



PHILADELPHIA HOUSING PRODUCTION FUND

A Revolving Construction Loan Fund for Mixed-Income Housing

THE PROBLEM: PERMITTED PROJECTS CAN'T GET BUILT

Philadelphia has **2,930 shovel-ready housing units** across **39 permitted apartment projects** that are approved but unbuilt. Each holds a live building permit and has gone a year or more without taking the next step. Every council district has stalled housing; District 1 leads with 1,150 units, followed by District 5 with 536 and District 2 with 375.

The bottleneck is not regulation — it's financing. In today's interest rate environment, construction loans cover roughly 50% of project costs, down from 65%+ in recent years. Developers must fill the gap with private equity demanding double-digit returns, making many projects — especially those with any affordable units — financially impossible to start.



Source: Build Philly Now analysis of Philadelphia L&I permit data, August 2026

THE SOLUTION: A DEDICATED CONSTRUCTION LOAN FUND

The Housing Production Fund would be a **revolving construction loan fund** that provides low-cost, short-term subordinate financing to get permitted multifamily projects built. It replaces expensive private equity with patient public capital — then recycles that money into the next project when the construction loan converts to permanent financing.

This is not an acquisition fund. It is not a preservation fund. It is construction money for new housing.

HOW IT WORKS

- **\$60,000 per apartment** in subordinate debt at below-market rates — roughly 20% of construction cost — sitting behind the bank loan and ahead of the developer's equity
- **Eligible projects start around 80 apartments, with no upper limit.** A cap on project size would exclude the eleven large buildings (82–453 units) that hold 74% of the stalled housing
- **No single project may borrow more than \$15–25M**, so one deal cannot consume the fund, with a share set aside for small and minority developers
- **Projects are mixed-income:** 70% market-rate, 30% affordable at 60–120% AMI
- **The Housing Authority buys each finished building** and holds it permanently at that 70/30 split. Because PHA pays no property tax, the affordable apartments stay affordable
- **The money comes back every 5–7 years** when PHA buys or the project refinances, then goes out again
- **Construction must begin within 6 months** of the award
- **A loan, not a grant.** Over twenty years \$100M lends about \$300M; \$100M in grants spends once and stops

WHY THIS IS DIFFERENT FROM OTHER HOME BOND PROGRAMS

	Housing Production Fund	PHL Accelerator Fund	LIHTC / Federal Programs
Purpose	New construction of large-scale mixed-income housing	Production & preservation of affordable housing for small-scale/minority developers	New or rehab
Funding source	City bonds / HOME	City seed capital + private CDFI lending	Federal tax credits
Revolves?	Yes, every 5–7 years	Yes (CDFI revolving loans)	No (tax credit equity)
Typical scale	~80+ apartments, no upper limit	1–50 units	Varies
Federal subsidy needed?	No	Minimal	Yes — extensive compliance

NATIONAL MOMENTUM

Pioneered by Montgomery County, MD (\$100M fund, 731 units built, 2,399 in pipeline), this model is now operating or in design in **Atlanta, Chicago (\$135M), Massachusetts, Michigan, Seattle, Chattanooga, Rhode Island, Hawaii, Oregon, Raleigh, Syracuse, and Kingston**. Nationally, ~\$283 million in revolving loan fund capital has been committed with 5,000+ units built or in pipeline.

In Pennsylvania, **Bethlehem** has hired the Center for Public Enterprise to design a revolving loan fund. **Lehigh County and Allegheny County** are also pursuing similar programs. Philadelphia — the state's largest city — should be leading, not trailing.

THE PATH FORWARD: NO NEW LEGISLATION REQUIRED

The H.O.M.E. Plan bond ordinance (Bill 250568, amended by Bill 251065) already authorizes this fund. Its Affordable Housing Production program permits “long-term, low interest subordinate debt to fill financing gaps for new residential development” — a direct match for a revolving construction loan facility. The same amendment lets **Council set the AMI mix for a share of a program’s funding through the annual Program Statement and Budget**, which is exactly the mechanism that would set our 70/30 structure — no separate ordinance needed.

This fund makes loans, not equity investments. Bond proceeds cannot buy an equity interest in a project, and this structure never does — PHA’s purchase of each finished building is a real-estate acquisition, not equity.

What remains is a Council-approved **Program Statement and Budget allocating \$100 million** from the second HOME bond tranche — not a new bill. We propose housing the fund at **PHDC**, which already runs the Redevelopment Authority and the Land Bank, and incubated the Accelerator Fund before it spun off as a CDFI.

One step costs nothing: seven buildings with 1,078 apartments have had permits expire since January. Extending those administratively — instead of making developers restart — takes shovel-ready units from 2,930 to 4,008. Advocates are also pursuing a parallel **state-level fund at PHFA** to complement local capital.

OPEN QUESTIONS

- **AMI spread:** 60–120% is a proposed starting point, not settled — it goes to Council via the Program Statement and Budget. As proposed it targets workforce-band housing; reaching deeper affordability would mean layering in other public subsidy
- **Loan terms and length:** rate, term, and repayment structure still need financial modeling and developer interviews to find what actually gets projects moving
- **Governance:** where the fund is housed (PHDC, PHA, or elsewhere) and whether it needs its own board, like the Accelerator Fund, are open. Most sensitive: which stalled projects get selected, by whom, and how

APPENDIX: ALL 39 SHOVEL-READY PROJECTS, BY COUNCIL DISTRICT

Sorted by district, then by unit count. Neighborhood boundaries per City Planning Commission MAPNAME designations.

Address	Neighborhood	Time stalled	Units
District 1 — 9 projects			1,150
2621 Frankford Ave	East Kensington	1.6 yrs	453
933 N Penn St	Northern Liberties	1.8 yrs	195
2202 E Somerset St	Richmond	4.7 yrs	170
2152 E Somerset St	Richmond	4.5 yrs	145
2149-73 E Rush St	Richmond	3.5 yrs	82
2640-48 E Lehigh Ave	Fishtown - Lower Kensington	1.1 yrs	36
1021 N 3rd St	Northern Liberties	4.6 yrs	28
1000 Spring Garden St	Callowhill	1.2 yrs	21
1238 Buttonwood St	Callowhill	2.7 yrs	20
District 2 — 1 project			375
1223-45 Washington Ave	Hawthorne	4.7 yrs	375
District 3 — 5 projects			241
4145 Chestnut St	Spruce Hill	4.7 yrs	136
3620 Haverford Ave	Mantua	2.5 yrs	62
3618 Wallace St	Mantua	2.1 yrs	16
5222 Chester Ave	Kingsessing	1.3 yrs	15
4245 Sansom St	Spruce Hill	2.3 yrs	12
District 4 — 3 projects			146
1818 N 53rd St	Wynnefield	1.2 yrs	98
3811 Main St	Wissahickon	4.6 yrs	36
165 Carson St	Manayunk	5.6 yrs	12
District 5 — 8 projects			536
2301 John F Kennedy Blvd	Logan Square	1.4 yrs	287
3709 N Broad St	Hunting Park	4.7 yrs	114
1614-20 Ridge Ave	Francisville	3.5 yrs	32
2821-27 W Sedgley Ave	Strawberry Mansion	1.6 yrs	30
2134 Ridge Ave	North Central	1.6 yrs	27
1633-43 Ridge Ave	Francisville	2.6 yrs	17
2213-15 N Broad St	Hartranft	4.2 yrs	17
3028 W Dauphin St	Strawberry Mansion	1.7 yrs	12
District 6 — 1 project			48
2101 E Westmoreland St	Harrowgate	4.7 yrs	48
District 7 — 7 projects			243
2401 N 2nd St	West Kensington	1.6 yrs	102
2336 N 2nd St	West Kensington	3.5 yrs	33
2406 Mascher St	West Kensington	1.7 yrs	28
2523-41 N Fairhill St	West Kensington	1.7 yrs	22
2226 N Front St	West Kensington	5.1 yrs	22
1931 N 2nd St	West Kensington	1.3 yrs	21
2449 N 2nd St	West Kensington	1.3 yrs	15
District 8 — 3 projects			111
5230-32 Germantown Ave	Germantown - Penn Knox	2.8 yrs	40
225 W Rittenhouse St	West Central Germantown	1.6 yrs	37
360 W Mount Pleasant Ave	West Mount Airy	3.1 yrs	34
District 9 — 1 project			13
6706 N Broad St	West Oak Lane	2.7 yrs	13
District 10 — 1 project			67
518 Hartel Ave	Fox Chase	4.6 yrs	67

Source: Build Philly Now analysis of Philadelphia L&I permit records, August 2026. Neighborhood assigned by point-in-polygon match against City Planning Commission neighborhood boundaries.