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# NewCourtland tries something new with East Falls project: market-rate apartments

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NewCourtland, a Philadelphia nonprofit that develops and operates affordable senior housing communities, is venturing into market-rate apartments in an experiment that, if successful, will create a new way to conduct its business going forward.

At its property in the 3200 block of Henry Avenue in the East Falls neighborhood of Philadelphia, NewCourtland plans a \$58 million conversion of an 11-story, 290,000-square-foot building into 135 market-rate and 40 affordable apartments that will be marketed to young professionals and families, empty



AMP STUDIOS

NewCourtland plans to convert this building into apartments.

nesters and others. NewCourtland is working with Inglis Housing Corp. to help design 20 of the apartments for people with disabilities.

The project would be the last phase and largest undertaking of its redevelopment of the former Eastern Pennsylvania Psychiatric Institute, a three building, 541,000-square-foot complex it bought in 2015. Earlier phases involved building out 85 affordable senior housing units, a life center that supports the community, and a DaVita Dialysis facility. Those projects totaled \$58 million, of which NewCourtland invested \$39 million.

The idea to incorporate market-rate housing at the Henry Avenue property was one of practicality.

“We realized the traditional approach would take forever to build,” said John Ungar, director of planning and housing for NewCourtland.

It also would have been complicated, involving a new legal entity and securing enough low-income state tax credits, which involves a competitive, lengthy process.

“We want this to subsidize the affordable housing and make it more sustainable,” Ungar said. “Tax-credit buildings are not meant to make money. We will always be in the business of affordable housing but if we want to do this for many years to come, we want to see if this model works. If this is successful, we see this potentially as a new model going forward.”

While NewCourtland seeks to establish a new revenue stream, it is also looking to create an intergenerational, mixed-income community. While not unusual for a typical town or neighborhood in a city, this is more deliberate and contained.

A similar effort is underway in Quakertown but on a larger scale. Called Milford Village, the master-planned, multi-phased development looks to cater to both the very young and the very old, as well as those in between. Milford Village intentionally places the young with the old to foster intergenerational social dynamics to benefit all ages. There is an assisted living community alongside a childcare center and market-rate apartments.

It's both a social and commercial endeavor. Aging parents can conveniently live near their children and have access to care and each other. Older adults who are active can volunteer at the childcare center and benefit mentally and socially from the interaction.

The ability to measure whether either Milford Village or the NewCourtland project is successful — financially or socially — will take time. Rents for the market-rate apartments on Henry Avenue will be in line with the neighborhood and not intended to compete with Center City, where rents are higher. NewCourtland intends to make it clear in marketing materials for the apartments what its intentions are with the new units and their location amid an existing affordable senior housing community.

“This is an experiment, but we think it will work out and result in a much more thriving community,” Ungar said. “We will know when it leases up quickly and the occupancy rate and, once the building is operational, how people interact with each other.”

NewCourtland expects to begin construction in April with a goal to complete the project in 2023.

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