



Testimony of Beth McConnell
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Before the Committee on Housing, Neighborhood Development, and the Homeless
On Bills 200294, 200295, 200301, 200302, 200304, and 200305

Good morning Chairperson Gauthier, Vice Chair Jones, and other members of the committee, my name is Beth McConnell and I'm the Policy Director at the Philadelphia Association of Community Development Corporations here to testify on Bills 200294, 200295, 200301, 200302, 200304, and 200305.

PACDC represents more than 160 member organizations in Philadelphia, most of which are mission driven to build affordable homes, repair and preserve existing affordable homes, provide outreach and housing counseling to help Philadelphians save their homes or become first-time homebuyers, and help individuals and families facing homelessness secure stable and supportive housing.

Our members are both landlords and tenant advocates who serve our lowest-income neighbors, and who see housing stability and security as fundamental to an equitable Philadelphia.

We support Bill 200294, which creates an eviction diversion program in Philadelphia, and are ready to work with Council, the Administration, and our allies in the legal services community to implement a program that fully funds and supports Neighborhood Advisory Committees (NACs) and Housing Counselors, many of which are PACDC members, in playing the vital role of outreach and counseling to help tenants keep their homes. In fact, we would love to work with Council and the Administration to envision a similar program for commercial tenants on our neighborhood corridors.

Bill 200302, which provides for temporary waiver of fees, and 200305 that requires payment agreements, are regular practices already at our members' rental properties, so PACDC sees passage of these bills as a reinforcement of the best practices we already follow. PACDC members see illegal lock-outs as terrible practice and support further legislative penalty to ensure all landlords across the city treat tenants with the dignity and respect they deserve.

Bill 200295, which extends the eviction moratorium, and Bill 200301 which prohibits rent increases for one year, will have negative financial implications for affordable housing properties. If these bills pass, City Council must work with the Administration to set aside additional

operating and rent subsidies from the Philadelphia Housing Trust Fund, which will require restoring Mayor Kenney's proposed elimination of the legislatively mandated General Fund contribution to the HTF.

The construction and development of our affordable rental properties are heavily subsidized to serve low-income tenants between 20 – 60% AMI. But many of these units don't receive operating subsidies, so rents must cover the most basic operations and maintenance of the properties. In fact, many of these properties project negative cash flow after their first 15 years, and require additional subsidy to make repairs such as to HVAC systems, or roofs for example. If those funds aren't available and critical repairs can't be made, properties are more likely to be sold and flip to market rate after the affordability compliance period ends. The loss of affordable rental units was already an enormous challenge before the COVID-19 crisis, and the Mayor's proposed elimination of the HTF contribution has led the Administration to propose a \$9.8 million cut to affordable housing production and preservation. This is deeply concerning.

Because affordable rental homes are developed with federal subsidies, they are already subject to a form of rent stabilization, regardless of whether operations and maintenance costs have increased. The COVID-19 crisis is resulting in big increases in insurance and cleaning costs, and affordable housing providers are struggling to figure out how to pay for them.

There are two ways Council and the Administration can help affordable housing properties avoid eviction and rent increases, while maintaining basic quality of the units that tenants deserve: deepen support for the shallow rent subsidy pilot recently launched by the Administration to target rental support to our most at-risk tenants, and create an emergency operations stabilization fund to support basic operations and maintenance. To do either of those things, Council must ensure at least \$20 million in additional flexible local funds for the Housing Trust Fund—although even that might not be enough. We would be happy to work with you to attempt to project out what the financial need to stabilize these properties may be.

There is nothing more important to PACDC members than keeping Philadelphians safely and stably housed; It is the reason these organizations exist. The stability and ongoing operation of affordable homes will still be critical after the COVID-19 crisis ends because of the persistence of systematic economic inequity. So PACDC looks forward to working with you to keep tenants at home, while making sure the affordable units can be maintained and affordable for years to come.

Thank you for the opportunity to testify.

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