

## Narrative Description of the Property

- Acknowledgement of Addendums

## 1. Narrative Description

Mission First – 1260 HDC (Mission First Housing Group) is submitting this application to the Philadelphia Housing Authority (PHA) for 29 ACC subsidies under the Unit-Based Operating Subsidy Program at a level of a \$500 for the Haddington III Preservation Initiative.

ACHIEVEability, an experienced, non-profit supportive housing provider for homeless families, is partnering with Mission First Housing Group, one of Philadelphia's most successful nonprofit housing developers, to preserve 48 units of subsidized rental housing in the Haddington neighborhood of West Philadelphia. Families living in the Haddington III Preservation Initiative will have access to an array of comprehensive social services, giving them the much needed stabilization and support to reach self-sufficiency while battling homelessness, physical and emotional abuse, substance dependency, and other challenging circumstances.

ACHIEVEability and Mission First Housing Group recently announced a strategic alliance between the two organizations. The integration of two organizations with robust histories and shared values is an opportunity to leverage the property management and operational expertise of Mission First with the social service, event management and fundraising capabilities of ACHIEVEability. In coming together, the two organizations combine ACHIEVEability's legacy of differentiated social service outcomes with the financial strength and real estate development expertise of Mission First. In addition, Mission First's larger footprint will allow ACHIEVEability to eventually expand with services to more families while maintaining the focus on its home base in West Philadelphia. The union also is aligned with Mission First's growth strategy for real estate, services and infrastructure. This alliance will enable both organizations to better serve their communities and families.

Haddington III will be the first project for the strategic alliance. Mission First will serve as sponsor and developer. These 48 single family homes were originally developed as two separate Low Income Housing Tax Credit (LIHTC) developments, Haddington and Haddington II, respectively. Mission First is proposing to combine the properties into Haddington III Preservation Initiative which will be re-syndicated with a new allocation of LIHTCs. While the homes are nearly fully occupied and continue to provide much needed housing for homeless and low income residents in the West Philadelphia area, typical wear and tear over the last 16-17 years has resulted in the need for substantial upgrades and replacements to be made in order to ensure the long term viability of these units.

Mission First is uniquely qualified to use PHA's Unit-Based Operating Subsidy Program for Haddington III units. Mission First has 25 years of experience with numerous subsidy programs and the associated reporting requirements for each. Mission First manages more than 2,500 units of affordable housing, serving more than 3,100 people throughout the Mid-Atlantic region, and has a strong track record in development. In the last five years in Philadelphia, it has completed over \$110 million in LIHTC development, creating or preserving 453 units.

Mission First has an extensive history with the Philadelphia Housing Authority (PHA). In 1988, the U.S. Department of Housing and Urban Development (HUD) awarded Mission First 125 program-based Section 8 vouchers, administered through PHA. In 2003, PHA awarded Mission First an initial 365 Project-Based Section 8 vouchers, which has grown to nearly 500 vouchers today. In addition, Mission First houses nearly 100 residents with Housing Choice Vouchers.

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Over 25 years of experience with PHA and both voucher programs provides evidence of Mission First's stewardship of PHA processes from referrals and leasing through reporting and compliance with Housing Quality Standards. Mission First also serves as a mini-housing authority for its Mainstream Housing for Persons with Disabilities, providing vouchers for 50 households.

The development plans call for the complete interior and exterior renovation of all 48 homes. All major systems, plumbing, flooring, windows, roofs, fixtures, appliances and interior and exterior finishes will be replaced. Any unit with subpar electrical service will be upgraded to 200 amp service and new wiring will be installed. Due to existing envelope deficiencies, and with an understanding that true affordability goes beyond a tenant's monthly rent, the properties will receive upgrades that will improve their energy and water efficiency, saving tenants additional money each month through lower utility costs. Low flow fixtures and energy efficient appliances and lighting will be installed in each unit. Haddington III will be designed to meet Enterprise Green Communities criteria.

Six units will be fully accessible to individuals with mobility impairments, and 2 units will be accessible to individuals with sensory impairment. No fewer than 5 of the units (10%) will be reserved for individuals with special needs, including those recovering from substance abuse and those recovering from domestic abuse. Based on the population that ACHIEVEability serves, it expects to far exceed the 10% minimum, as a majority of its heads of household have special needs. In addition, ten units, or 21%, will also be set aside for individuals meeting the definition of homeless, though it is anticipated that—in light of the composition of the current residents—the actual number of homeless residents will be significantly higher.

The project contains both transitional (21) and permanent (27) units. All units are currently reserved for, and will continue to be reserved for, households at or below 60% of the area median income (AMI). ACHIEVEability/Mission First has an application pending with PHA for 19 Project Based Vouchers. Mission First is concurrently submitting this application to PHA for 29 ACC subsidies for the remaining units at a level of a \$500 PHA ACC subsidy per unit to help reach the proposed tax credit rents. This rent subsidy allows the project to charge very low tenant rents while simultaneously meeting investor performance requirements. In this way, the preservation of these units helps Philadelphia to reach the critical Consolidated Plan goal of preserving housing units for low income populations.

Though scattered site, all of the homes are within close proximity to one another and to ACHIEVEability's offices, providing residents with the ability to easily make use of social services. All properties are well served by transit, and most are just a few blocks from the Market-Frankford subway line, allowing for convenient access to employment opportunities, medical services, and other destinations. All properties are in the 19<sup>th</sup> police district except for 6236 Ludlow Street, which is in the 18<sup>th</sup>. Additionally, the project is in close proximity to the Philadelphia Promise Zone.

All 48 units are single family homes consisting of two-, three-, and four-bedrooms. The unit distribution is as follows:

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**Haddington III by the Numbers**

Quantity	No. Bedrooms	No. Baths	Average Square Footage	% AMI
1	2	1	750	20%
5	2	1	750	50%
4	2	1	750	60%
1	3	1.5	1,246	20%
15	3	1.5	1,246	50%
14	3	1.5	1,246	60%
3	4	1.5	1,350	20%
5	4	1.5	1,350	60%

Mission First has full site control. All properties are owned by Haddington Partners, L.P. and Haddington Partners-II, L.P., and ACHIEVEability is the sole member of the general partner of each entity. Please see the Purchase Option Agreements in Tab 12 – Readiness and Project Schedule demonstrating the intent to transfer all 48 properties to Mission First – 1260 HDC. The general partner of Haddington III will be controlled by Mission First - 1260 HDC, a member of Mission First Housing Group, which be the sole member.

Mission First does not need to procure any new zoning permits for project. All 48 properties are currently operating as rental housing, are zoned either RM-1 or RSA-5, and fully comply with the City of Philadelphia Zoning Code; none of the renovations proposed for Haddington III will alter aspects of the property that would impact compliance. Because Mission First has full site control and does not need to apply for new zoning permits or variances, Haddington III can commence construction in short order following the LIHTC award in June 2015.

Construction will begin on the vacant units first with all work completed within 16 months from the start of construction. As units are completed, tenants in nearby properties will be moved into the newly renovated homes and renovation work will begin on the vacated property. In accordance with the Uniform Relocation Act, no tenants will be displaced by the project. Mission First has budgeted for the costs it will incur to pay a moving company to move tenants' belongings from their old home to their newly renovated home.

Total development cost is \$17,520,111 and Mission First is requesting \$1,364,605 in CDBG funds from the City. This will be leveraged by funds raised from the syndication of low income housing tax credits, providing \$11,878,812 in private equity. The project received \$500,000 in FHLB Pittsburgh Affordable Housing Program funds. The balance will come from the project's assumption of Haddington I and Haddington II's existing debt and reinvested developer's fee.

All Haddington III residents, as a requirement of their tenancy, will participate in the *Family Self Sufficiency Program*. Through ACHIEVEability's *Family Self-Sufficiency Program*, participants receive an assortment of supportive services geared toward achieving this goal. These services include, but are not limited to, intensive case management; life skills workshops for parents; workshops for children; job placement and counseling services; access to ACHIEVEability's neighborhood computer learning and employment center; housing counseling; drug and alcohol

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counseling; after school and summer programming; and recreational and cultural activities. All parents in the program are working toward a Bachelor's or Associate's degree, and are required to complete at least five classes per year toward that degree. Higher education, as well as the pursuit of a goal that requires as much dedication and persistence as a post-secondary degree does, provides another mechanism for the transition to self-sufficiency. To fully support the program participants as they pursue their degrees, ACHIEVEability provides personalized coaching, tutoring and educational. These services are funded in part by the U.S. Department of Housing and Urban Development's (HUD) existing, committed annual award of \$161,700 in Supportive Housing Program (SHP) funds.

