

Testimony of Corinne O’Connell
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Before Philadelphia City Council’s Finance Committee Hearing
Wednesday, June 6, 2018 10-1pm

Bill No. 180351: Construction Impact Tax
Bill No. 180347: Housing Trust Fund Sub-Fund

Good Morning/Afternoon, I’m Corinne O’Connell, CEO of Habitat for Humanity Philadelphia. Thank you for hearing my testimony today. I support the passage of the Construction Impact Tax. I applaud City Council and this Committee for considering bold steps that could make Philadelphia an equitable city- one where everyone has access to a safe, decent and affordable home. Thank you for your leadership to create the Housing Trust Fund 12 years ago, your efforts to eliminate the BSRP waitlist, and the recent launch of the low-interest home repair loan. The Construction Impact Tax is another critical tool to prioritize affordable homes in every neighborhood.

Habitat builds new homes and sells them to families who earn 30-60% AMI. We also repair existing homes for low-income homeowners making up to 80% of AMI – with most families making less than 50% AMI. We are currently the only developer creating this level of affordable ownership and we are one of just a handful of service providers repairing homes for Philadelphia's lowest-income homeowners. We get about 800 calls each month for our programs. And we are just one of many.

Given the tremendous need for affordable housing – The City and non-profit community cannot move the needle on the existing need without more dollars. It is time to ensure that low and moderate-income Philadelphians also reap the benefits of development. The money from the Impact Tax would increase production of affordable rental and homeownership and allow for more stabilization work for existing homes of low-income homeowners. With even just

\$2.5 M more each year, Habitat could repair an additional 100 homes and build more five more houses for ownership.

We urge Council to consider some modifications to the bills.

- 1) We recommend that there be an Impact Tax Credit for properties that meet clear criteria to provide affordable homes. Most affordable developers currently struggle to find the resources to build and finance these projects. Without an Impact Tax Credit on affordable properties, developers will likely seek subsidies from already limited pools, and it will be less likely that units will be built for the lowest-income Philadelphians.
- 2) We also recommend that there be a long-term affordability requirement on units where Impact funds are used. We suggest 20 years for ownership projects to avoid flipping.
- 3) We urge that the majority of the Impact Tax fund going into the Sub-Fund, supports Philadelphians below 50% AMI with at least half going to below 30%. This allocation would help address the need for more affordable homes for the lowest income population.
- 4) Finally, we hope you will not seriously consider exempting large institutional non-profits from the Construction Impact Tax. Philadelphia's "meds and eds" have access to significant resources, and already reap the benefits of property tax exemption. Exempting these institutions would result in considerably less revenue from the Impact Tax. Moreover, their construction projects may not benefit low-income Philadelphians. This is an inequitable addition to the bill.

The Impact Tax would empower Habitat to get more hard working, low-income families into affordable homes, where they invest, grow and can thrive. It would ensure more low-income Philadelphians stay in their already affordable – and now repaired – homes.

If we care about people, about safety, education, ability to work- then we must fund affordable housing, especially for those most in need.

Thank you for the opportunity to testify.