

The Answer

SHELTERFORCE

Q: Is scattered-site rehab always more expensive than new construction?

A: No!

It's conventional wisdom that one of the reasons we have so much trouble with vacancy is that scattered-site rehab and scattered-site property management are much less cost-effective than new construction. But a long-running program in Philadelphia is showing that scattered site rehab can be cheaper and have a larger revitalizing effect at the same time!

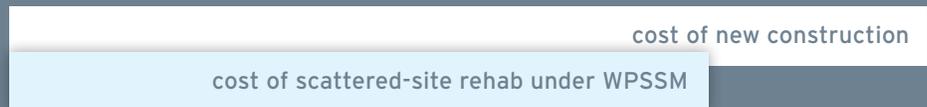
THE PROGRAM

West Philadelphia Real Estate and Neighborhood Restorations (WPRE/NR) started the West Philadelphia Scattered Site Model (WPSSM) in 1989. They buy vacant row houses and duplexes, use Low-Income Housing Tax Credits (LIHTC) to do energy-efficient gut rehabs, and rent them to people making at or below 60 percent of AMI.

A COST SAVINGS!

Compared with new construction funded by LIHTC, West Philadelphia Scattered Site units:

● cost 24 percent less

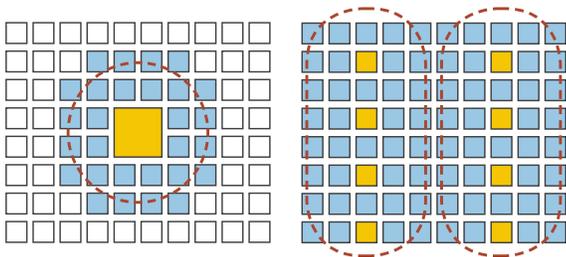


● used 41 percent fewer tax credits



AND ALSO...

MORE SITES = MORE RIPPLE EFFECT



20 WPSSM units have the same positive effect on property values in the surrounding neighborhood as a single building with 40 units.

BONUS: WPSSM projects also cost less than rehab of a single large building. See nhi.org/go/65848 for details.

WHY IS CONVENTIONAL WISDOM WRONG?

According to James Levin of WPRE/NR, some reasons why their scattered site units cost less are:

- They do batches of 20-60 units at a time resulting in lower costs per unit than one-off rehabs.
- They don't have to include many components required in a multiunit building—such as stairways, elevators, structured parking, or common areas—or have to pour foundations.
- They hire small local subcontractors with community connections.

For more info see "Think Scattered Site Rehab Is Too Expensive? Think Again," by Karen Black, *Shelterforce*, Oct. 3, 2016, nhi.org/go/65848.

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