

# Center City affordable housing project to break ground in 2026

After a decade of delays, the 14-story, mixed-income tower on Chestnut Street will occupy the site of the former PHA headquarters.



A rendering of the roof deck planned for the new, mixed-income building. It will be the Philadelphia Housing Authority's only affordable building in Center City.

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By Jake Blumgart (Staff Writer)

Almost 20 years after the Philadelphia Housing Authority (PHA) moved out of its Center City headquarters, a long-promised mixed-income tower will finally begin construction early next year.

The 14-story building is being built by Philadelphia developer Alterra Property Group, which may also manage the site after it opens. PHA will hold a 99-year ground lease on the property at 2012 Chestnut St., which will be its only affordable building in Center City.

“It’s a multifamily, mixed-use, mixed-income building in a high opportunity neighborhood,” said Kelvin Jeremiah, president and CEO of PHA.

It “would afford residents a huge opportunity to live in an area that has access to transportation, employment opportunities, and a whole host of amenities literally right outside of their building entrance,” he said.

The tower will have 121 apartments, 40% of which will be rented at market rate with the rest targeted at tenants below 80% of area median income (or almost \$83,000 for a three-person household). It will have 28 studios, 63 one-bedroom, and 30 two-bedroom units.

It also will have 2,000 square feet of commercial space, parking available off-site, and amenities that include a roof deck. The project was designed by JKRP Architects.

“I’m looking to break ground in Q1 of next year,” said Mark Cartella, Alterra’s senior vice president of development and construction. “It’s been a long time coming, so we’re excited to finally be going vertical here.”

What took so long?

PHA moved out of its Chestnut Street headquarters in January 2008, leaving a four-story husk. The agency cycled through numerous plans for the property, including a new headquarters and selling the land to a private developer.

The partnership with Alterra began in 2016. At that time, the project would have had 200 units, a majority of them market rate, and the developer would have held the 99-year ground lease on the property.

But neighborhood pushback and the resulting negotiations delayed the proposal until 2020. Then the pandemic caused more chaos, followed by a

spike in construction costs and elevated interest rates that killed the original financing plan.

That led to a new strategy in which PHA issued bonds backed by the future rents of the market-rate units to help pay for the project, along with additional funds from federal housing programs, and a \$2 million boost promised by Council President Kenyatta Johnson from funds available through Mayor Cherelle L. Parker's Housing Opportunities Made Easy (H.O.M.E.) initiative.

"By adding high-quality, affordable apartments alongside retail space in the area, this project helps ensure that our downtown remains vibrant, diverse, and accessible to working families and individuals," Johnson said in a statement.

"The PHA project will also help deliver a more inclusive Center City that reflects the full spectrum and diversity of Philadelphia's residents," he said.

The 95-year-old headquarters was demolished in early 2024, but groundbreaking has been delayed in the current unpredictable national economic and political environment.

"You can probably sum that all up with it's just general uncertainty with the change of [presidential] administration, as well as just getting through the design development process with a lot of folks having input," said Cartella of Alterra.

"This is a little bit beyond the [usual] design development process with Alterra," he said. "It's more stringent than what we typically have to go through."

Jeremiah has repeatedly expressed concerns about how long the development process can take in Philadelphia, especially in combination with federal guidelines and requirements.

But as this process nears its end — 18 years after the move, 10 years since bringing on Alterra, and two since demolition — he is feeling optimistic.

"It is the first PHA built development in Center City," said Jeremiah. "That's going to be a signature project for me, for the city, for affordable housing."

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