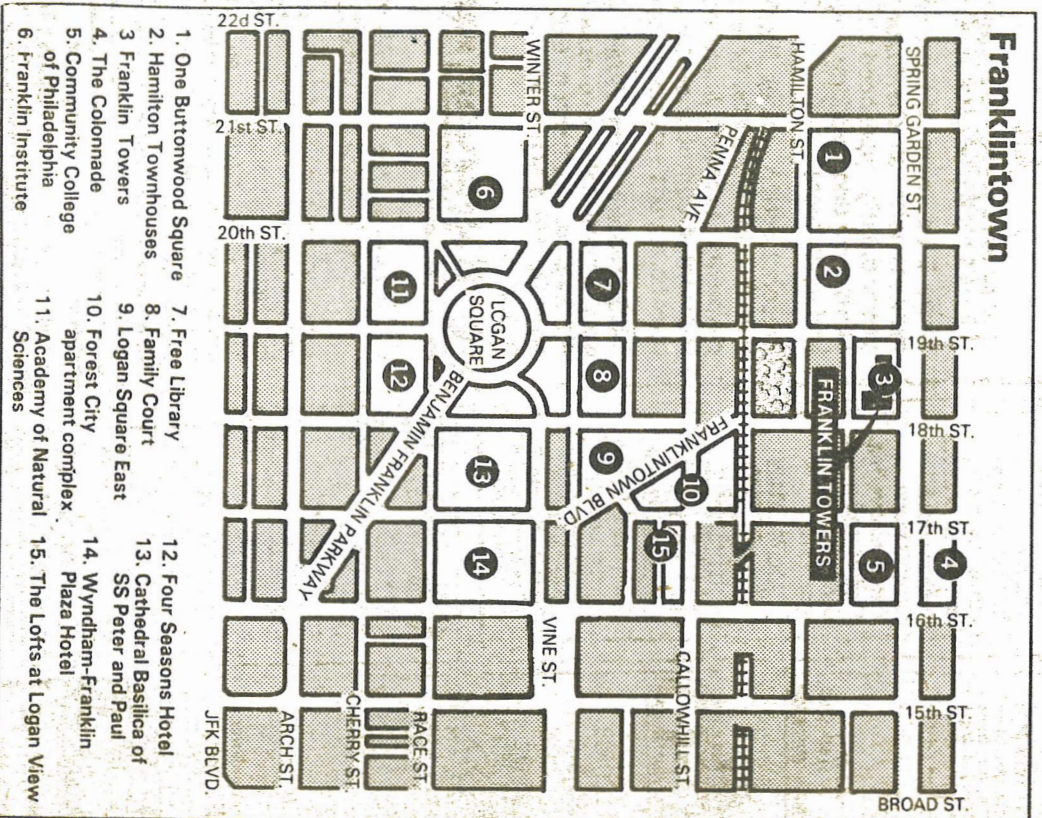


The Philadelphia Inquirer real estate



Construction under way on towers

Franklin Towers is going up with the help of a Philadelphia Redevelopment Authority bond issue in return for this "creative financing," the developer must provide apartments to low-income renters.

By Larry Fish
Inquirer Staff Writer

The first of two planned 16-story apartment towers is now under way on the southwest corner of Spring Garden and 18th Streets in Franklin Town, an area in which several other large residential projects may soon be undertaken.

But one of the partners in the new Franklin Towers apartment building says that the relatively low rents in Center City make it imperative that some form of "creative financing" be arranged for such projects, at least for the time being.

In the case of Franklin Towers, that meant a \$28 million bond issue by the Philadelphia Redevelopment Authority, which had an interest in seeing such a high-density project occupy the site. The Community College of Philadelphia, which is just across 18th Street from the site, had hoped to build a one-story student center there, but the authority and the Philadelphia Planning Commission decided the center would be an inefficient use of the land.

Each of the two Franklin Tower units — construction on the second won't start until work on the first is completed in the fall of 1987 — is to contain 286 apartments. Additionally, there will be more than 14,000 square feet of retail space on the ground level.

threat that the tax-free financing could be withdrawn.

The subsidized housing in the building — which is being marketed as a luxury property with particular appeal for young professionals and older "empty nesters" — will not differ from the units for which standard rent is charged.

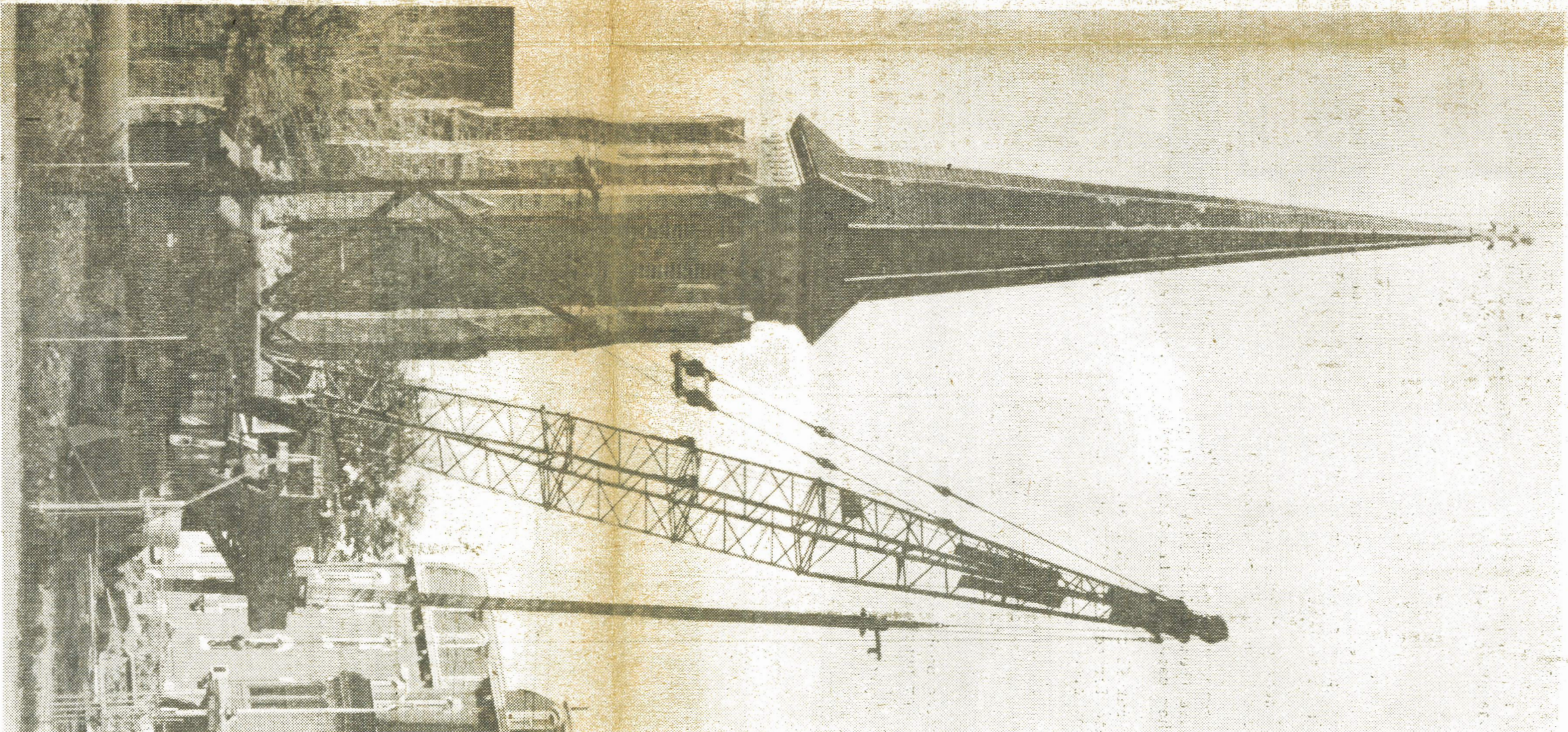
Although the owners of the towers would obviously prefer to charge full rates on all of their apartments, the trade-off was a good one because it made the project possible, said Leon Winitzky, head of Adwin Realty, one of four general partners in Franklin Town Towers Associates.

"The Philadelphia market does not have as high rental rates as most other major cities. In order to make a project like this work, you pretty much have to have some sort of creative financing," Winitzky said.

In other words, if the partners had had to finance the project through usual commercial channels, the cost of building could not have been profitably recouped through the level of rents the market will bear.

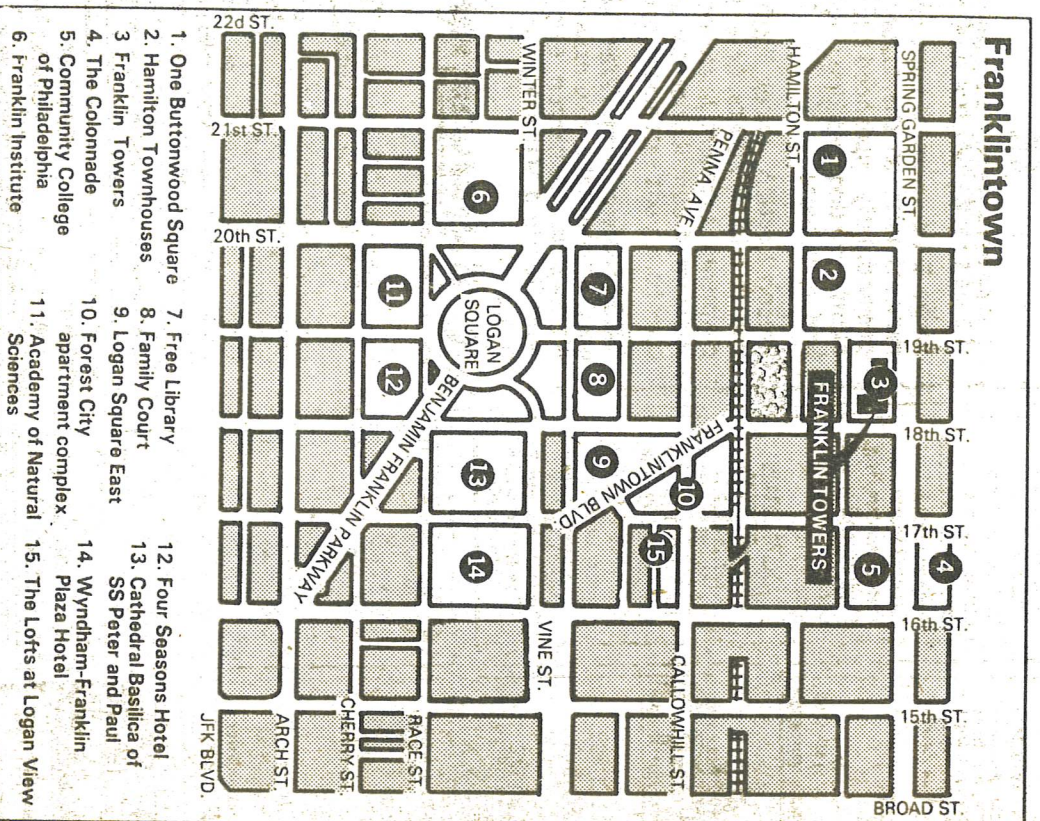
The regular rents at Franklin Towers will range from \$650 for efficiencies to \$1,050 for the two-bedroom models.

The decision that some kind of financing help would be needed was one reason that the number of partners involved in Franklin Towers expanded from two to four. Winitzky



Crane at the Franklin Towers construction site at 18th and Spring Garden Streets

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The bond issue made the project economically feasible by effectively lowering the cost of borrowing for the project, since investors who buy the redevelopment authority's bonds pay no state or local taxes on their earnings.

But, a trade-off is involved. In return for the bond issue, Franklin Town Towers Associates, developer of the project, must provide 20 percent of its apartments to renters whose incomes are below the average for Center City, charging a correspondingly lower rent.

The owners of Franklin Towers will report monthly to the redevelopment authority on its progress in renting to the lower-income groups

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Although the owners of the towers would obviously prefer to charge full rates on all of their apartments, the trade-off was a good one because it made the project possible, said Leon Wintsky, head of Adwin Realty, one of four general partners in Franklin Town Towers Associates.

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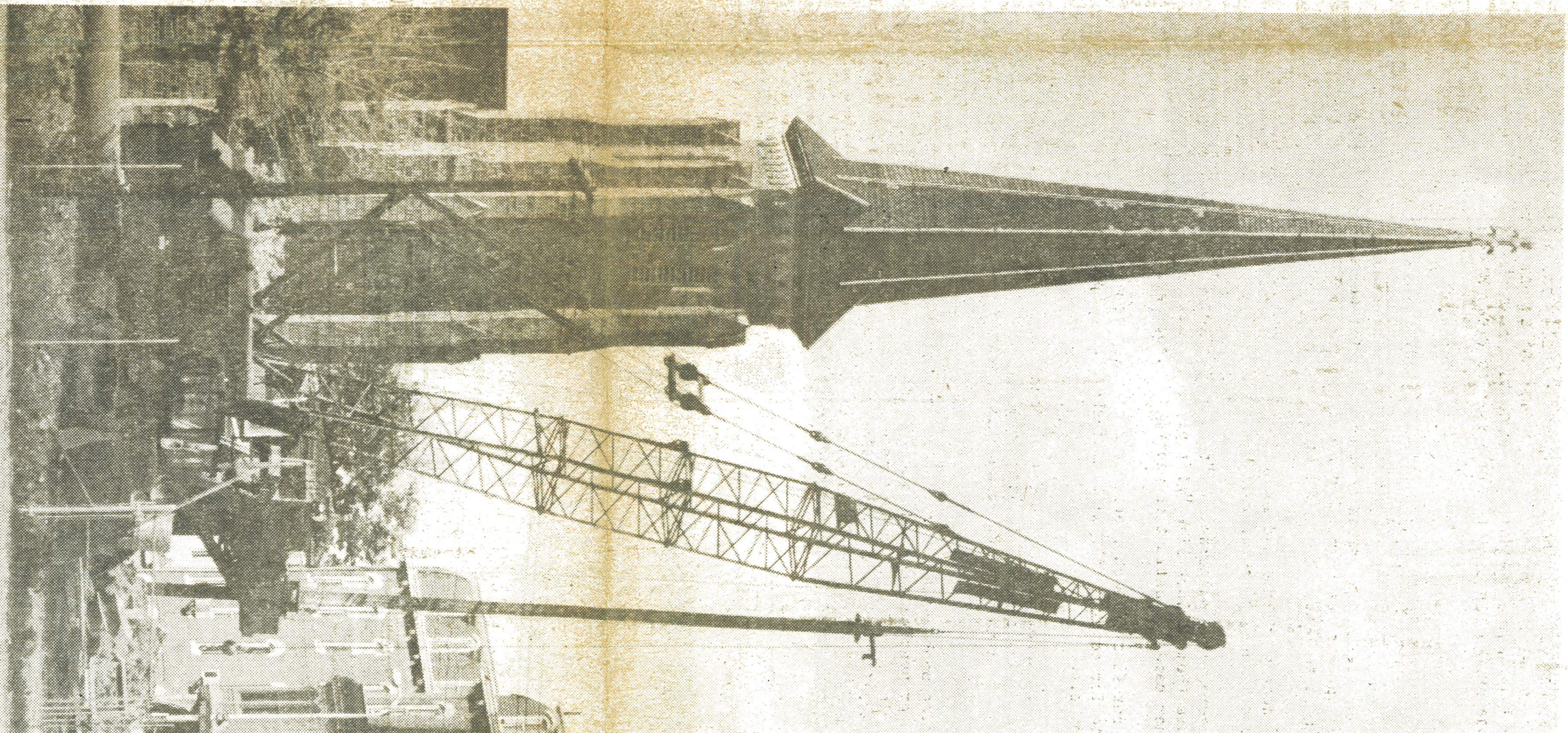
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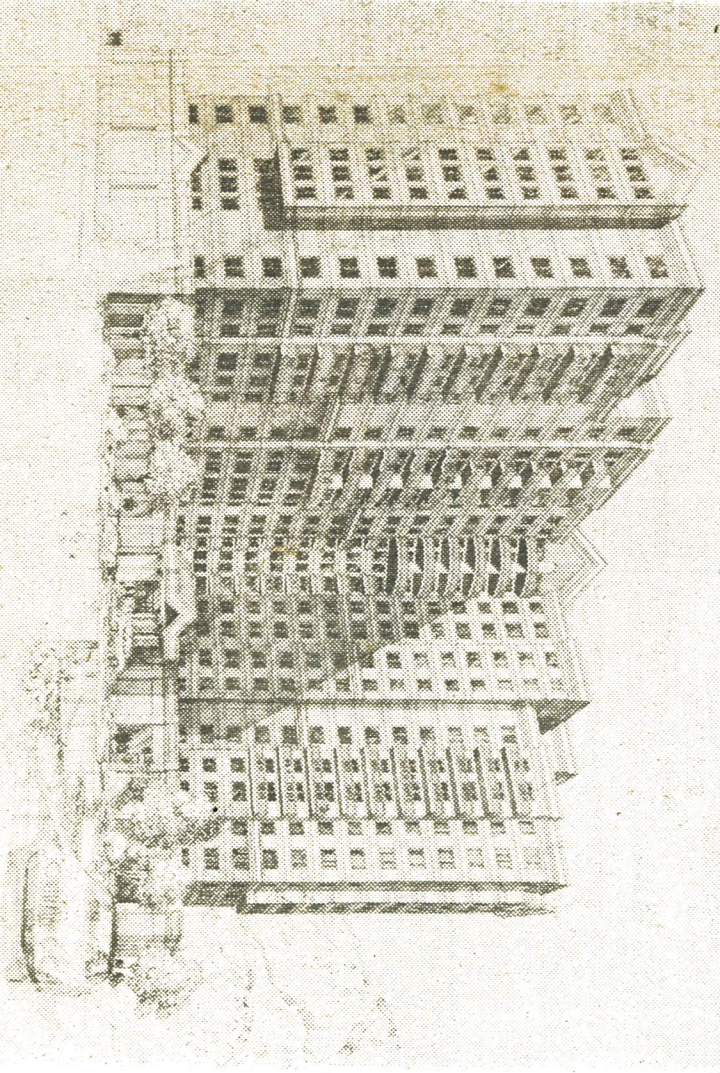
Adwin Realty and Maurice Hertzfeld of Hertzfeld Associates, the other original partner, wanted to bring in Herbert Barnes of the Barnes Organization, Wintsky said, because Barnes had a lot of experience with "the type of financing we were looking for."

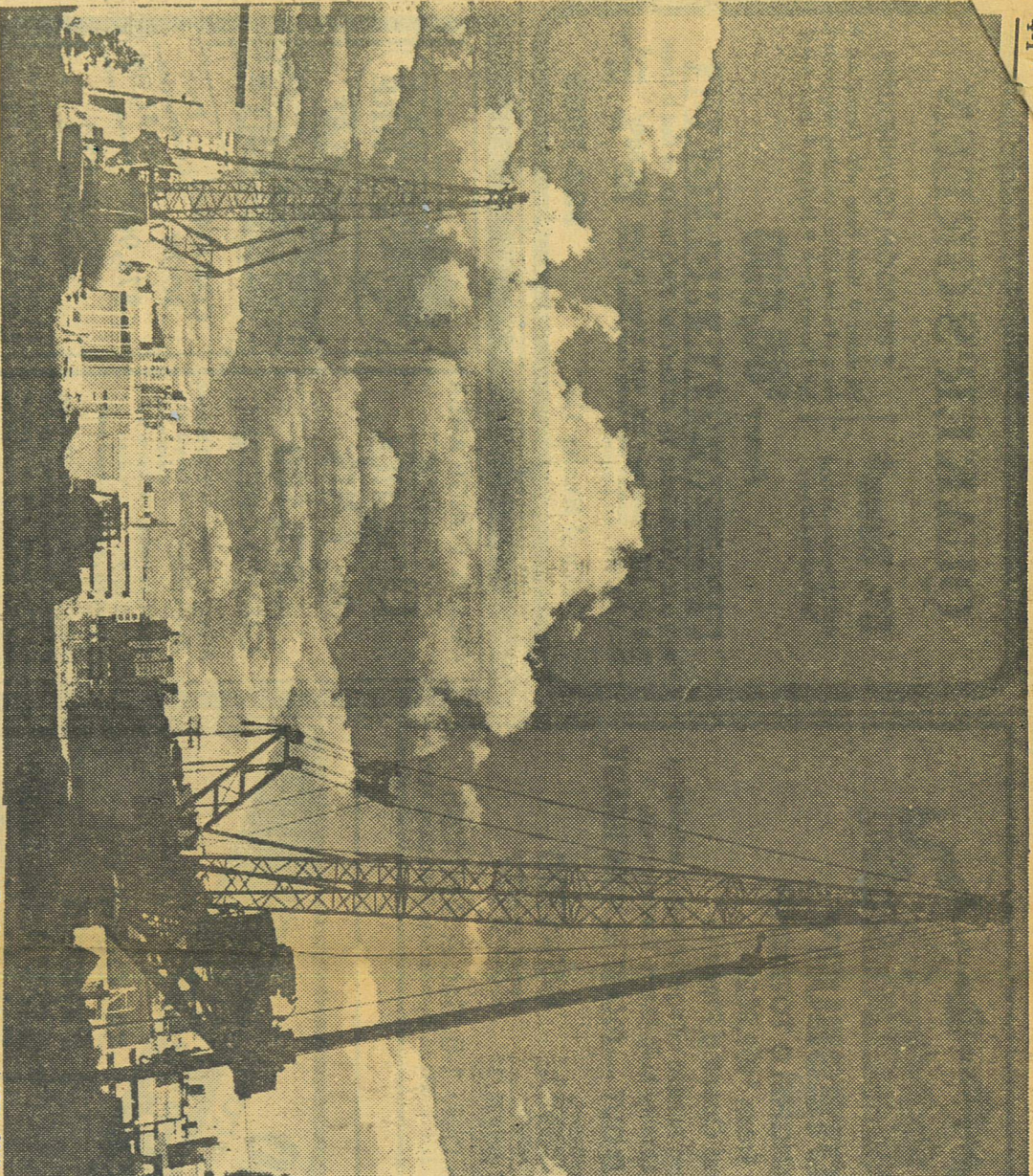
And Barnes suggested bringing in one of his frequent partners, Michael Levitt of Michael's Development Co. Inc., because Levitt has had considerable experience in subsidized housing, Wintsky said.

Wintsky did not go so far as to say that tax-free bonds were the only hope for projects such as Franklin



Crane at the Franklin Towers construction site at 18th and Spring Garden Streets
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Construction of the first tower is now under way and expected to be finished by the fall of 1987

Complex must provide low-rent apartments as funding trade-off

FRANKLIN TOWERS, from 1-1
Towers. Other possibilities, he said, include some form of syndication as a way of attracting investors, aid through some form of federal grant or an improvement in the rent structure for Center City.

Recently, Winitzky said, he thought he had seen some upward movement in Center City rents. But then mortgage-interest rates fell, enabling many would-be renters to think about buying and discouraging rents from rising.

Each apartment at Franklin Towers will be larger — by about 10 percent to 20 percent — than normal for a Center City development, according to Douglas Carney, project architect for the Salkin Group, which designed the towers.

The efficiencies will be 530 square feet, Carney said, the one-bedroom apartments will vary but will aver-

