

March 14, 2024

Philadelphia Energy Authority  
Attn: Emily Schapira, President & CEO  
1400 JFK Boulevard  
City Hall Room 566  
Philadelphia, PA 19107  
(215) 686-4483  
[Info@philaenergy.org](mailto:Info@philaenergy.org)

Re: PEA CPRG Request – Neumann North

Dear Ms. Schapira:

My name is Timothy I. Henkel and I serve as President at Pennrose. I am writing to extend my support to the Philadelphia Energy Authority as it pursues funding from the EPA's Climate Pollution Reduction Grants Program, which is designed to enable states, municipalities, tribes, and territories to 1) implement ambitious measures that will achieve significant cumulative GHG reductions by 2030 and beyond, 2) pursue measures that will achieve substantial community benefits in low-income and disadvantaged communities, 3) complement other funding sources to maximize GHG reductions and community benefits, and 4) pursue innovative policies and programs that are replicable and can be scaled up across multiple jurisdictions.

Pennrose is a premier multifamily development company with the expertise to bring together development projects in a way that exemplifies quality, while creating value in the short- and long-term, and a national reputation for development execution. Pennrose has been active in real estate development, through its principals or affiliates, for over 50 years. Pennrose has repeatedly demonstrated its skill at leading complex multi-phased projects through the stages of comprehensive community planning, site planning, and implementation, and has shown the commitment to actively engage and manage the community outreach process that is so crucial to the success of all those stages.

We intend to participate in or directly assist in the design and performance of a project that meets these four goals by preserving the Neumann North affordable housing project.

Neumann North is an existing public housing apartment complex located in the Fishtown neighborhood of Philadelphia. It was an adaptive reuse of a former hospital and was converted to a residential building through a 9% LIHTC transaction in 2006. After 17 years of serving senior residents with affordable housing, it needs numerous functional and aesthetic improvements to ensure the building's sustained performance and habitability. The proposed preservation development entails the in-place renovation of the five-story elevator building, including community space on the ground floor and sixty-seven (67) one-bedroom apartments, totaling 118,014 GSF. 4 units will be restricted to households at 30% AMI, 10 units at 40% AMI, and 53 units at 50% AMI. Please note that this complies with the existing IRC which requires a minimum of 14 units affordable to tenants earning 40% AMI or below. In addition, the property has had a sustained occupancy over the past five years, and is therefore not required to set aside 10% of its units at or below 20% AMI, as would otherwise be required per the Qualified Allocation Plan for 2024. All units will remain as senior (62+) units. Upon financial closing, the existing public housing units will be converted through RAD (Rental Assistance Demonstration) process and

covered by Project-Based Vouchers, ensuring affordability in the long term. As a preservation project, the project will satisfy all local planning/zoning ordinances and require no additional approvals. Amenities include a management suite, a community room on the ground floor, and laundry rooms on each floor. Part of the ground floor contains a commercial space (5,690 GSF), which is currently utilized by Temple Physicians.

The property is currently 100% occupied and has historically been rented very fast once units become available, as it maintains an extensive waiting list. While demand remains high, this decades-old building requires renovation both for individual units and general building-wide system upgrades. At the resident meeting held on November 7th, 2022, Pennrose heard firsthand from residents about their concerns and day-to-day challenges caused by the aging building structure, including but not limited to elevators, accessibility features, and water leakage. The proposed in-place rehabilitation will provide necessary and much-needed upgrades for the building to meet its greatest needs.

The majority of the anticipated capital improvements are consistent with upgrades to aging structures such as: replacing outdated mechanical systems, updating elevators, re-glazing windows and replacing appliances with more energy efficient models, and making repairs to the building's exterior façade. Renovation of individual units will be determined on a case-by-case basis. Some units will require more work than others, including conversion to full ADA accessibility. A total of 8 mobility and 3 H/V accessible units will be provided upon completion. Alongside these modernization upgrades, a rich collection of supportive services will also be provided by an onsite and experienced Community Impact Coordinator to enable residents to achieve and maintain self-sufficiency, as part of the management plan tailored to fit the needs of the senior residents, provided by Pennrose Management Company ("PMC").

We look forward to playing a role in helping to reduce greenhouse gas emissions across Southeastern Pennsylvania with the goal of protecting human health and the environment as part of this transformative opportunity.

Sincerely,



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