor retail and parking, community center	Summer 2014-2015
43rd and Sansom	43rd and Sansom Streets	35,500	4	31	1 BR - 2 BR	Tenant storage, indoor bike parking, on-site laundry, gym, parking	Summer 2014-2015
Cira Centre South	30th and Walnut Streets 30th and Chestnut Streets	464,000 790,000	N/A	260 850 (beds)	N/A	Two towers: (1) Walnut Street Tower (2) Chestnut Street Tower (Evo), 28,000 SF retail space	Walnut Tower: mid-2016 Evo: Sept. 2014
Croydon Hall Apartments	241 S 49th Street	100,000	8	127	1 BR - 3 BR	N/A	June 2014
Walnut Hill Square Apartments	4210 Sansom Street	28,000	N/A	28	Studio - 2 BR	Private balconies, rooftop terrace, covered parking	February 2013

Source: University City District - State of the UCD, Real Estate Strategies, Inc.

Homeownership Demand Trends

Table 5 shows the projected change in the number of HMA households by age and income cohort projected between 2014 and 2019. The number of households in University City is projected to grow by approximately 1,290 over the next five years. This figure does not include potential growth in the number of persons living in group quarters (such as dormitories). Almost all of this growth is projected to occur outside of the undergraduate student age cohort (15-24), which is expected to remain flat.

The data show significant increases in the number of households in the 25-34 age cohort and the 35-44 age cohort. Households in the 25-34 age group in Philadelphia are typically renters and include both working households and graduate students. In the past, the 25-34 cohort was identified as a prime first-time homebuyer age group. In a trend that pre-dated the recent recession, but has been exacerbated by the tightening of mortgage underwriting criteria and questioning of the premise that homeownership is a good investment, first time homebuyers are now older, typically in their mid to late 30s. Growth is also projected in all age cohorts over 55, particularly the 65-74 age cohort as the Baby Boom generation moves into the retirement years.

Esri data suggest that 21.5 of occupied housing units in the HMA are owner-occupied, while the remaining 78.5 percent are renter-occupied. Applying this tenure split to the five year household growth projection results in an estimated homeownership demand of 277 units over the next five years.

Investor/Developer Activity

A review of advertisements for apartments in small investor-owned rental properties in Powelton Village indicates that monthly rents generally range from \$500 to \$850 per bedroom (not per bed, as some purpose-built student housing units are marketed), plus utilities. The standard Victorian twin in Powelton Village—a three-story, six-bedroom structure can command a minimum of \$50,000 of gross rent annually or more. Larger homes can achieve up to \$100,000 of annual gross rent, according to Realtors who work with investors. Some home layouts in Powelton Village are more conducive to conversion than others. Certain properties have remained as single-family owner-occupant homes over time, because the floorplan is not easily converted to multifamily use.

Investors in Powelton Village take one of three approaches to creating rental properties:

- Purchase a property and make basic repairs and cosmetic improvement (paint, carpet). This approach results in achievable rents at the lower end of the range.
- Undertake a gut rehabilitation creating essentially new units. The cost can be quite high if the structure is deteriorated. This creates an incentive for demolition.
- Purchase (or demolish to create) a vacant lot and build. New construction units have included both small infill three-unit dwellings as well as small

TABLE 5:
Powelton Village HMA Households by Age and Income
2014 Estimates and 2019 Projections

Income Band	Age Cohort							Total Households
	<25	25-34	35-44	45-54	55-64	65-74	75+	
2014 Households								
<\$15,000	2,628	2,239	685	830	1,132	780	829	9,123
\$15,000-\$24,999	1,343	1,313	403	356	457	479	499	4,850
\$25,000-\$34,999	652	1,053	446	381	364	227	165	3,288
\$35,000-\$49,999	521	958	449	346	350	284	174	3,082
\$50,000-\$74,999	391	1,197	564	410	389	219	161	3,331
\$75,000-\$99,999	186	797	397	206	212	140	107	2,045
\$100,000-\$149,999	180	711	297	322	228	132	114	1,984
\$150,000-\$199,999	63	209	89	65	59	35	15	535
\$200,000+	<u>34</u>	<u>190</u>	<u>173</u>	<u>141</u>	<u>104</u>	<u>54</u>	<u>15</u>	<u>711</u>
Total Households	5,998	8,667	3,503	3,057	3,295	2,350	2,079	28,949
2019								
<\$15,000	2,633	2,180	679	727	1,130	929	918	9,196
\$15,000-\$24,999	1,095	1,053	344	265	364	452	407	3,980
\$25,000-\$34,999	605	947	426	314	345	252	152	3,041
\$35,000-\$49,999	541	947	497	314	376	330	206	3,211
\$50,000-\$74,999	401	1,172	567	369	363	254	179	3,305
\$75,000-\$99,999	274	1,058	543	252	292	227	161	2,807
\$100,000-\$149,999	281	1,005	431	415	339	221	176	2,868
\$150,000-\$199,999	106	357	143	94	103	75	30	908
\$200,000+	<u>46</u>	<u>267</u>	<u>216</u>	<u>175</u>	<u>119</u>	<u>72</u>	<u>29</u>	<u>924</u>
Total Households	5,982	8,986	3,846	2,925	3,431	2,812	2,258	30,240
Change in Households, 2014-2019								
<\$15,000	5	(59)	(6)	(103)	(2)	149	89	73
\$15,000-\$24,999	(248)	(260)	(59)	(91)	(93)	(27)	(92)	(870)
\$25,000-\$34,999	(47)	(106)	(20)	(67)	(19)	25	(13)	(247)
\$35,000-\$49,999	20	(11)	48	(32)	26	46	32	129
\$50,000-\$74,999	10	(25)	3	(41)	(26)	35	18	(26)
\$75,000-\$99,999	88	261	146	46	80	87	54	762
\$100,000-\$149,999	101	294	134	93	111	89	62	884
\$150,000-\$199,999	43	148	54	29	44	40	15	373
\$200,000+	<u>12</u>	<u>77</u>	<u>43</u>	<u>34</u>	<u>15</u>	<u>18</u>	<u>14</u>	<u>213</u>
Total Households	(16)	319	343	(132)	136	462	179	1,291

Source: US Census, Esri, Real Estate Strategies, Inc.

to mid-size apartment buildings. Each three-bedroom unit in an infill project can command approximately \$2,100 rent per month. Tenants pay all utilities, the property is subject to the City's 10-year real estate tax abatement, and the building envelope and systems are new, so maintenance costs are lower than in a rehab/conversion situation. RES identified at least six demolition permits from the 2012-14 time period that facilitated the creation of small investor owned renter properties.

Although most smaller properties are targeted to the student market, there is a trend of young professional tenants priced out of the Fairmount neighborhood who are renting new units at a lower rent across the Spring Garden Street bridge in Powelton Village. In its 2013-14 State of University City report, UCD estimates that the cost of living in University City is 28 percent lower than living in Center City.

3221 Spring Garden Street, a 24-unit new construction building that will be complete in September 2014, is an example of a new building that is attracting tenants from Fairmount. Rents range from \$1.85 to \$2.17 per square foot:

- 1 BR/1 BA units (600 square feet): \$1,256 plus all utilities
- 2 BR/2 BA units (945 square feet): \$1,700 - \$1,750 plus all utilities
- 3 BR/2 BA units (970 -

1,275 square feet): \$2,100 to \$2,350 plus all utilities

Garage parking is available under the building for \$100 per month. There are no common amenities in this building. All 24 units were pre-leased in less than three months. Nineteen of the units are leased to graduate students or young professionals.

New high-rise rental projects such as 3601 Market Street and the Walnut Street tower of Circa Centre South are targeting this working professional market segment. At 3601 Market Street rents for the units - studios, one- and two-bedrooms, and penthouses - will reportedly range from \$1,300 to \$4,500 a month, according to news reports.

Homeownership Market in Powelton Village

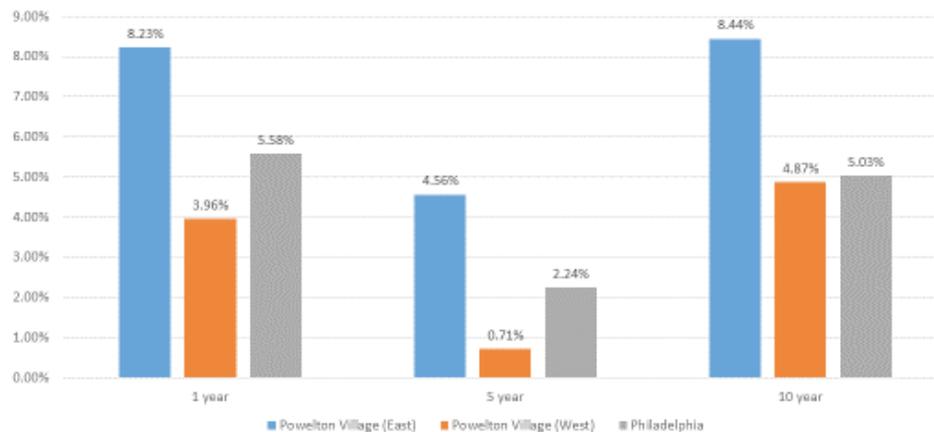
The consultant team reviewed sales of properties in Powelton Village that took place during 2012, 2013 and the first quarter of 2014, as reflected in the City of Philadelphia Office of Property Assessment (OPA) database and transactions reported on the Board of Realtors TREND Multiple Listing Service (MLS) as sold, but that had not yet appeared in OPA records. During this period there were 90 total sales, but only 51 that appeared to be arms length transactions. The remaining 39 were recorded with nominal consideration. Of the 51 sales, only 14 showed up as properties that had been listed on TREND MLS, suggesting that many properties may be sold without full marketing exposure to potential owner-occupant households.

The price range of the transactions ranged from \$12,000 to \$800,000, once blanket sales (multiple properties sold in a single transaction) were excluded. The majority of single-family unit sales that appeared to sell to owner occupants had sales prices between \$280,000 and \$550,000. Properties that were listed in the MLS and sold for under \$200,000 were described as “needing work” or “fixer upper.”

Price Trends

The website NeighborhoodScout.com tracks the appreciation of single family homes at the neighborhood level. The website divides the “Powelton Village” neighborhood between east and west at 36th Street. The table below summarizes the appreciation data for one, five and ten years. For each period, homes in the eastern part of the neighborhood have exceeded the Citywide appreciation rate, while homes in the western part of Powelton Village have lagged behind the City average. The difference can be attributed to the eastern portion’s better proximity to the core of Drexel’s campus.

TABLE 6:
Single Family Home Price Appreciation



Powelton Village (East): east of 36th Street, south to Market Street
 Powelton Village (West): 36th Street to 40th Street, south to Market Street

Realtor Interviews

The consultant team conducted numerous interviews with Realtors active in the Powelton Village market. Their comments are summarized below:

- Powelton Village’s constraints are most notably its small size (there are very few blocks), its proximity to campus (it rests just on the edge of campus, making it extremely convenient for students), limited housing supply (lack of diversity in housing type) and limited sites for new development.
- The presence of investors was acknowledged by all Realtors interviewed. The market is being driven by demand for student housing and the rents students are willing to pay. As new higher end student housing with amenities comes on line, rents may soften at the top
- Investors are willing to pay a premium for properties over and above what owner-

occupants will pay. Realtors report that investors have outbid owner-occupants by \$50,000 to \$80,000 per property.

- There are more owner-occupants interested in purchasing in Powelton Village than available supply. Homes in the neighborhood are large, unique, and cheaper than comparable sized homes in Center City. One of the main problems identified by a number of Realtors was the short supply, or lack of single-family homes available. Single-family homes are much less likely to go to investors than are properties that have already been converted to multi-family use.
- Owner-occupant buyers come from and also look in the Spruce Hill and Fairmount neighborhoods, as well as Center City and the remainder of UCD.
- Conversion of single-family Victorian twins to multi-family units began after World War II, but at that time an owner-occupant usually remained living in the building. This is not the case today.
- There are a lack of housing options for older residents looking to downsize from large Victorian era homes, but who still wish to remain in the neighborhood. Many downsizing residents purchase or rent at the Philadelphian and Cityview condominium buildings in Fairmount to stay close to Powelton Village. The

Philadelphian in particular is appealing to former Powelton Village residents because they are moving from spacious homes and these condominium units are relatively large—1,200 to 1,500 square feet for one- and two-bedroom units. Older owners selling homes in Powelton Village typically net \$300,000 to \$400,000 in equity from the sale. Condominium product would likely have market support in Powelton Village, but Realtors cautioned that parents of university students would also be interested in purchasing condominium units for student occupancy.

Current asking prices at the two condominium buildings referenced are shown below and help to inform the sales prices that could be achievable for “move-down” condominium units in Powelton Village:

**Cityview Condominiums, 2001
Hamilton Street:**

- 1 BR/1 BA (674 to 716 square feet): \$209,900 – \$247,500 (\$311 - \$384/ square foot)
- 2 BR/2 BA (1,074 to 1,465 square feet): \$339,900 – \$574,000 (\$316 - \$391/ square foot)

**The Philadelphian, 2401
Pennsylvania Avenue:**

- 1 BR/1 BA (1,262 to 1,343 square feet): \$239,000 - \$335,000 (\$189 - \$249/ square foot)
- No 2 BR units were currently listed for sale.

Employer Assisted Housing

Both Drexel and the University of Pennsylvania attempt to strengthen the homeownership market in University City and surrounding neighborhoods by offering employer-assisted housing programs in targeted areas of West Philadelphia. Both institutions include Powelton Village in their target areas.

Drexel offers a \$15,000 forgivable loan for purchase or renovation. The amount has been raised in recent years from the previous \$5,000 level, and this has led to more interest in the program. The program director notes that the average sales price of homes that have been purchased under the program is in the \$180,000s. Of the 28 homes purchased under the program to date, 24 were in West Powelton and four were in Mantua. The price point in Powelton Village is too high for the typical participant.

Penn offers a \$7,500 forgivable loan that can be used to pay closing costs on a home purchase or to complete renovations on an existing property. Penn also has an agreement with participating lenders to reduce closing costs to 0.25 percent of the mortgaged amount. Over 1,000 employees have participated in Penn's employer assisted housing programs since 1998.

An additional \$4,000 grant is available to employees of both institutions from the City's Home Buy Now program which was re-launched in 2011. Since that time, 24 Drexel employees and 80 Penn employees have taken advantage of the employer assisted housing programs.

New Construction Homeownership Units

Recent multifamily construction in the HMA has been overwhelmingly weighted to rental apartments, however, two developments that were marketed over the past three to five years have targeted homeowners.

- **4742 Pine** is located south of the University of Pennsylvania. This is a mid-rise elevator condominium building with 20 units. Units include both 1 BR/1 BA and 2 BR/2BA, and range in size from 646 to 1,229 square feet. A majority of the units were sold, at prices from \$169,000 to \$280,000, during 2010 and 2011. A 1 BR/1 BA unit with 723 square feet is currently marketed for resale at \$225,000 (\$311/square foot). Features include granite counters, stainless steel kitchen appliances, marble baths, bamboo floors, and nine foot ceilings. Units have Juliet balconies with French doors. Garage spaces could be purchased for an additional \$15,900. Some rentals are available.



4742 Pine Street

- Union Hill**, is an affordable homeownership development located in the northwest corner of Mantua, between Fairmount on the south, 39th on the east, Brown on the north, and 40th Street on the west. The project consists of 51 two- and three-story homes, including twins, row houses, and a small number of detached homes. Units are a mix of 3 BR/1.5 BA and 4 BR/2.5 BA styles, but are fairly small for new construction. The three bedroom unit has 1,200 square feet; the four bedroom has 1,400. Three-bedroom units are priced at \$124,900; one four bedroom remains and is being marketed for \$145,000. Initial asking prices were \$125,000-\$135,000.

The Union Hill homes are deeply subsidized. The cost of land and construction exceeded \$225,000 per unit. Buyers with incomes below 80 percent of area median income (AMI) receive substantial grants (equal to 6



Union Hill housing development

percent of the purchase price) to cover down payments and closing costs, so that most buyers have to come up with only \$1,500 to \$2,000 in cash at settlement. Households with higher incomes can buy Union Hill homes, but do not get financial assistance with their down payments. The average household income of buyers is approximately \$40,000; monthly mortgage payments are \$750-\$800. As is the case with other new housing in the City of Philadelphia, there is a ten year real estate tax abatement. Many purchasers are public employees; some work for the University of Pennsylvania.

Homes in Union Hill were first listed with the Philadelphia area's Multiple Listing Service (TREND MLS) in June of 2009. As of August 2014, 39 units have been sold and 12 are still being marketed.

Additional for sale product has been developed in the HMA but targeted primarily to investors. In West Powelton, developers have built four- and five-bedroom infill units on Wallace, N. Wiota and N. 42rd Streets. In the Spruce Hill neighborhood, Campus Apartments rehabilitated a former apartment building at 4300 Spruce and converted the space to condominiums. The building was completed in 2008. Units are mostly two-bedroom condos with approximately 1,090 square feet. Resales are being offered in the mid to high \$300,000s. Although the

building appears to be targeted to investors interested in renting to students, 4300 Spruce Street made note of its location in the Penn Alexander School catchment area in marketing materials.

Buyer Profiles and Marketable Product Types

There are three likely buyer profiles for potential homeownership units in Powelton Village:

- Couples and family households affiliated with employers in University City.
- Downsizing senior households.
- Existing non-student renters in Powelton Village and the balance of UCD considering a first-time home purchase.

All buyer types except family households would be prospects for condominium flats, either developed in a new building or created from existing rental properties. Condominium development would have market support in Powelton Village, but would need to be deed-restricted to prevent use as a long-term investment property.

Family households have been attracted to Powelton Village in the past by the generous size of properties there, however the cost of upkeep of these units can be substantial. There may be some market support for new construction townhouse units, particularly if a new partnership school is developed on part of the University City High School site.

POTENTIAL APPROACHES TO INCREASING HOMEOWNERSHIP

Challenges to Increasing Homeownership Rate and Potential Interventions

A major challenge to increasing the homeownership rate in Powelton Village is the substantial premium that investors are willing to pay for properties that are otherwise appealing to owner-occupants. Potential interventions to address the premium could include:

- Pursue creation of a partnership (Drexel and School District of Philadelphia) K-8 public school in the neighborhood, which should increase the price family households will pay for homes in the catchment area.
- Decrease student demand by facilitating the development of additional Drexel-affiliated housing, particularly if Drexel intends to expand enrollment in University City.
- Continue to increase the cost of doing business for landlords through stringent code enforcement, vigorous policing (noise, rowdy behavior) and maintaining rigorous standards to achieve Drexel approved status. This includes expanding the requirement to live in Drexel approved rental housing to juniors.
- Create strategies to “absorb” the premium, currently estimated to be \$50,000-\$80,000. Subject to community review and support, Drexel or a third party (such as a land trust) could acquire buildings, rehab and resell units with a deed restriction for homeownership. Because of the deed restriction, owner-occupant buyers would likely pay less than they would for a unit that did not have this restriction. This approach could be used as part of an affordable “workforce” housing development (whether targeted to Drexel employees or to any income-qualified household) or as non-income restricted housing.
- State College Borough (home of Penn State) has recently started a similar program to increase homeownership proximate to the campus. The Borough’s redevelopment agency will handle acquisition, rehab and resale of the units. Morgantown, WV has a similar program.
- Use an outside entity to absorb the development premium, such as using Drexel University, or a third party such as a community development corporation

or community land trust with funding from anchor institutions. The effort could also be structured as an off-shoot of the University City District.

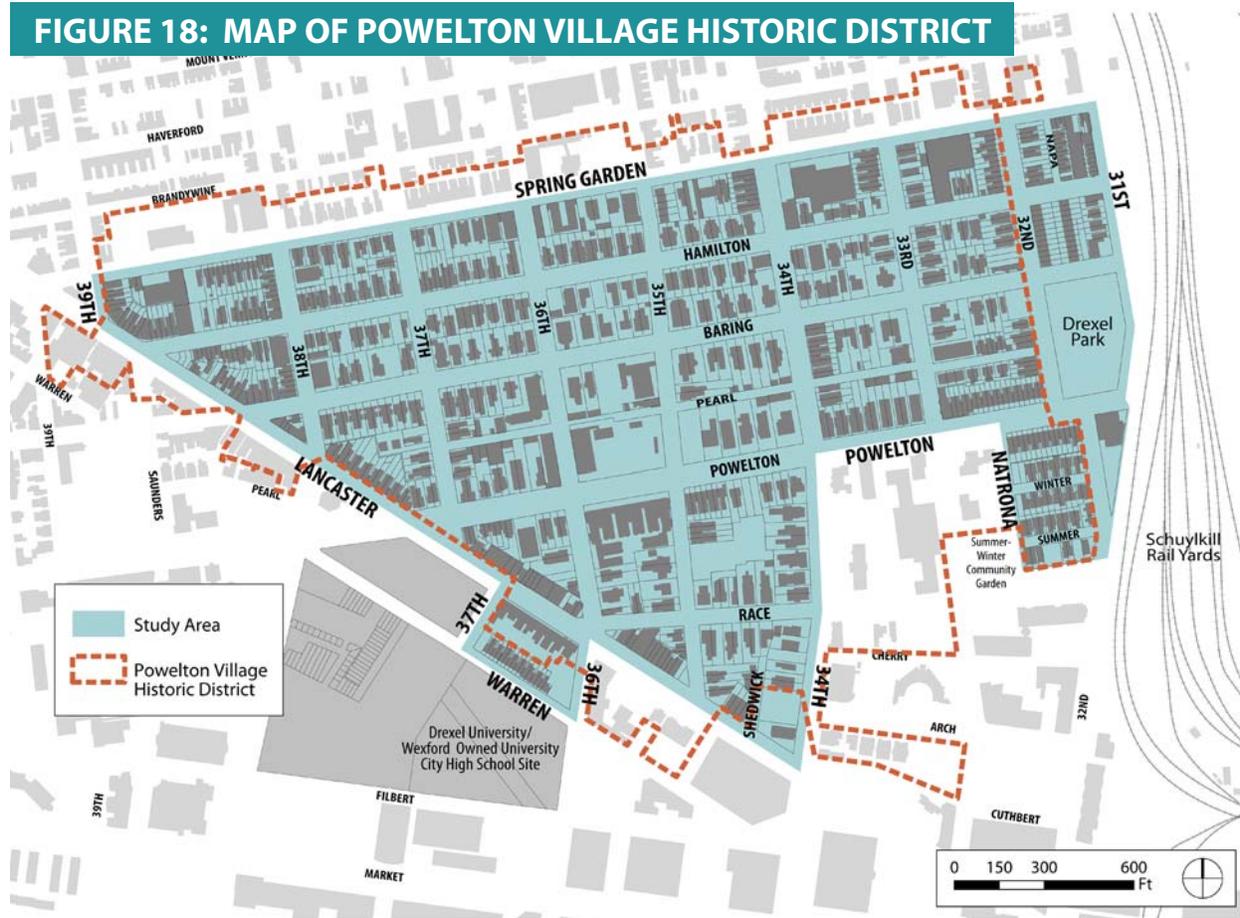
- Create a loan fund or grant program to subsidize the cost of “deconverting” multifamily units to single-family use.
- Create a Community Development Corporation (CDC) to partner with Drexel in site acquisition and/or management of development process. The CDC could seek funding sources for acquisition and development costs.

Site Selection Criteria

In looking at properties to target for homeownership, there are several criteria that should be used to pick the appropriate properties. This set of criteria can be applied to most of the approaches listed below, and are as follows:

- Properties with strong architectural character and/or in the Powelton Village Historic District (see Figure 18 below);
- Properties close to and/or with views of Drexel Park;
- Properties with views of the Center City skyline.
- Property sizes conducive to homeownership (i.e. less than 3,000 square feet in liveable area)

FIGURE 18: MAP OF POWELTON VILLAGE HISTORIC DISTRICT



Zoning Changes

Most of the development and renovations that have taken place in recent years have been completed by-right within the existing zoning code, and very few have required variances. This suggests that the zoning code is not adequately protecting homeownership rates in Powelton Village, and further controls may be needed to promote homeownership. In particular, those areas zoned CMX-2 have allowed for both multi-unit student housing developments that have recently added 67 new rental units to Powelton Village. In July of 2014, the developer of these student housing developments, University Realty, bought a CMX-2 parcel at the corner of 34th and Hamilton Street, and it is likely they will build a similar product to their other two developments. The intent of the CMX-2 zoning designations is to create ground floor community serving retail with housing on the upper floors; however, in these recent University Realty developments this has not been the case. The developments are entirely residential, with a small leasing office on the first floor being used to comply with the commercial requirement. Other CMX-2 parcels that could eventually be redeveloped in a similar way include 3401 Hamilton Street, 3312-20 Spring Garden Street, and 3210-20 Spring Garden Street.

To avoid these types of developments in the future, it is recommended that the zoning code be amended to close this loophole of allowing a small leasing office to comply with the commercial requirement in the CMX-2 zones. 3401 Hamilton Street is currently zoned CMX-2 and should be rezoned RSA-3 to be consistent with the rest of the buildings on that block of Hamilton Street. The existing



New University Realty student housing developments on the 400 block of N 31st Street (top) and the 3800 block of Spring Garden Street (bottom)

one-story commercial building at that site does not fit in with the surrounding neighborhood, and such uses are probably not appropriate in the historic core of the study area. Similarly, 400 N 32nd Street should be rezoned from CMX-1 to RTA-1 to create uses and buildings consistent with the other RTA-1 zoned parcels on the block.

It is also recommended that the 400 blocks of Napa and 31st streets be rezoned from RM-1 and CMX-2 to RSA-5. The buildings on these blocks are all small, two-story rowhomes that are better suited for medium-density single family homes than for higher-

density multi-family housing that RM-1 accommodates. Designating this area for single-family occupancy with RSA-5 zoning ensures that the block cannot be redeveloped as multi-family housing and promotes single family homeownership.

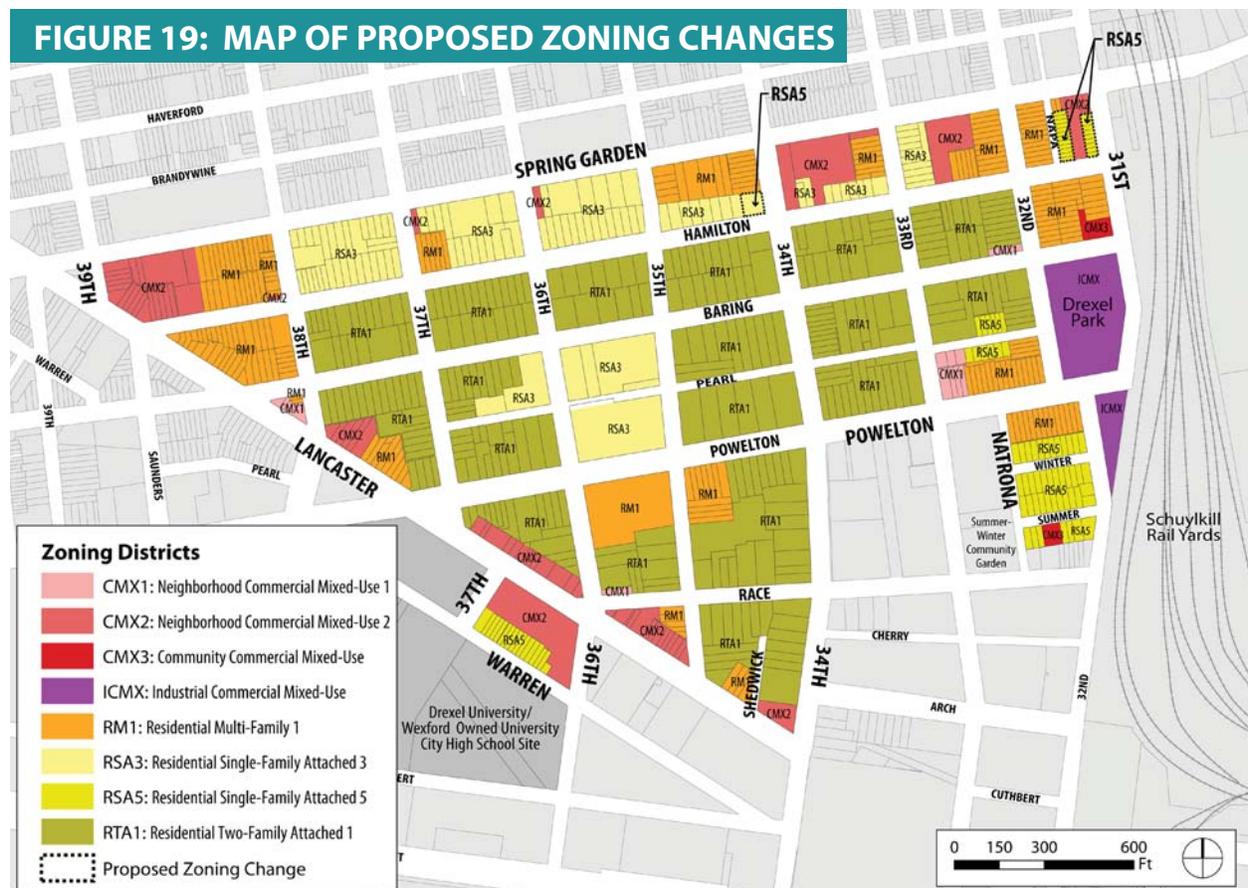
A map of the proposed zoning changes is shown below in Figure 19.



1-story commercial building at 3401 Hamilton currently zoned CMX-2



Two-story rowhouses on Napa Street currently zoned RM-1



Increased Code Enforcement

Targeting rental properties that do not have the correct permits or are not in compliance with rental laws for conversion to homeownership is one way to approach increasing homeownership.

Lack of Permits

Many properties within Powelton Village are operating as rentals without having an L&I issued rental license, either because the license has expired without being renewed, or because there is no residential license on record. A map of these properties can be seen in Figure 14 on page 24. Of the 122 properties operating without rental licenses, 66 are rental rooming houses (54%), which are the building types that make the most sense to target for acquisition. Some properties with missing licenses are owned by student housing providers and are unlikely to be converted to homeownership; however, there are many clusters of rental rooming house properties that could be targeted, including the 3800 block of Spring Garden Street (6), Napa Street (3), 400 block of 32nd Street (5), 400 block of 33rd Street (3), the 3200 block of Pearl Street and



Row of rental rooming houses without rental licenses on the 3800 block of Spring Garden Street

200 block of 32nd Street (8), the 3600 block of Lancaster (4), and the 3700 block of Warren Street (6). Another approach would be to target the owners with the most missing licenses, which includes 3120 Association LLC (3), 3501 Drexel LLC (3), Christy Garrett (3), Richard Rosen (4) Lawrence Salzman (3), and Joseph Tiberino (3).

Rooming House Code Violations

Another code enforcement issue is large, single family, multi-bedroom rental houses, or rental rooming houses. In many of these large homes, it is expected that more than three unrelated people are living together, therefore qualifying as “Group Living” under the zoning code. Group Living is permitted only by special exception in all residential zones in Powelton. It is difficult to know which properties either have special exceptions or were grandfathered into compliance when the zoning code was put into place in the 1950s/60s. It is known, however, that 96 of the rental rooming houses in the study area have missing or expired rental licenses. Rental rooming houses provide an opportunity to target residential buildings that are already configured as a single family dwelling and can be easily converted to homeownership. There are 163 rental rooming houses in the study area that could be targeted in this approach. Owners with more than 3 rental rooming house properties on whom the approach could be focused include Sheldon Schwartz (11), 3120 Associates LLC (5), Urban & Bye (5), 3400 Lancaster Partners (4), and Richard Rosen (4). Figure 20 on the following page shows where the rental rooming properties are located, with these major property owners highlighted.

Blocks that could create a strong impact with these types of acquisition include the 3200 blocks of Winter and Summer Street, where there is a high concentration of single family rental properties. The

buildings on those blocks are some of the smallest in Powelton Village, making them more suitable to homeownership than the larger multi-family conversion buildings. Many of the buildings in this area are in poor or deteriorating condition, which may suggest that owners are waiting to see if Drexel will buy properties in this area as part of the expansion of the University campus. This approach builds upon the proposed residential and daycare development currently proposed for the south side of Summer Street.

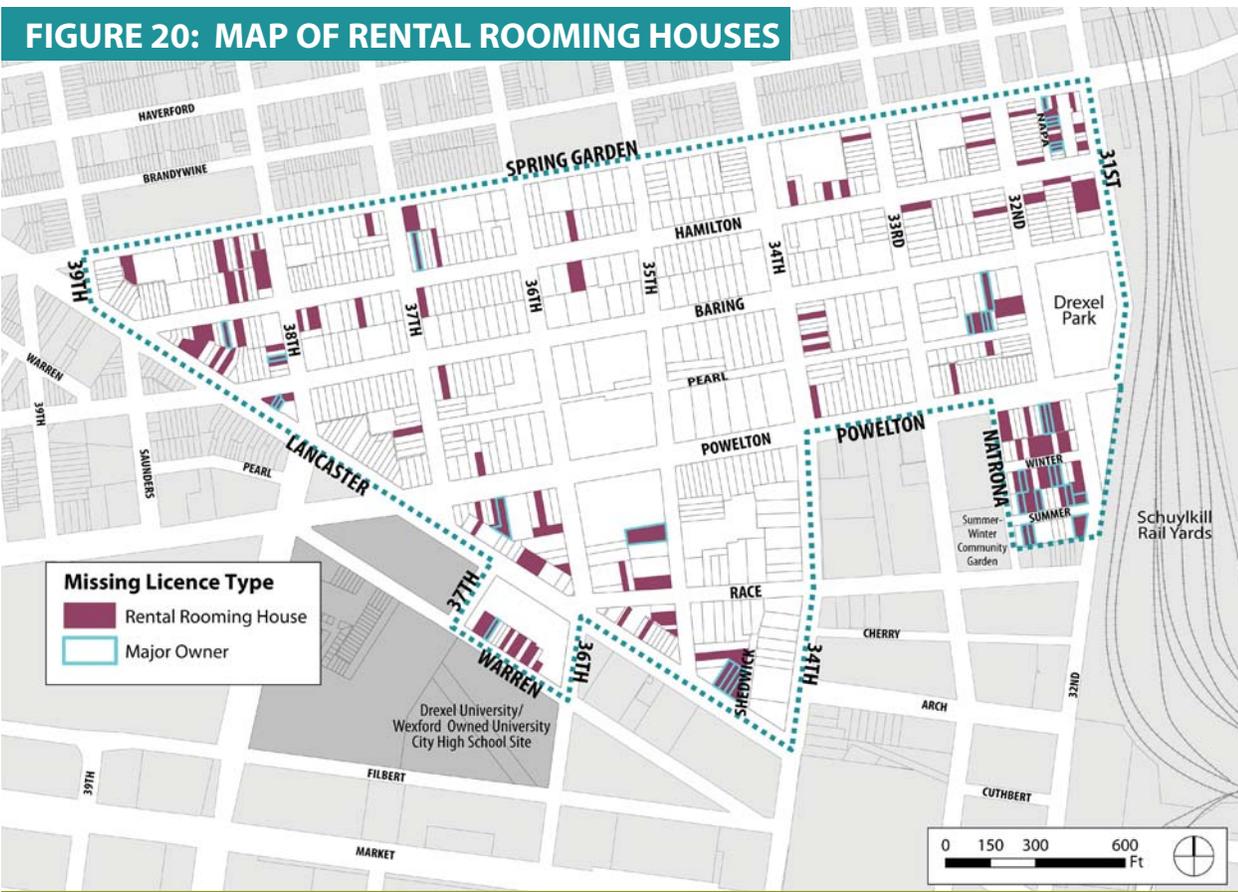
Other areas that could benefit acquiring rooming house code violation properties include the 3600 block of Warren Street, the 400 block of Napa Street, and the 400 block of 38th Street.

The average value of rental rooming houses in the study area according to OPA assessments is \$268,300 per building. The areas with more expensive valuations are the 3200 blocks of Winter and Summer

Street with assessments between \$210,000 and \$550,000. Blocks of less expensive properties with assessments less than \$250,000 are located north of Baring Street and west of 38th Street, and also on the 400 blocks of Napa and 31st Street.



Rental rooming houses in poor condition on the 3200 block of Summer Street



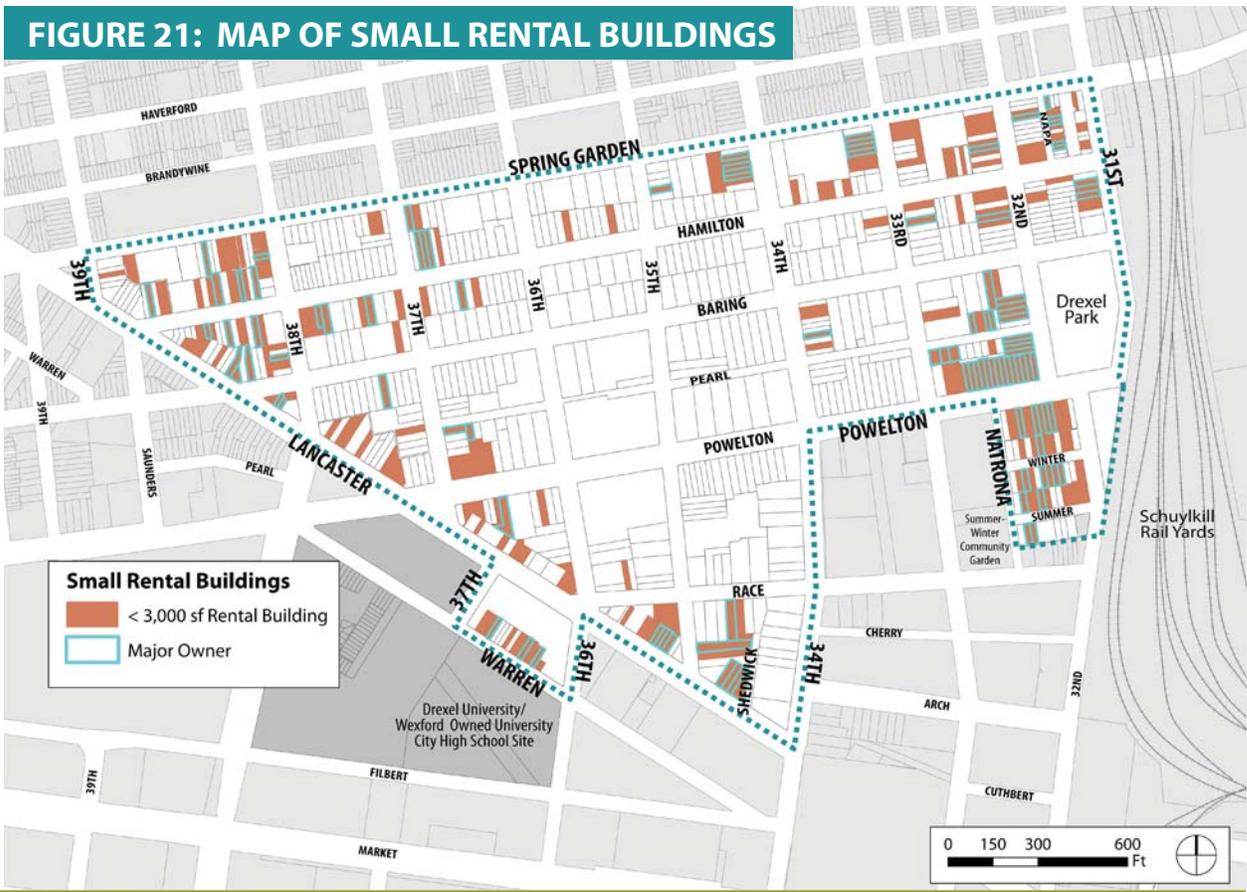
Acquisition of Rental Buildings Less than 3,000 SF

Another acquisition approach that would focus on buildings best suited for homeownership is to target rental buildings that have less than 3,000 sf in area. Buildings larger than 3,000 sf are typically too big for single family homeownership without an accessory rental unit, and it is unlikely that these larger properties in Powelton Village will ever be de-converted from their existing multi-family state. There are 296 of these smaller rental properties in the study area, and major property owners that own more than three such buildings are as follows: West Village Ltd (19), Sheldon Schwartz (19), Paul Chhour (6), Scott Shuster (6), David Tilley (6), 3120 Associates LLC (5), 3400 Lancaster Partners (5), Richard

Rosen (5), Urban & Bye (5), 3501 Drexel LLC (4), Hanley Bodek (4), GG Investments LLC (4), Kenneth Kramer (4), Neighborhood Restorations (4), and Maxine Ward (4). Figure 21 below shows locations of these smaller rental properties with the major property owners highlighted. This strategy produces similar areas to target as the strategy for acquiring rental rooming house properties, such as the blocks around Winter, Summer, and Warren streets and blocks in the northeast and northwest corners of the study area. Many of the buildings on these blocks are in poor or deteriorating condition

Deconversion of Larger Originally Single Family Homes

Larger homes that have been converted to multi-family student



rentals on strong owner occupancy blocks, particularly in the core area around Hamilton and Baring Streets, could be targeted for acquisition and deconverted to owner occupied buildings with one or two accessory rental units.

There is also potential for converting multi-family rentals to condominium buildings with deed-restrictions for homeownership.

Development of Vacant Lots

The study area contains 11 vacant lots, which provide the few infill opportunities in Powelton Village for new homeownership units. These lots are scattered throughout the study area; however, several are located in the Winter and Summer Street blocks. With the exception of the large vacant lot at the corner of 32nd Street and Baring Street, all of these lots are fairly small and would be well-suited to homeownership buildings. Descriptions and a map of the vacant lots can be found on pages 21 and 22; a summary of vacancy information is shown in Tables 7 and 8. Since the past couple years have seen an aggressive redevelopment of available parcels by University Realty to student rental housing, it is likely that without interventions by other entities, these vacant lots could also become rental housing, either as one and two-family buildings by right, or as multi-unit buildings with a zoning variance.

In addition to targeting vacant lots, vacant buildings in the study area could also be targeted for acquisition and made into homeownership units. Locations of vacant buildings and their ownership and valuation details are shown in the chart below.

**TABLE 7:
Vacant Lot Inventory**

Address	Zoning	Owner	Market Value*
2300-04 Baring Street	RTA-1	East Baring Associates LLC	\$136,600
402-06 N 32nd Street	RTA-1	East Baring Associates LLC	\$128,100
3202 Summer Street	RSA-5	Drexel	\$22,300
3213 Hamilton Street	RM-1	John Hart	\$30,300
3221-23 Winter Street	RSA-5	Sheldon Schwartz	\$56,700
3222 Winter Street	RSA-5	Vivian Crews	\$26,900
3412-14 Powelton Avenue	RTA-1	Drexel	\$128,000

*Market value based on OPA assessments from 2014

**TABLE 8:
Vacant Building Inventory**

Address	Building Type	Owner	Market Value*
424 N 32nd St	Single Family Rowhouse	Joan Calisto	\$351,600
3415 Hamilton Street	Multi-family Converted Twin	Mae Caleb	\$241,100
3620 Hamilton Street	Single Family Twin	Joy Donnelly	\$213,000
3204 Summer Street	Single Family Rowhouse	Drexel University	\$148,800
3206 Summer Street	Multi-family Converted Twin	Drexel University	\$131,100
3521 Hamilton Street	Single Family Twin	Li Zheng	\$262,200
3801 Lancaster Avenue	Single Family Rowhouse	K Gosnell	\$187,800

*Market value based on OPA assessments from 2014

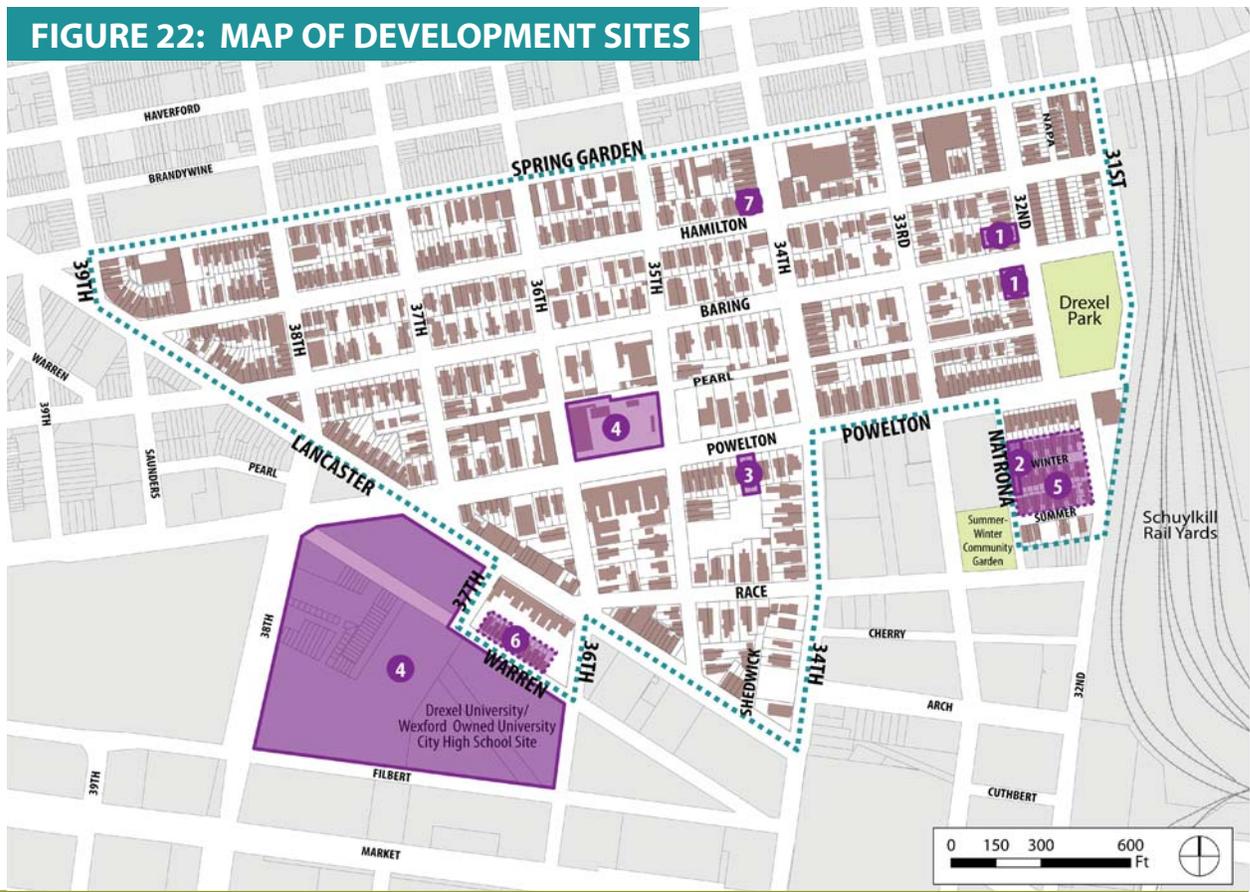
POTENTIAL DEVELOPMENT SITES

Based on the existing conditions in Powelton Village and the selection criteria and homeownership approaches described in the previous section, 7 potential development sites were identified. These sites are shown Figure 22 below, and descriptions of the development programs that each site could accommodate are detailed on the following pages.

Where possible, OPA market value assessments are given for each development site to give an idea of acquisition costs. However, these values are only one type of estimate, and they would need to be verified before pursuing acquisition.

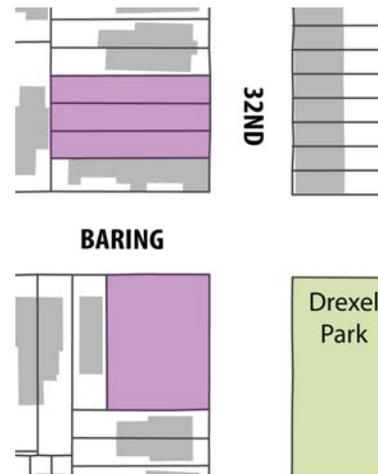
- 1** 3200-04 Baring Street & 402-06 N 32nd Street
- 2** Winter Street Vacant Lots
- 3** 3412-14 Powelton Avenue
- 4** University City High School Site
- 5** 3200 blocks of Winter and Summer streets
- 6** 3600 block of Warren Street
- 7** 3401 Hamilton Street

FIGURE 22: MAP OF DEVELOPMENT SITES



1 3200-04 Baring Street & 402-06 N 32nd Street

3200-04 Baring Street is the largest vacant lot in the study area, with a total of 6,750 sf and frontage of 75' on Baring Street and 90' on 32nd Street. Across Baring Street at 402-406 N 32nd Street are three contiguous 2,300 sf vacant lots, each with 20' frontages and 115' depths. All four of these vacant parcels are owned by East Baring Associates Ltd, one of the members of whom is a Powelton Village resident. The lots overlook a well-used neighborhood amenity Drexel Park, are located both near Drexel's campus and near the strong historic Powelton Village core blocks on Baring Street, and could provide views of the Center City skyline. If they were to be developed for homeownership units at the same time, they would create a strong core of homeownership around Drexel Park. The Baring Street parcel was last bought for \$6,000 in 1999, and the 32nd Street parcels for a total of \$55,000 in 1995. Current OPA valuation of the parcels is \$136,600 for the Baring Street site and \$42,700 for each of the three 32nd Street parcels. All of the parcels are zoned RTA1 for low density two family attached homes or twins.



Under the existing zoning with minor dimensional variances, the Baring Street site can accommodate the following development:

Program 1

- Three 18' wide homes fronting on 32nd Street;
- Two of the buildings are semi-attached on 28' wide lots and one detached on a 34' wide lot;
- 3 story houses, each with 2,270 sf

Since there are attached houses just south of the Baring Street site on 32nd, this site may be better suited to attached rowhouse development, in which case it could accommodate two different development programs. These higher density development scenarios would require a zoning variance to allow for smaller lots with 16'-18' wide attached houses without side yards and are as follows:

Program 2

- Four 18' wide attached rowhouses on 18' lots;
- 3 story houses, each with 2,250 sf

Program 3

- Five 16' attached rowhouses on 16' lots;
- 3 story houses, each with 2,000 sf

The 32nd Street site can accommodate the following development:

- Three 16' wide twins on fronting on 32nd Street;
- All of the buildings are semi-attached on 20' wide lots;
- 3 story houses, each with 2,000 sf

The houses could be targeted for purchase by Drexel faculty in conjunction with a Drexel-led homeownership program.

2 Winter Street Vacant Lots

A cluster of vacant lots at the corner of Winter Street and Natrona Street provide an excellent opportunity for new single family infill housing. 3221 and 3223 are two contiguous parcels located at the northeast corner, and 3222 is a single parcel across the street at the southeast corner. The lots are 20' and 25' wide by 67' and 72' deep. They are zoned RSA-5, single family attached residential. The lots on the north side of the street are owned by Sheldon Schwartz, are valued at \$25,000 and \$31,700, and last sold for \$20,000 each in 1986. The lot on the south side of the street is owned by Vivian Crews, is valued at \$26,900, and last sold for \$1 (a nominal amount not representative of actual value) in 2006.

Because the rest of the buildings on this block are twins, a new set of 3-story twins could be added to the north side of the block, and the missing pair to the twin at 3220 could be added to the south side of the block. New development in this area would help to stabilize the largely rental blocks and serve as a way to encourage new investment on the surrounding deteriorating buildings.

The redevelopment of these vacant lots, coupled with conversion of the rental rooming houses on the block, would significantly change the homeownership rate in this area.



3 3412-14 Powelton Avenue

These two contiguous vacant lots on the 3400 block of Powelton Avenue are owned by Drexel University and are in a prime location in the study area close to Drexel's campus and the historic core of Powelton Village. They are both 26.5' wide by 130' deep, zoned RTA-1, low density two family attached homes, and are each valued at \$64,000. To fit with the other twins in the south side of the block of Powelton, the vacant lots could accommodate two 18' wide twins with ample front setbacks and rear yards. This new development would have potential as Drexel faculty housing.



4 University City High School Site

In July 2014, Drexel purchased the former University City High School (UCHS) site that abuts the study area. The large 20.5 acre site is bounded by Lancaster Avenue, 37th Street, Warren Street, 36th Street, Market Street, 38th Street, and Powelton Avenue. Part of the sale involved rezoning the area entire site to CMX-4 Commercial Mixed Use. Drexel is still in the initial stages of determining how the site will be redeveloped.



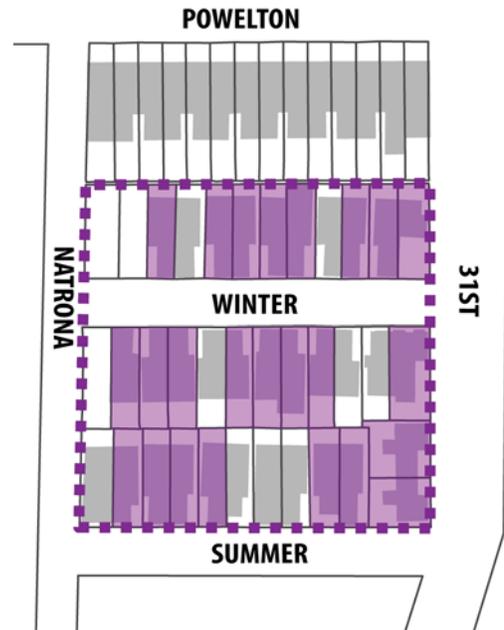
The University will be going through a community advisory process with multiple community groups and stakeholders to come up with a development plan for the site. They are open to many different uses, including office and biomedical, commercial, and residential. There is also a potential for part of the site to become a new public school, likely K-8; however, this is pending interest and approval from the School District of Philadelphia. The only use that will not be allowed on the site is undergraduate student rental housing. The site will be developed by Wexford Science & Technology, a biomedical realty company that serves the university, university-related research park, and healthcare system segments. If residential does become a component of the final master plan, this will likely be developed by a partner company, since Wexford does not typically do residential development.

It is recommended that owner occupied residential units be included in the UCHS site master plan. These units could be multi-family apartment buildings with condominium units. In order to ensure that they are owner occupancy units, they will need to have deed restrictions for owners occupancy. This product type could help address the lack of housing in Powelton Village appropriate for the growing number of empty nester and senior households who would like to stay in the neighborhood, but move to lower-maintenance homes. The density, type, and form of this housing will be determined by how the rest of the site is developed. For example, there may be more potential for rowhouse development near Warren Street if the new public school does not get built.

The possibility of a new K-8 school on the UCHS site provides a potential development site for homeownership in Powelton Village. If the new school is approved, it would render the existing Samuel Powell Elementary School on the 3500 block of Powelton Avenue unnecessary. The School District of Philadelphia could then sell the Powell School site to a private homeownership developer, which would give them funding to develop a new school on the UCHS site. The Powell school site is a full block totalling 1.27 acres zoned RSA-3. Under the current zoning, the block could accommodate 24 new 20' wide twin houses on 25' wide lots. The buildings would front on Pearl Street and Powelton Avenue and be around 3,000 sf each, making them an attractive homeownership product.

5 3200 Block of Summer and Winter Streets

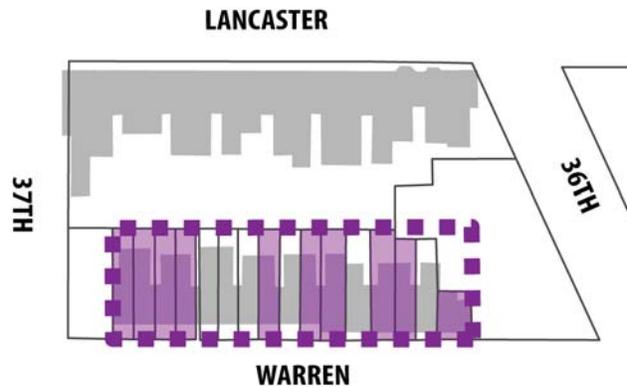
These blocks of Summer and Winter Streets are populated by multiple single family rental properties, many of which are in poor condition and are ripe for rehabilitation and conversion to homeownership. There are 26 rental rooming houses on these blocks, many of which are contiguous, including the following properties: 250-56 N 32nd Street; 3203-05, 3209-15, 3219, 3206-12, and 3216-20 Winter Street; 3205-07, 3215-21, 3200, and 3214-16 Summer Street. The average market value of these properties is \$312,850, and they are valued between \$211,000 and \$711,600. Three of the properties are owned by Drexel and six by Sheldon Schwartz; the rest have non-repeating owners. There is also a one-story garage building at 3201 Winter Street that is owned by Drexel. This corner property has a prime location with views of the Center City skyline, and it is currently underutilized with its current use. It would be better suited as a three story residential building with close proximity to Drexel Park and University City.



These blocks could be an opportunity for Drexel to purchase multiple buildings and create workforce housing with incentives for Drexel faculty to purchase homes. These properties would be deed restricted for homeownership to ensure that they do not revert to rental properties. The smaller size of these lots and buildings make them well-suited to first time home buyers who cannot afford the larger properties that are typical in Powelton Village.

6 3600 Block of Warren Street

This small block of rowhomes behind a block of multi-family buildings on Lancaster Street provides another opportunity to acquire smaller single family rental homes to create an enclave of homeownership controlled by Drexel. The block is across the street from the University City High School Site, thus making it very desirable for new development and higher value homeownership. There are 12 rental properties on this block, all but two of which are rental rooming houses. Market values of the rental properties range from \$200,000 to \$286,000 with an average value of \$240,000. The only multiple property owner on the block is Sheldon Schwartz with two properties.



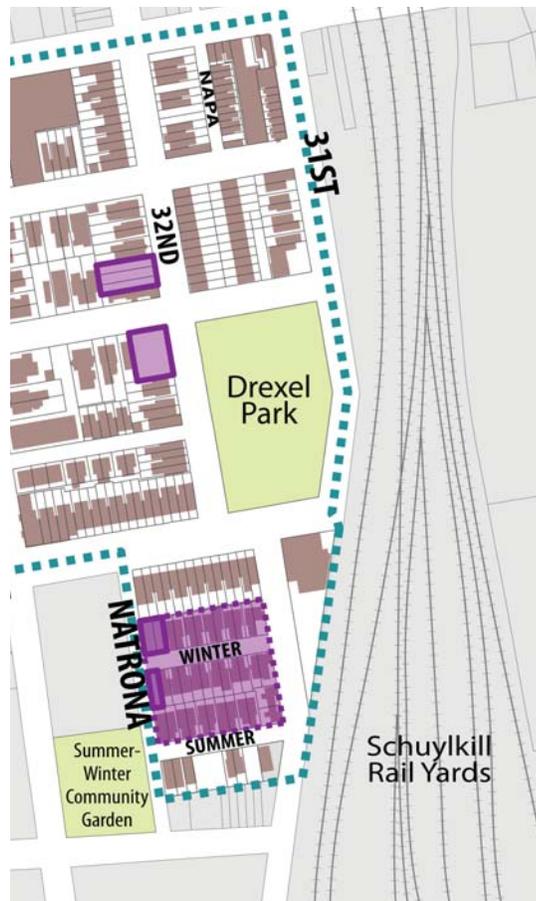
7 3401 Hamilton Street

This corner lot at 34th and Hamilton streets is currently underutilized with only a one-story convenience store, Kimey's Place. The site is zoned CMX-2, and it has 69' of frontage on Hamilton Street and 75' of frontage on 34th Street. The rest of the buildings on that block of Hamilton are twins zoned RSA-3, and the site should be rezoned to match the rest of the block. The property is valued at \$150,000 and is owned by H&L Huynh LLC. Once rezoned and converted to two lots, 3401 Hamilton could accommodate a pair of three-story single family twin homes, each 20' wide. These new buildings would anchor the already strong homeownership blocks on Hamilton Street and ensure that another CMX-2 building is not converted to multi-unit student rentals.



Next Steps

The area directly west and south of Drexel Park shows great potential for homeownership, and with the availability of larger vacant lots and a cluster of smaller rental rooming houses, it is recommended that this become a focus area for homeownership in the near future. Development of the four vacant parcels at 3200-04 Baring and 402-06 N 32nd streets, combined with acquisition and conversion to homeownership of smaller rental rooming houses on Winter and Summer Streets, will create an enclave of homeownership in this area that builds on the strong homeownership core of Powelton Village along Hamilton and Baring streets and maximizes Drexel Park as a community amenity.



APPENDIX:

Example Homeownership Initiatives

State College Borough (Pennsylvania State University)

In order to preserve homeownership in the neighborhood surrounding Pennsylvania State University's State College campus, the State College Borough Council has recently authorized providing the State College Redevelopment Authority (RDA) with collateral for a \$5 million line of credit to operate its Homestead Investment Program. Through this program, the RDA intends to purchase rental properties within a half-mile radius of the Penn State campus, make necessary repairs and convert the homes back to owner-occupied units. The planned budget per home is \$150,000 to \$400,000. After conversion, the RDA will resell the homes with a deed restriction stating that the home must be owner-occupied for 99 years. The owner-occupant may lease the property for one-year terms given unique circumstances.

In addition to the Homestead Investment Program, the not-for-profit State College Community Land Trust (SCCLT) offers low and moderate-income homebuyers the opportunity to purchase a home in the Borough. The SCCLT encourages home ownership by "splitting" the cost of a home. The buyer purchases the house itself while the SCCLT buys the land beneath the house, thereby reducing the overall

cost of the home by as much as 30%. The SCCLT provides a package of assistance which includes home rehabilitation money, closing cost assistance and a subsidy equal to the value of the land for the given property. Applicants do not need to have any down payment or money for closing costs.

Princeton University

Princeton University offers three types of homeownership programs that incentivize home purchases for faculty and staff. There is a maximum limit of \$1.4 million or 90% of the appraised value or purchase price (whichever is less) that the University will contribute through any combination of these programs on a home purchase. Program eligibility varies based on an employee's position at the University. The following descriptions summarize the key benefits and eligibility criteria of each program:

- The Standard Mortgage Program (SMP) offers faculty and staff favorable mortgage rates and terms. The October 2014 mortgage rate is 2.85 percent for 30- and 40-year terms. Eligibility criteria based on faculty and staff positions are the most lenient for this program; of the three programs, the greatest

number of employees are eligible to participate in the SMP. Homes purchased under this program must be within a nine-mile radius of Nassau Hall on Princeton's Campus or be located in the City of Trenton. The program is managed by the Office of University Mortgage Services and the University is the administrator of the loan. Under the program, mortgage payments are made through payroll deductions.

- The Princeton Faculty Residential Purchase Plan (PFRPP), managed by Housing and Real Estate Services, allows eligible faculty and staff to purchase homes at fair market value from the University in two desirable neighborhoods near campus that include a total of 160 homes. The University retains the right to repurchase the homes, thus maintaining a homeownership presence in these areas. Mortgages are typically administered by the University. Eligibility for the program is more stringent than the SMP; fewer faculty and staff positions are eligible to participate.
- The Tenancy-In-Common (TIC) Program, managed by the Office of University Mortgage Services, affords eligible faculty and staff an opportunity to purchase a home with the Princeton as a co-owner. As a co-owner, Princeton pays for and owns up to one-third (33.33%) of

the home purchased. Like the SMP, homes purchased in TIC must be within a nine-mile radius of Nassau Hall on Princeton's Campus or in the City of Trenton. The home purchased in TIC must be a single-family home and the employee's primary residence. Employees will pay all closing costs on the home and costs to maintain the property thereafter. Princeton's share ownership can be purchased at any time, but must be paid upon termination of employment (except retirement) or when the home is no longer a primary residence. Employees may request an adjustment on their share of ownership if a qualified major improvement is made to the property, that costs at least five percent of the appraised value or \$50,000 (whichever is less) and is approved by the University. The sale of the property to a third party must be approved by the University and the proceeds of the sale are proportionately distributed first to the University and then to the employee only if the University's share has been repaid. The employee is responsible for funding any shortfall. The same faculty and staff positions that are eligible to participate in the PFRPP are eligible for this program.

Stanford University

Stanford University has a number of housing programs that assist employees with the purchase of a home. Program eligibility is limited to specific categories of Stanford employees. Properties purchased under the housing programs must be located within the specific qualifying area, which is generally concentrated around the San Francisco Bay. The following descriptions provide key information for each of Stanford's home purchase programs:

- The Mortgage Assistance Program (MAP), which can be used in combination with any other home purchase program, offers employees an interest-only, non-amortizing loan that has a low, fixed current interest rate and deferred interest due at repayment. As of September 2014, the interest rate is three (3) percent per annum. MAP can only be used towards the initial purchase of a home for primary residence and not for refinancing. The University will lend 60 percent of the purchase price or the fair market value up to \$700,000. Repayment is due upon sale of the house, when the property is no longer a primary residence, or when the borrower ceases to be an eligible employee.
- The Deferred Interest Program (DIP) offers employees a secured, non-amortizing loan with no current interest payments. The deferred interest is due after a 30-year term or at the sale, prepayment, or refinancing of the home. Employees eligible for the DIP are first-time home buyers, buyers who have not had owned a home within the eligible area in three years, and employees who use the maximum amount of the MAP loan. The DIP loan cannot be combined with any other home purchase programs.
- The Zero Interest Program (ZIP) offers no interest, non-amortizing loans, some of which are partially forgivable. Like the DIP, employees eligible for the ZIP are first-time home buyers, buyers who have not had owned a home within the eligible area in three years, and employees who use the maximum amount of the MAP loan. The ZIP loan cannot be combined with any other home purchase programs. The maximum loan amount is \$100,000 and the typical term is 15 years.
- The Housing Alliance Program (HAP) is a taxable fringe benefit designed to give newly hired, eligible employees additional compensation for a defined period of time after the purchase of a new home. The program can be used in conjunction with any of Stanford's home purchase programs. Eligible employees include first-time home buyers and buyers who have not had owned a home within the eligible area in three years. The maximum allowance is \$113,750 over

a term of nine years. The home must remain owner-occupied over the allowance term.

- The Residential Ground Lease Program offers eligible employees an opportunity to purchase of home on the campus of Stanford University. University founders had specified that campus lands never be sold. In order to create a residential campus community for faculty and staff, Stanford has established this ground lease program. According to the University, there are approximately 900 residential leaseholds on-campus. Rent on the lease is paid monthly. The maximum term for a ground lease for a single-family house is 51 years, condominium units have a maximum terminated date of October 2052. The leasehold property must be the employee's primary residence, however, they are permitted to sublet for a limited period of time. Only the University employee is permitted to hold the title of the leasehold property. A recent change in eligibility for on-campus purchases restricts participation to only Academic Council faculty. Further, Stanford notes challenges in securing financing for a leased property as a result of the current lending climate. For example, Wells Fargo has announced that it will not provide loans for these properties on Stanford's campus.

