



**Testimony of Garrett O'Dwyer
Philadelphia Association of Community Development Corporations**

**Virtually before the Division of Housing and Community Development (DHCD)
On the 2024 Consolidated Annual Performance Report (CAPER)
and housing and community development needs**

March 5, 2025

Good afternoon and thank you for the opportunity to testify. My name is Garrett O'Dwyer, and I'm the Associate Policy Director for the Philadelphia Association of Community Development Corporations (PACDC). Since 1992, PACDC has been a strong partner of the City of Philadelphia in building a more equitable city. As city funding has expanded to support commercial corridor management, housing counseling, and neighborhood engagement work carried out by community-based non-profits, we want to extend our appreciation for the Commerce Department and the Division of Housing and Community Development's support for PACDC's training and technical assistance programs that build the capacity of front-line staff carrying out this important work.

The collaboration between the City and its non-profit partners is more important now than ever. The chaos that we are seeing at the federal level has created grave uncertainty and anxiety in our communities. Organizations serving these neighborhoods are struggling to adequately predict what will come next, the impact on important programs, and how to plan accordingly. Commercial corridors in immigrant communities are reporting a reduction in foot traffic and small businesses are even losing documented employees afraid of being caught up in ICE raids. This is, of course, is also occurring during an existing affordable housing crisis that has left too many Philadelphians blocked from homeownership, struggling to pay rent, or without adequate shelter at all.

We are now seeing a host of proposals that will exacerbate our housing crisis. When one drives up the cost of construction materials through tariffs, you drive up the cost of all housing because you make rehabbing, repairing, and building new homes much more expensive. This then makes everyone's already high insurance rates go up because losses are now much more expensive to cover. Affordable housing is facing a triple threat as tariffs increase development costs, proposed budget cuts threaten sources of subsidy, and massive tax cuts may reduce the value of Low Income Housing Tax Credits.

This is why it is so important that we have close collaboration and bold local leadership in the face of the threats we are facing. We appreciate the leadership of Mayor Parker and are excited for the work ahead on the H.O.M.E. initiative to create and preserve 30,000 units of housing. We offer the following recommendations in the spirit of partnership to develop solutions to create a more equitable Philadelphia where every community is a community of choice, and every resident has the ability to thrive.

PACDC urges the Parker Administration to:

1. Provide General Operating Support for CDCs

Like Mayor Parker, we value safe, clean, and green Philadelphia neighborhoods and we all know that CDCs are critical to achieving these goals. Moreover, the City of Philadelphia relies on our network of CDCs to provide critical services, revitalize and stabilize neighborhoods, and produce systems-level solutions at the community level. However, many CDCs are forced to rely on tightly constrained programmatic funding that does not adequately cover the infrastructure costs of running an organization, does not provide the flexibility that a responsive organization requires to meet the evolving needs of community residents, and is a barrier to moving needed programs to scale. Also, even some of the more flexible sources of local funding such as the \$100,000 per year CDC Tax Credit program have failed to keep up with inflation: a \$100,000 contribution when the program was created in 2003 would be equivalent to \$174,832 today.

Maintaining and growing flexible public and private multi-year support will enable CDCs to continue to deliver core services in a way that advances equity, including enabling local residents and businesses to build generational wealth, building and preserving affordable homes to advance self-sufficiency, advancing economic opportunity by supporting and growing local businesses and commercial corridors, creating safe, green and clean streetscapes, and elevating community voices while maintaining organizational stability and enabling long-term planning to facilitate investments that are beneficial to the community. This work is now more important than ever given the uncertainty that our communities and organizations are facing.

Therefore, PACDC is proposing the Administration allocate \$7.5 million for FY26 to support the stability of the CDC sector through multi-year General Operating Support. We look forward to working with leadership in the Administration and City Council to address this pressing need.

2. Support a Quick Strike Property Acquisition Fund

Philadelphia can improve the ability of local nonprofits to compete with larger outside investors with cash on hand to purchase available neighborhood properties for affordable rental housing or homeownership. Investors are currently buying up low-cost homes in BIPOC neighborhoods. By

helping mission-driven nonprofits buy available properties, in particular single-family homes that are otherwise being bought in bulk to transform into permanent rentals at increased rents, the city has an opportunity to preserve affordability, provide stable housing, increase homeownership, and improve property maintenance. By helping nonprofits be more competitive buyers on fast turnaround deals, the city can help to manage neighborhood change and preserve affordability.

Therefore, we urge the City to create and capitalize a Property Acquisition Fund to be managed by a Community Development Financial Institution with an initial \$4 million investment toward a \$20 million fund that would allow trusted non-profits to acquire properties quickly and strategically and cover predevelopment costs for affordable housing or community beneficial use.

3. Improve the Philadelphia Land Bank

The Philadelphia Land Bank has not been living up to the expectations of advocates or policy makers to equitably return properties to productive re-use. The land held in public ownership is a key resource for accomplishing many of our shared affordable housing and neighborhood revitalization goals, and an effective, efficient, predictable, transparent, and accountable Land Bank is absolutely critical to making those goals a reality. We urge the Administration to adopt the recommendations provided during the October 30th, 2024, City Council hearing on Land Bank reform. **In particular, the Land Bank must conduct a new strategic planning process, update its acquisition & disposition policies, conduct a citywide site assembly analysis to identify opportunities for larger-scale affordable housing developments, and reform internal processes to be more responsive to the needs of communities.**

4. Invest in the Shallow Rent Subsidy Program

While there has been an increased emphasis on expanding homeownership opportunities, estimates are that Philadelphia needs an additional 70,000 units of affordable rental housing, while at the same time facing the possible loss of thousands of existing units of affordable rentals over the next decade. Our City also continues to deal with an unacceptable amount of street homelessness. As the CAPER report demonstrates we continue to struggle with meeting our targets to address even a portion of these needs. We need to ensure that we are directing an appropriate amount of attention and resources toward those at the lower end of the income spectrum.

A relatively simple and effective step that the City can take quickly would be to expand the Shallow Rent Subsidy program. Many of the units of subsidized affordable housing still aren't affordable for those living in them. So, a family might be paying less rent than market-rate but are still cost burdened and paying significantly more than 30% of their income on housing costs. This forces them into the familiar

predicament of deciding between basic necessities and rent. This also represents a risk to the viability of LIHTC rental developments should tenants be unable to afford rent. The Shallow Rent Subsidy program addresses these issues by providing these households with limited rental assistance of up to \$500 per month towards housing costs. With this simple, straightforward investment, we are able to ensure that our affordable housing is truly affordable and stable for the tenants who live there while ensuring the longevity of our portfolio of subsidized affordable housing.

However, the scope of this program has been limited to select developments of organizations that applied in response to the initial RFP five years. This means that currently thousands of families and individuals that desperately need this assistance and would otherwise be eligible, are unable to access the program. **We strongly recommend that the City increase funding for the Shallow Rent Subsidy program to at least \$5.25 million per year so that an additional 800+ households in need can be served, and open eligibility to additional providers not currently participating in the program.**

Thank you for the opportunity to testify this evening.

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