

## PROJECT DESCRIPTION



AFL-CIO HOUSING INVESTMENT TRUST

# The Drake

*1512-1514 Spruce Street (Center City)  
Philadelphia, PA*

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*An example of a socially responsible multifamily housing project  
financed by the AFL-CIO Housing Investment Trust*

The AFL-CIO Housing Investment Trust (HIT) provided financing for the substantial rehabilitation of the old Drake Hotel in Philadelphia's Center City area to convert it into a residential building offering 280 mixed-income housing units. At the time, 56 of these units were to be designated as affordable housing. The rehabilitation work included converting commercial space on the lower floors into new apartment units, demolishing and reconstructing penthouse units on the upper floors, and providing vital structural improvements to the aging 33-story structure. The work also included renovations and repairs to the common areas and corridor; replacement and renovation to the mechanical, electrical, and fire safety systems; asbestos and other environment abatements; and exterior work.

The historic Drake Hotel was one of Philadelphia's tallest buildings when it was constructed in 1929, and it quickly became a landmark on the city's skyline as well as a prime example of early 20th century skyscraper design. It is a brick-clad Art Deco and Spanish-Baroque style building, accented with sculptured terra-cotta decoration. Designed by Ritter and Shay, one of the most prominent architectural firms in Philadelphia, the Drake's distinctive upper floors were influenced by 1920s zoning laws that required setbacks. The Drake is listed on the National Register of Historic Places and is considered an important part of Center City's architectural heritage.

# Project Profile

## HIT ROLE



## SOCIAL IMPACT

The HIT purchased in 1998 a Fannie Mae mortgage-backed-security (MBS) in the amount of \$16.5 million to provide permanent financing for the \$21 million initial phase of the rehabilitation project. In 2000, the HIT provided permanent financing for the second phase of the project through the purchase of a \$6 million Fannie Mae MBS. The investment provided the HIT portfolio with agency-insured investments that generated competitive returns and were later sold to benefit the portfolio.

The HIT's investment of union pension dollars in this project helped it to earn secure, competitive returns for its investors while also achieving collateral benefits important to working people. The collateral benefits in this case were union jobs, economic development and urban revitalization. The adaptive reuse of the old Drake Hotel preserved an irreplaceable part of Philadelphia's history and architectural heritage while serving as a catalyst for continued development of the area. It played an important part in the City's urban revitalization plans for its Center City area by converting an outdated commercial building into hundreds of units of downtown housing for residents who prefer to live within walking distance of employment, educational and recreational facilities. Residents of The Drake also enjoy easy access to Center City's extensive public transit system. The improved livability, vitality and convenience of the area brought about by the City's revitalization drive with projects like The Drake continue to keep demand for downtown housing strong. The renovation work on The Drake created good, family-supporting union jobs for members of the local building and construction trades.

## UNION JOBS

The construction work on this project was performed by contractors who had collective bargaining agreements with unions affiliated with the Philadelphia Building and Construction Trades Council. Work on The Drake created approximately 135 jobs for members of these unions.

## ABOUT THE HIT

With over \$3.5 billion in fixed-income assets, the HIT provides financing for the development of multifamily projects around the country through secured mortgages. The HIT can provide construction, permanent and bridge loan financing for market-rate and affordable housing through the use of its various investment products. All projects financed by the HIT must be constructed using 100% union labor. The HIT has more than 350 investors, including Taft-Hartley and public employee pension plans with union member beneficiaries.

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### AFL-CIO HOUSING INVESTMENT TRUST

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