MEMORANDUM

TO: Members of Philadelphia City Council
FROM: Jon Geeting, Build Philly Now
DATE: March 2026
RE: The Mixed-Income Neighborhoods Overlay: A Parcel-Level Impact Analysis and Recommendations for Reform

Executive Summary

Philadelphia's Mixed-Income Neighborhoods (MIN) overlay imposed a 20% affordable housing requirement at 40% of Area Median Income (AMI), with no public subsidy, on residential developments of 10 or more units in portions of Council Districts 3 and 7. It took effect July 18, 2022.

This analysis examines 11,431 building permits (January 2019 – December 2025) using a difference-in-differences design that compares development inside the MIN overlay to development outside MIN but within the same council districts. Every methodological choice is deliberately conservative.

–37.0	~3,000	~600	18
pp decline in new construction (≥10u)	est. housing units never built	affordable units lost (20% set-aside)	affordable units delivered

The existing TOD overlay shows no evidence of counteracting MIN's chilling effect. The Mayor's Transit-Oriented Communities bill faces an estimated 20.9% yield reduction from MIN. Meanwhile, the city's voluntary Mixed Income Housing Bonus (MIHB) has produced 300 affordable units and $36.3M in Housing Trust Fund revenue using the incentive-based approach MIN rejected. Portland, Oregon faced the same problems, reformed its program with full public funding, and saw construction restart. Oregon has since made unfunded inclusionary zoning illegal.

1. The Core Finding: A 37.0-Point Collapse

New construction permits with ≥10 confirmed units, annualized:

	Pre-MIN	Post-MIN	Change
Inside MIN	27.7/yr	8.7/yr	–68.6%
Outside MIN (control)	6.8/yr	4.6/yr	–31.6%
MIN effect (DiD)			–37.0 percentage points

The 31.6% decline outside MIN captures market-wide headwinds. The additional 37.0 points inside MIN is the policy's measured impact.

2. Estimated Housing Units Lost

64 fewer large permits were filed inside MIN than expected under a flat (0% growth) pre-MIN rate. Three estimators for the resulting unit loss:

Estimator	Avg Units/Permit	Lost Units	Lost Affordable (20%)
Mean	60.4	3,866	773
Trimmed mean (5th–95th pctile)	46.6	2,983	597
Median	30.0	1,920	384

We use the trimmed mean (~3,000) as the headline estimate, excluding outlier mega-projects.

3. Transit-Oriented Zoning Categories Hit Hardest

52% of all lost housing units inside MIN were in Floor Area Ratio (FAR) bonus zones (CMX-3/4/5, RMX-3, IRMX, ICMX) — the commercial and mixed-use categories deliberately mapped along transit corridors. These zones declined 68% in permits. RM-1 (small multi-family) was flat (+1%) because most projects stay under MIN's 10-unit trigger.

Large permits inside MIN by zoning category:

Zone	Pre	Post	Change	Pre Units	Post Units
CMX-5	3	0	–100%	886	0
CMX-2.5	19	3	–82%	853	68
CMX-3	8	2	–72%	539	70
IRMX	15	5	–63%	1,026	346
CMX-4	10	4	–55%	1,303	1,059
CMX-2	22	7	–65%	538	154
RM-1	22	20	+1%	660	599

4. The Voluntary Bonus Outperformed the Mandate

Metric	MIHB (Voluntary)	MIN (Mandatory)
Affordable units delivered	141	18
Under construction	159	15
Revenue to city	$36.3M	$0
Effect on production	Incentivizes density	Deters construction
Geography	Citywide	CD3 + CD7 only

MIN also banned the fee-in-lieu option that generates MIHB revenue. If the ~3,000 lost units had been built under MIHB, the city would have collected an estimated ~$32.7M for the Housing Trust Fund — enough for ~2,180 Basic Systems Repair grants for low-income homeowners.

5. MIN's Pipeline: Mostly Paper

Status	Projects	Total Units	Affordable
Delivered (CO)	3	67	18

Status	Projects	Total Units	Affordable
Under construction	3	56	15
Expired ZP	3	35	11
Stalled (18+ mo)	3	327	66
Recent ZP	6	125	35

3 zoning permits have expired. Average time since ZP for paper-only projects: 20.9 months. None of the 18 projects are subsidized/LIHTC — all private market.

6. Threat to the Transit-Oriented Communities Bill

Mayor Parker's TOC bill expands the TOD overlay from 500 feet to a quarter mile. But §14-513(5)(a)(.2) explicitly blocks the 30% FAR bonus for CMX-3/4/5/RMX-3 parcels inside MIN. Combined with behavioral deterrence, MIN is estimated to cost 3,032 of the 14,527 housing units TOC would otherwise produce — a 20.9% reduction.

District	TOC Yield (no MIN)	MIN Loss	Net Yield
D3 (Gauthier)	5,880	–1,779 (30%)	4,101
D7 (Lozada)	6,076	–1,253 (21%)	4,823
D1 (Squilla)	2,571	0	2,571
Total	14,527	–3,032 (20.9%)	11,495

7. Other Cities Found a Better Way

Portland enacted an unfunded IZ mandate in 2017. Permits fell 40%. Threshold gaming doubled. In 2024, Portland and Multnomah County fully funded the program (~$220K/unit subsidy). Gaming returned to normal. Construction restarted. On March 4, 2026, Oregon passed SB 1521 making unfunded IZ illegal statewide. Philadelphia's MIN — 20% at 40% AMI with no subsidy — would not survive that standard.

8. Recommendations

1. Fund the gap. Close the $175K–$225K per-unit gap between market and affordable rents using the Housing Trust Fund, tax abatement savings, and PILOT revenue — as Portland now does at ~$220K/unit.

2. Adjust rates and ratios. Align set-aside percentages and AMI targets with what the market can deliver given available funding. Portland offers 10% at 60% AMI or 20% at 80% AMI.

3. Restore fee-in-lieu and exempt TOC from the FAR block. Remove §14-513(5)(a)(.2)'s MIN exclusion to unlock 1,364 TOC units. Restore the fee option to generate Housing Trust Fund revenue.

4. Require calibration studies. Biennial reviews tied to construction costs and market rents, as Oregon now requires.

The goal of mixed-income neighborhoods is sound. The mechanism needs to change. Portland found a better way. Oregon made it the law. Philadelphia can do the same.