

**Testimony by Carolyn Placke,  
Program Officer - Philadelphia Local Initiatives Support Corporation**

**Committee on Finance of the Council of the City of Philadelphia  
Hearing on Bill No. 180351 & Bill No. 180347**

Good afternoon Chairwoman Blackwell, members of the Committee and other members of City Council. I am Carolyn Placke, Program Officer for Philadelphia Local Initiatives Support Corporation (LISC). I would like to present testimony regarding Bill No. 180351, **which would levy a new one percent (1%) Construction Impact Tax/Impact Fee on all projects that are eligible for the city's 10-year tax abatement** and Bill No. 180347, **which calls for the creation of a Housing Trust Fund, sub-fund to support revenue from the Construction Impact Tax.**

LISC supports the creation of the Housing Trust Fund sub-fund, and using the proceeds from the impact tax to support critical funding for the development and preservation of more affordable housing, and spur workforce housing development.

As you know, LISC is a leading national and local community development organization. We have invested \$425 million in Philadelphia's homes and neighborhoods since 1980. Both bills align with LISC's ongoing support for equitable development policies that will serve the needs of Philadelphia's lower and moderate income residents.

There is no doubt that Philadelphia needs to invest in more affordable housing. The Federal Reserve of Philadelphia has reported an unmet need of nearly 70,000 affordable rental units for the city's extremely low-income residents. The Federal Reserve has also reported the need for affordable housing is further complicated by the loss of approximately 24,000 non-subsidized affordable rental units over the past decade.

Also, as cited in the City of Philadelphia's Assessment of Fair Housing, Philadelphia has nearly 14,500 publicly assisted affordable housing units that are between 15 and 30 years old, or are nearing the end of the rental assistance contract. Many of these properties will need new public funding for renovations and for continued tenant affordability. The proposed Impact Tax would be an essential new source of funds to meet these needs.

Finally, Philadelphians who have been locked out of the housing market need help to realize their dreams of homeownership, and the Impact Tax would create opportunities for first-time homeowners through down-payment assistance.

For these reason, LISC supports:

- using the Construction Impact Tax to develop a Construction Impact Tax Credit for properties that require gap financing. The credit should be used to support affordable units, using needs-based criteria, and will serve Philadelphia's lowest-income residents;
- targeting funds to support households below 30% AMI;
- requiring long-term affordability for at least 15 years for homeownership, and 50 years for rental;
- amending the language in Bill No. 180351 to allow for more flexible use of funds to preserve or repair existing affordable homes, and responding to emergency needs of households at risk of displacement.

Thank you for the opportunity to testify today.