

**Testimony of Will Gonzalez before  
The Council of the City of Philadelphia  
Bill No. 180351: Construction Impact Tax  
Bill No. 180347: Housing Trust Fund Sub-Fund**

Buenas Dias - Good Morning.

Thank you for organizing a public hearing on such important matters and for giving us the opportunity to testify before you today.

My name is Will Gonzalez. I am the Executive Director of Ceiba.

Ceiba is a coalition of Latino community-based organizations in Philadelphia. The members of Ceiba are: Concilio, Finanta, the Norris Square Community Alliance, and Nueva Esperanza.

Ceiba's mission is to promote the economic development and financial inclusion of Philadelphia's Latino community through collaborations and advocacy aimed at ensuring their access to quality housing.

These Bills are important to the Latino community of Philadelphia.

Hispanics have the highest rate of poverty in the City (37.9%) and the size of the Latino community continues to grow. This growth will be magnified due to the damages caused to the island of Puerto Rico by Hurricanes Irma and Maria. The Center for Puerto Rican Studies at Hunter College estimates that 56,000 Puerto Ricans will emigrate to Pennsylvania by the year 2019. Pennsylvania was the second most popular destination of Puerto Ricans leaving the island before the Hurricanes. Philadelphia is ranked second in terms of cities with the highest number of Puerto Ricans (121,643).

As the population of Philadelphia grows and diversifies, and home prices and rents continue to rise, the challenge of securing affordable housing only get worse. As climate change continues to fuel natural disasters, we need to be ready to address the influx of refugees and evacuees to our region who will further increase demand for affordable housing.

We applaud City Council for thinking strategically about this issue and to acting to boost resources for affordable housing.

Council has led the way by creating the Housing Trust Fund, eliminating the waiting list on BSRP, creating new loan for affordable home repair, boosting investment in eviction prevention and homelessness strategies. The bills you're considering today are important next steps.

Since 2000, Philadelphians have been subsidizing new construction and significant rehab through the 10-Year Tax Abatement, which benefits residential, commercial, and industrial development including very high value projects in the most desirable neighborhoods. Low-income Philadelphians deserve a return on that investment, and the Construction Impact Tax is a first start that represents roughly one year of the value of the 10-year abatement.

The Housing Trust Fund Sub-Fund would help Philadelphia re-start investment in affordable homeownership, which has suffered under federal budget cuts. Non-profits and CDCs have extensive experience providing counseling, down-payment and closing cost assistance, and stand ready to boost those programs under the passage of these bills and the support of funds from the Construction Impact Tax .

Ceiba is proud of its efforts to help unauthorized immigrant families secure housing counseling and protect them against fraudulent conveyances. This attention to specific sub groups of homeowners is not easily funded by federal sources. The city funded Housing Trust Fund Sub-Fund has the potential to be a federal free source of support to help the most vilified group of homeowners and renters in this country at a time when xenophobia rules in Washington. The importance of providing housing counseling, and home repair assistance to unauthorized immigrants in Philadelphia is manifested by statistics from the Migration Policy Institute. It determined that at least 14,000 unauthorized immigrants in Philadelphia live in housing which they own.

We respectfully request that Bill No. 180351 be amended to allow for more flexibility of the use of monies in the Construction Impact Tax Sub-Fund. Philadelphia's affordable housing needs are varied and in addition to meeting the housing counseling needs of high risk sub groups, includes the need for more production of rental and for-sale homes, preservation or repair of existing affordable developments and homes, and homelessness prevention. Bill No. 180351 only makes funds available for production, down payment and closing cost assistance. This would prevent the City from using any of the Construction Impact Tax funds to preserve or repair existing affordable homes, respond to emerging needs such as emergency housing for displaced populations and evacuees from Presidentially Declared Disasters like Hurricane Katrina or Hurricane Maria. Constraining the use of the funds from the Construction Impact Tax will also inhibit the development of smart strategies to prevent homelessness so we don't further strain our affordable housing system.

We also respectfully request that you ensure to provide a Credit for the Construction Impact Tax for development and improvements of properties that meet clear criteria in providing affordable homes. Most affordable homes built and maintained with public and private subsidy struggle to find the resources to close financing gaps while serving the lowest income residents. To avoid added demand on limited subsidies, a credit against the Construction Impact Tax should be created for projects that meet clearly defined, need-based criteria including provision of affordable units to populations below a certain income target. This is important as nonprofit CDC's and other affordable housing developers seeks to stem the impact of gentrification by helping low income families remain in the neighborhoods that they help to transform.

Thank you, Council President Clarke, Councilman Squilla, Councilwoman Sanchez for introducing these two bills and working with us to build a more equitable Philadelphia.

Gracias for your attention to my testimony.

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