PUBLIC HEARING
Future of Pennsylvania's Cities, Large and Small
May 29, 2013 | 10:00 a.m.
Allegheny County Courthouse
Gold Room
436 Grant Street
Pittsburgh, PA 15219

Presentation by Andrew Haines, S & A Homes

- Executive Vice President of S & A Homes, a for profit residential developer based out of State College.
- Oversee a division that targets affordable and urban family and senior housing, both rental and for sale.
- Since 1999 we have developed over 650 units across Pennsylvania, in both Cities and smaller towns or townships.
- Today, focusing on projects we have completed in Cities.
- We have three examples of successful projects in Pennsylvania cities that provide an example of successful public private partnership.
- Our first example is Federal Hill here in Pittsburgh, on the north side.
    - Site was a Redevelopment Area called Federal North, and the properties for the site, which was a larger mixed use site, was acquired by the URA.
    - S & A helped in the planning for the residential portion and since 2004, we have constructed 44 for sale housing units with prices ranging from $140,000 to $295,000.
    - Several properties sold to families below 80% Area Median Income
    - Blighted properties were removed and replaced with taxable for sale properties, occupied by new City residents and others.
    - Funding for this development was critical. The Sources were as follows
        - $11 m total project cost
        - $6.1 m Conventional Bank Loan
        - $1.8 m PHFA Homeownership Choice Program
        - $1.8 m URA Funding
        - $1.3 URA Mortgage- repaid at closing of homes
        - 125 Construction Jobs created.
        - Many more jobs retained during the recession
- Our second example is Dial Apartments in Lancaster
    - Former watch factory, abandoned for 10 years
    - Created 40 units of affordable family housing for families under 60% Area Median Income
    - Utilized variation of funding sources
        - $7.2 m total project cost
        - $5. 2 m from equity raised from Low Income Housing and Historic Tax Credits
        - $300k City of Lancaster HOME funding
        - $300k County of Lancaster HOME/DCED funding
        - $300k Act 137 (Housing Trust Funds) from the County
        - $1.2 m PHFA Penn Homes
        - 85 Construction Jobs created. Four permanent jobs created.
        - Provided 10 of 40 units for severe handicap individuals
        - Now a taxable property.

- Our last example is Garfield Glen here in the Garfield neighborhood of Pittsburgh
    - Scattered site Rental Lease Purchase development
    - Low income rentals for 15 years, then converted to homeownership.
    - Affordable to families below 60% Area Median Income
    - Purchased lots from private owners and through the City of Pittsburgh land reserve
    - Development was planned around a successful for sale development in the neighborhood.
    - Developer purchased nuisance properties in neighborhood.
    - No relocation of existing homeowners or renters.
    - All properties were vacant and we also demolished several properties that were in poor condition
    - Financing was as follows;
        - $12 m total project cost
        - $10.5 m from equity raised from Low Income Housing Tax Credits
        - $1.3 m from URA Home funding
        - $200k Deferred Developer Fees
        - City and URA sold tax delinquent properties to the Developer at $1500 per unit.
        - Properties complete and occupied. All are taxable properties
        - Created 155 construction jobs, with 5 permanent jobs.

- Closing Statement

In this current environment. Real estate development is very challenging. Banks do not want to lend, investors are reluctant to invest and buyers are anxious. Development in Cities is also challenging- costs are higher, many sites have environmental issues, infrastructure is in poor condition, and markets are struggling. Those two challenges are a tough hurdle to build successful housing that creates jobs and invests back into the economy. Without the public bodies providing some sort of incentive, all of these developments should not be feasible.

As I am sure the other developers will affirm, we are not looking for handouts, we are looking a public private partnership to invest in our cities. We know funds are limited, but we cannot stop investing into our Cities. There are creative incentives available, we encourage you to continue to support these programs that reinvest back into our communities.