



Philadelphia City Council

June 12, 2018

Dear Councilmembers,

PACDC supports Bills No. 170678-A (Mixed Income Housing program), 180347 (Housing Trust Fund Sub-Fund) and 180351 (Construction Impact Tax) and hopes we can count on your support for final passage of these measures before Council recesses for the summer.

Philadelphia has a significant and growing problem providing affordable homes to low-income renters, and increasingly, moderate-income homeowners. More than 70,000 renter households that are extremely low-income pay *\$528 more in rent each month than they can afford*. One missed day at work could result in a loss of housing, disrupting an entire family's stability and security. While City Council has boosted resources available for home repair, the need to improve the health and safety of owner- and renter-occupied homes remains enormous. As good as the city's building boom is for the economy, it's leading to rising home prices that are out of reach for long-term Philadelphians who dream of buying a home in their neighborhood of choice.

Taken together, these three bills represent a major step forward. An estimated \$20 million per year could be generated from Bill No 180351, which creates a 1% tax on new construction or significant rehab that is eligible for the 10-Year Tax Abatement (excluding non-profit tax exempt developments). This reflects a first and critical step in making the abatement more equitable by returning roughly one year's value to affordable homes. If revenue projections are realized, this would more than double dedicated revenue to the Philadelphia Housing Trust Fund.

Bill No. 180347 would create a new sub-fund of the Housing Trust Fund to accept the funds, which would support households between 0% and 120% Area Median Income (AMI) for new production of rental and for-sale homes, preservation of existing homes, and first-time homebuyer programs.

Bill No 170678-A creates a *voluntary* Mixed Income Housing program in many zoning districts that would allow developers to buy added density if they set aside 10% of the units as affordable to rental households between 50 – 60% AMI, or for-sale units 70 – 80% AMI, depending on the value of the density bonus accessed. Developers have a choice to pay a fee-in-lieu to the Housing Trust Fund, further boosting resources available to housing programs for low- and moderate-income households.

These bills represent significant compromise between housing advocacy organizations and the development community, but also significant progress in meeting Philadelphia's affordable housing needs. To those that argue Philadelphia does not yet have an identified plan for how the resources will be used, we suggest reviewing the last 12 years of activity of the Housing Trust Fund at <http://ohcdphila.org/publications/housing-trust-fund/> for an example of programs that need additional funding, as well as the 52 identified goals and strategies in Philadelphia's 2016 Assessment of Fair Housing, which can be found on page 316 (p 334 of the PDF) here: <http://ohcdphila.org/wp-content/uploads/2017/01/afh-2016-for-web.pdf>

PACDC applauds Council President Clarke, and Councilmembers Quinones-Sanchez and Squilla for spearheading the efforts on these bills, as well as members of the Finance Committee that gave their approval including Councilmembers Bass, Blackwell, Greenlee, Parker and Reynolds-Brown.

PACDC believes the only way to grow Philadelphia is to grow it equitably, which requires leveraging resources from our city's building boom to create more affordable homes for low- and moderate-income Philadelphians. We hope to have your support.

Regards,

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