



Testimony Regarding City Council Bill # 210633
Regarding the Creation of Mixed Income Neighborhoods Overlay Districts
Andrew Toy for PACDC
November 15th, 2021

Good morning Chairperson Johnson and members of City Council’s Committee on Rules. My name is Andy Toy and I am the Policy Director for the Philadelphia Association of Community Development Corporations (PACDC). Thank you for listening to PACDC’s testimony in support of Bill Number 210633, which seeks to address Philadelphia’s pressing need to provide more affordable homes in the face of many residents experiencing unaffordable rents, homelessness and gentrification pressures pushing them out of their neighborhoods. And thank you to Councilmembers Gauthier and Quinones-Sanchez for your leadership on this challenging and sometimes contentious, but critically important issue facing our City.

As we all know, Philadelphia currently has the highest poverty rate of any large city in the country. We have seen past planning and development policies, and events such as the pandemic, serve to deepen and reinforce segregation, disinvestment, displacement and inequity in our City. At the same time, we are seeing how some neighborhoods are quickly gentrifying and becoming unaffordable for those who may have lived there their whole lifetimes or who have been working hard to raise families in a stable place. The data shows that 40%, or over 500,000, Philadelphians cannot afford their monthly rent or mortgage. It’s past time to find an array of strategies to help repair the harm. There are now numerous studies showing that mixed-income neighborhoods create long term positive opportunities and impacts for residents (<https://cityobservatory.org/why-mixed-income-neighborhoods-matter-lifting-kids-out-of-poverty/>). A Mixed Income Neighborhood Overlay District is one very important tool to build more equitable neighborhoods.

PACDC, speaking on behalf of more than 60 member community development organizations, strongly supports the implementation of Mixed Income Neighborhoods Overlay Districts. We do understand that there are concerns from some since a mandatory inclusionary housing policy has yet to be tried in Philadelphia. However, such policies are in use in more than 700 jurisdictions around the United States, including in New Jersey, Massachusetts and California with some “modest but real impact on the overall number of affordable units” (<https://www.healthaffairs.org/doi/10.1377/hpb20180313.668759/full/>).

Our support for this Bill comes after years of experience with attempts at incentivizing mixed income developments on a voluntary basis, which have been insufficient. I was a part of the Zoning Code Commission when we put forward the compromise plan to allow developments zoning bonuses with an alternative to pay an in-lieu fee into the Housing Trust Fund.

While this policy has resulted in resources to expand and preserve affordable housing opportunities in other neighborhoods, it has not resulted in affordable units being built on-site in market rate developments in stronger real estate markets and changing neighborhoods – only a mandatory approach will achieve that. The goal of on-site affordable units is important to support mixed income communities and the opportunities for lower-income residents to live in higher opportunity communities, rather than having the vast majority of affordable units being built solely in lower income communities.

We agree that there will need to be adjustments made to this policy over time as market conditions change, but without an initial step, nothing will happen. We believe the proposal for setting a 40% AMI limit for affordable rentals and 60% AMI limit for affordable sales in projects of 10 units or more makes sense. We support density bonuses and other incentives as important offsets to make mixed-income projects financially feasible at these affordability levels. 10 units seems to be a good trigger, as smaller projects won't be affected. We also support long-term affordability controls to ensure these units are not lost from the affordable housing inventory.

Finally, since many of our Member CDCs are experienced developers of affordable housing, we think there are opportunities for market-rate developers to partner with them to support marketing and income certification for qualified occupants upon initial lease-up or sale, as well as upon resale or rental of affordable units. It will also be important to invest in the necessary infrastructure to ensure effective compliance with affordability requirements on an ongoing basis.

Thank you for the opportunity to testify in support of Bill 210633.

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