



NONE OF US ARE HOME UNTIL ALL OF US ARE HOME

**City Council Finance Committee Hearing**  
**Bill No. 180351: Construction Impact Tax**  
**Bill No. 180347: Housing Trust Fund Sub-Fund**  
**Testimony of Project HOME**  
**By Jennine Miller, Director of Advocacy and Public Policy**  
**June 6, 2018**

My name is Jennine Miller and I am the Director of Advocacy and Public Policy at Project HOME. Project HOME is a Philadelphia non-profit organization empowering individuals to break the cycle of poverty and homelessness through affordable housing, employment, health care, and education. Every day we see first-hand the need for housing because we have developed 802 units of affordable and supportive housing for persons who have experienced homelessness and low-income persons at-risk of homelessness in the City of Philadelphia. We also coordinate the Homeless Outreach Coordination Center for the City of Philadelphia, and run the Hub of Hope in SEPTA's concourse that saw over 1,000 unique individuals in the first month of operation.

On behalf of the entire Project HOME community, I would like to express our deep appreciation for the leadership of Council President Clarke, Councilwoman Quinones-Sanchez, and Councilman Squilla to create more affordable housing in Philadelphia. We can only imagine what a challenge it is to determine how to balance the best use of scarce resources with preserving neighborhoods, supporting elderly and middle-class homeowners, and meeting the needs of the most vulnerable. We are here to share Project HOME's perspective about the critical need to build and preserve safe, affordable homes for people who are formerly homeless and living on extremely low incomes. Project HOME has used the Philadelphia Housing Trust Fund to fill funding gaps to create and preserve housing for people who are at 30% of AMI, or making less than \$38,000 a year.

We know the need is great our city. Philadelphia has a 26% poverty rate, one of the highest in the nation. Of that 26%, nearly half (12.2%) are living in deep poverty, with incomes below 50% of the federal poverty limit. About 5,700 people are considered to be homeless in the city. In January, the total number of unsheltered individuals has increased from 930 to 1,020 primarily thought to be a result of the opioid epidemic.

While the current bills (Bills No. 180351 and 180347) are an important step in getting more resources into the Philadelphia Housing Trust Fund, we believe that the bills must be amended to help the lowest-income Philadelphians access housing. Project HOME has two primary concerns about how these bills will impact our ability to provide housing for the lowest-income Philadelphians:

- The current version of the Construction Impact Tax will require that all developers, including nonprofit developers like Project HOME that build affordable housing for people who were homeless, pay a 1% tax on construction costs. For Project HOME, this means that we are raising money to develop housing for the lowest income Philadelphians and a portion of that hard-to-come-by resource will go to fund the gap for higher income households, up to about \$105,000 (which is 120% of AMI). We privately raise \$9 million each year to sustain our operations, so while we recognize the slippery-slope that waivers represent, at the same time, figuring out how to raise money to pay the Construction Impact Tax feels truly onerous. For example, our new Ruth Williams House at the Gene and Marlene Epstein Building, for instance, cost \$24 million to develop – if we had to privately raise \$240,000 to pay the Construction Impact Tax, we may have had to build fewer units, delay construction until we could raise the total amount.
  - We propose that the bill be amended to establish a tax credit or waiver to support construction of new units by nonprofit developers of housing for the lowest-income and most vulnerable Philadelphians. Without a waiver, there must at least be a mechanism to ensure that Construction Impact Tax levied from nonprofit developers of housing affordable at or below 30% AMI goes back to funding targeted low-income housing.
- Our other concerns is that the proposed bills will separate the Housing Trust Fund into two sub-funds. The new, larger sub-fund will be open to for-profit developers and is designed that 100 percent of this money can be used for households up to 120% AMI or \$105,000. We propose that at least half of the new resources serve households at or below 30% of area median income or \$38,000/ year. About 154,000 of the City's nearly 580,000 households live under 30% AMI, or more than one in four.

We welcome the opportunity for further conversation on how these bills can work to help end the crisis of homelessness in Philadelphia. Thank you, City Council, for taking on this critical issue of getting more resources for affordable housing, because none of us are home until all of us are home.