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**Testimony Before the City Council Finance Committee**

**Bill No. 180351: Construction Impact Tax & Bill No. 180347: Housing Trust Fund Sub-Fund**  
**June 6, 2018**

Good morning. My name is Frederick Rivera; I am the Assistant Vice President of Lending at FINANTA. On behalf of FINANTA's clients, board of directors, advisory committee and staff, thank you and a special thanks to Council President Clarke, Councilman Squilla and Councilwoman Quiñones Sanchez for the opportunity to discuss the impact these bills may have on low and very low income Philadelphians successfully becoming first time homeowners.

FINANTA is a nonprofit lending institution facilitating access to capital and consultation services to entrepreneurs, first-time homebuyers and consumers in the Philadelphia region since 1996. Since April 2017, FINANTA has been the administrator of the Project Reinvest Down Payment Assistance Program for Philadelphia County. We promote the growth and economic expansion of diverse communities and commercial corridors through the infusion of capital and the provision of business, consumer, and homebuyer consultation services and technical assistance, in a manner that is uniquely conscious of the cultural, social, and language barriers that growing immigrant and minority populations face.

As a nonprofit lender, these bills will assist us in continuing our efforts to qualify more low and very low income families as successful homeowners. Many individuals within the low to very low income groups have a difficult time becoming homeowners and take significantly longer to actually become a homeowner. One on one mortgage counseling, usually for a year - and up to 3 years - is a necessary step towards successful homeownership. Low and very low income individuals are often unable to access traditional financial products, including conventional mortgages offered by banks. Addressing the barriers which prevent accessing mainstream financial services and implementing the proper skills to become bankable is achieved via counseling, credit building loans, and savings programs. Often, this population is credit challenged and may become discouraged on their path to homeownership when not approved by a traditional mortgage lender. We can increase the number of new successful homeowners by overcoming these obstacles, but it will take time, preparation, and assistance like Bill No. 180351 and Bill No. 180347.

FINANTA has collected statistics from a down payment assistance program we manage called Project Reinvest. Those statistics confirm that less than 27.9% of borrowers approved were below 50% AMI (low income) and less than 13.7% were below 30% AMI (very low income). A crucial aspect of successful homeownership is understanding the fluctuating dynamics of increasing property taxes and homeowner's insurance. Being unprepared can lead a homeowner to foreclosure, as most live paycheck to paycheck and are unable navigate typical family emergencies such as illness or unexpected home repairs.

We encourage the city to pass Bill No. 180351 and Bill No. 180347 and allocate funds towards increasing the number of successful homeowners in Philadelphia.

Thank you.

Respectfully submitted,

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