

Housing for Equity:

AN ACTION PLAN FOR PHILADELPHIA

October 2018



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Blumberg Apartments. Credit: Philadelphia Housing Authority



"The Plan addresses homelessness and eviction, production and preservation, affordable, workforce, and market-rate housing. It offers innovative and effective strategies to address our housing needs."

Fellow Philadelphians,

I am pleased to present Philadelphia's first Housing Action Plan.

Philadelphia is growing, adding both people and jobs. To continue that growth, we need housing that addresses the needs of residents at all income levels.

Toward that end, this plan outlines strategies to:

- Support continued growth in the housing market
- Stop the loss of affordable housing, and increase production of new units
- Preserve aging houses and apartments, including public housing units
- Advocate for additional Housing Choice Vouchers and continue use of Annual Contributions Contracts
- House our most vulnerable residents

The Plan is a shared effort between my Administration, City Council, and a broad group of community stakeholders. More importantly it reflects contributions from the public. Residents across the city have provided information as we developed an Assessment of Fair Housing, City Planning Commission District Plans, the Homelessness Housing Plan, and other reports. Their input has been critical to this Plan.

The Plan addresses homelessness and eviction, production and preservation, affordable, workforce, and market-rate housing. It offers innovative and effective strategies to address our housing needs. To support those strategies my Administration has committed at least \$53 million in new funding for affordable housing over the next five years. I have also supported legislation projected to raise an additional \$18 million for affordable housing over that time.

I am extremely proud of how community members across the nonprofit, for-profit, and public spectrum have embraced the work of finding housing solutions. They have charted a way forward, and we will follow their path.

Sincerely,

Jim Kenney
Mayor

Acknowledgments

The Housing Action Plan is the assimilation of several housing reports and working committee products into one comprehensive, action-oriented document. Each of those efforts incorporated an extensive public engagement process. As a result, this Plan includes input from a diverse set of stakeholders representing sectors and neighborhoods across the City. Those working groups include:

- Access to Homeownership
- Affordable Rental Housing Preservation
- Assessment of Fair Housing
- Construction Cost & Technology
- Eviction Prevention
- Homeless Assistance Strategic Plan
- Resources & Financing

The Kenney Administration and the Housing Advisory Board gratefully acknowledge the input of the individuals and agencies who participated in these efforts to make housing in Philadelphia safer, more plentiful, more accessible, more affordable, and more equitable.

The Kenney Administration would also like to thank the members of the Housing Advisory Board for their contributions to developing this Plan:

- Duane Bumb
- Monica L. Burch
- Barbara Capozzi
- Daniel Cortes
- Tom Earle
- Anne Fadullon
- Greg Heller
- Greg Hill
- Diane Lucidi
- Stephanie Pastula
- David S. Thomas
- Herb Wetzel

Finally, a thank you to the Housing Action Plan consulting team:

- LISC
- Claudia Aiken and Vincent Reina, PennPraxis
- V. Lamar Wilson Associates, Inc.
- Alison Rooney Communications

Framing the Plan

Mission

Guiding the development of this action plan is a commitment to develop policies and programs to foster economic growth, ensure sustainable neighborhoods, and provide quality affordable housing options.

Objectives

Housing is the foundation of a vibrant and resilient city and supports the health and well-being of all its residents. Mayor Kenney directed the City's Department of Planning and Development (P&D) to provide recommendations for maintaining and increasing affordable, middle-income, and market-rate housing. The resulting plan is guided by three objectives:

- Build a broad and deep constituency to inform public policies, drive programs, and generate capital to deliver and sustain such housing;
- Use data, best practices in the industry, and examples of success here in Philadelphia and in other places to inform recommendations and priorities; and
- Engage public, private, and nonprofit stakeholders to work individually and collectively to help define and achieve the goals called for in this housing action plan.

Background & Foundation of the Plan

- There were over 100 recommendations developed in the planning process, many of which will be **continually considered as this Plan evolves**. This Action Plan reflects key recommendations. All recommendations are included in the companion report, *Foundation for the Future: Developing Philadelphia's Housing Action Plan*.
- The recommendations in the Plan **are the result of a comprehensive planning process**. This process included research and data analysis; cross-sector engagement to develop recommendations for the Plan; briefings with City Council; and four public meetings with the Housing Advisory Board.

- The City of Philadelphia's Assessment of Fair Housing (AFH) identified a number of barriers to housing access within low-income communities of color, and crafted strategies to eliminate those barriers. The Plan **recommendations align with the AFH strategies to promote fair and equitable access to housing opportunities for protected classes and for all residents of Philadelphia**.
- Philadelphia Housing Authority (PHA) is a major partner with the City on efforts to preserve and expand the affordable housing portfolio, with the primary emphasis on deeply affordable units for households earning less than 30% of Area Median Income (AMI). The Plan **recommendations take into consideration PHA's conventional, voucher, and tax-credit units and recognizes that PHA has and will continue to provide significant capital and operating support to thousands of new units developed by neighborhood-based and mission-driven nonprofits and other developers**.
- **This plan is a living document**; it offers an informed path forward but will be revisited and updated as the City of Philadelphia continues to grow, particularly if the needs of its communities, or market dynamics change.
- The Plan represents ambitious goals that exceed many of our past accomplishments but is grounded in the reality that **we will not be able to fully address all of Philadelphia's housing needs over the next 10 years**.
- Among our goals outlined in this Plan are to **identify data gaps and develop tools to collect more robust data** so we can better assess our future needs and measure our progress.
- The Plan is a testament to the capacity, and commitment, of organizations across Philadelphia. By continuing to **develop more efficient and coordinated systems we can build on this capacity to promote access to housing programs and services for all Philadelphians**.

The State of Housing in Philadelphia

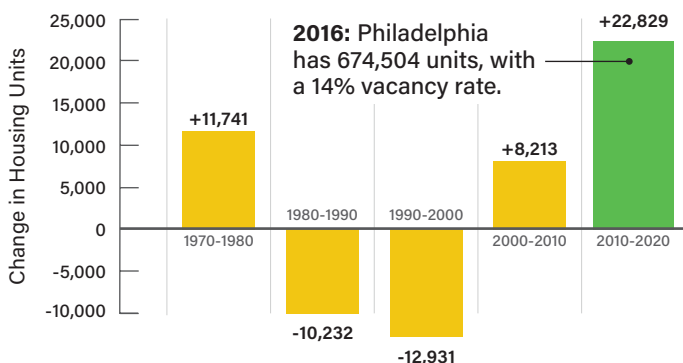
Philadelphia's population has grown by more than 63,000 people since 2000 and is expected to grow by an additional 25,000 households over the next 10 years. This growth is reflected in our housing market. Over the last 10 years Philadelphia has seen high levels of construction and renovation. While this market activity represents important progress, we have further to go to address current and future housing needs. Most of the new units developed in recent years have entered at the high end of the market. At the same time, poverty and homelessness persist and the number of existing units at the low end of the market has fallen.

In order for Philadelphia to continue to move toward a balanced and equitable housing market, attention must be paid across all income spectrums. Therefore, this plan addresses the need to continue to create upper-income, middle-income, and affordable housing units.

Philadelphia is expected to add 25,000 new households in the next 10 years.

Growth in Population and the Housing Stock

Change in Population -260,339 -102,633 -68,027 +8,456 +68,994



Source: Original estimates based on the U.S. Census Bureau Decennial Census and the American Community Survey (ACS), and DVRPC Municipal-Level Population Forecasts.

This plan sets a target of providing 3,650 new housing opportunities per year. Most of these will be new construction or the rehabilitation of formerly vacant units. Some will be new homeowners able to purchase their homes through closing cost assistance programs. These units target demand across the income spectrum. The affordable housing goals are greater than what has been achieved in the recent past, and overall production of new and rehabbed units is expected to exceed the new/rehabbed unit production of the past ten years.

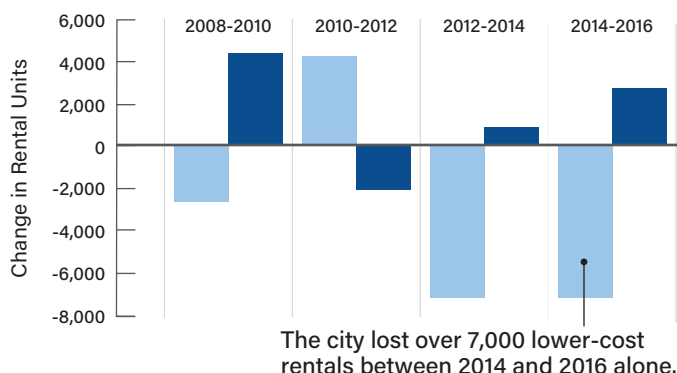
In addition, we acknowledge that one of Philadelphia's biggest challenges is to revitalize our existing housing stock. Nearly 90 percent of units are over 30 years old, and many are in need of repairs and upgrades. As a result, we set a goal to preserve 6,350 units per year.

This plan cannot solve all of our housing challenges, but it establishes ambitious goals and moves us toward a more robust and equitable housing market.

From 2008 to 2016, Philadelphia lost 13,000 lower-cost units, while adding 6,000 units at the high end of the market.

Change in Units at the High and Low Ends of the Market

Units renting at \$800 or less¹ Units renting at \$2,000 or more¹



Source: U.S. Census Bureau, 2016 ACS 1-Year Estimates.
1. Rent costs in 2016 dollars.

Philadelphia continues to struggle to house its residents.

Housing Insecurity



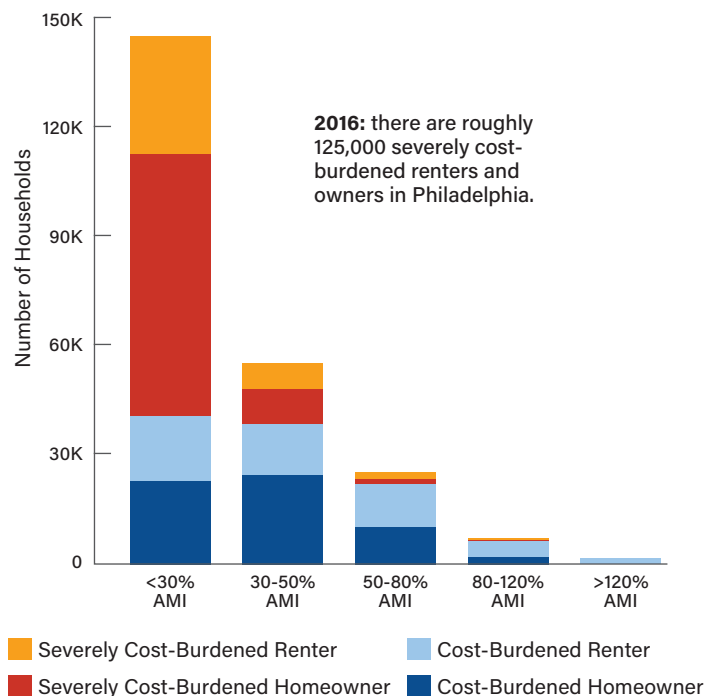
Source: U.S. Census Bureau, 2016 ACS; City of Philadelphia, Re-Envisioning Philadelphia's Homeless Services System; Mayor's Taskforce on Eviction Prevention and Response; Pew Charitable Trusts 2018.

2. The poverty rate is defined by the U.S. Census Bureau as: if a family's total income is less than the family's threshold, then that family and every individual in it is considered in poverty.

3. The wait list for public housing is currently closed and therefore an underestimate of eligible households seeking assistance.

Many Philadelphians are struggling to pay for housing, especially the lowest-income households.

Cost-Burdened⁴ Households

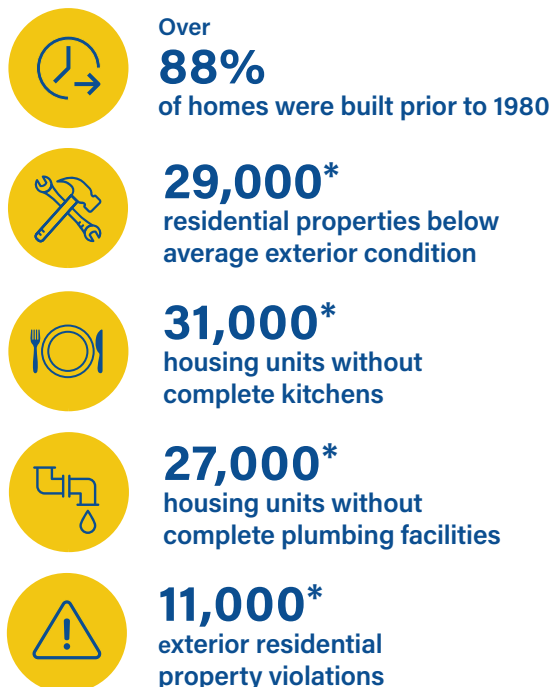


Source: U.S. Census Bureau, 2016 ACS.

4. Cost-burdened households pay more than 30% of their income on housing expenses, while severely cost-burdened households pay more than 50%.

Age, blight and vacancy in Philadelphia's housing stock contribute to the shortage of safe, decent affordable housing.

Condition of Housing Stock



* A number of these properties are also vacant.

Note: Data is compiled from a number of sources and is not cumulative. A single housing unit may fall into all categories.

Source: U.S. Census Bureau, 2012-2016 ACS; City of Philadelphia, Office of Property Assessment (OPA) September 2017, Licenses & Inspections (L&I) 2017; Valassis 2017 Q3.

10-Year Housing Goals

To address Philadelphia's housing needs, this Plan proposes programs and policies that will support new housing opportunities for 36,500 households and preservation of 63,500 currently occupied homes in 10 years.

Housing Type	AMI Range	Income	Owner		Renter		Total
			Preserved ⁵	New ⁶	Preserved ⁵	New ⁶	
Homeless						2,500	2,500
Affordable	<30%	\$0-25k	20,000		18,000	1,400	39,400
	30-50%	\$25-42k	2,000		6,000	4,200	12,200
	50-80%	\$42-67k	2,000	6,000	10,000	1,400	19,400
Workforce	80-120%	\$67-100k	5,500	4,000		2,000	11,500
Market-Rate	>120%	\$100k+		7,500		7,500	15,000
Total			29,500	17,500	34,000	19,000	100,000

5. Preserved units are currently occupied units that are preserved via physical rehabilitation and/or affordability assistance.

6. New units are units newly occupied by a renter or homeownership household. They can be either new construction or formerly vacant units. Note that these targets are meant to be achieved through a combination of public interventions and market activity.

Key Themes and Programs⁷

Housing our most vulnerable residents:

Proactively prevent households from entering homelessness and prioritize housing options for people exiting homelessness, very low-income households, people living with disabilities, and at-risk populations.

Develop an Emergency Homelessness Prevention Program with Flexible Rental Assistance:

Pilot a program to divert vulnerable families from homelessness modeled on the New York City HomeBase initiative. This program uses a data-informed assessment tool to identify households at high risk of homelessness due to loss of income, eviction, and other factors. The program provides flexible financial assistance and wraparound services scaled to the needs of eligible households in order to prevent shelter entry.

Expand Adaptive Modifications Program (AMP) to make more homes accessible: Increase funding to an existing initiative that helps low-income individuals with permanent physical disabilities, impaired mobility and in fragile health live more independently in their homes. AMP provides City-funded adaptations to a house or apartment that allow easier access and indoor mobility.

Initiate an Eviction Prevention Program to resolve landlord-tenant disputes without displacement: Similar to Philadelphia's nationally acclaimed Mortgage Foreclosure Prevention Program, create an Eviction Prevention Program to provide tenants at risk of eviction with legal assistance to avoid an eviction proceeding, as well as access to pre-trial mediation and housing and budget counseling. If the landlord files suit, the program will provide legal support to eligible low-income tenants in housing court. Further legislation should require the landlord to disclose the reason for lease termination.

Explore the Nexus between Health and Housing

to identify cost-saving interventions: Work with the Philadelphia Department of Public Health and local healthcare systems and insurers to quantify the cost to

the healthcare system of chronic disease, emergency room visits, and repeat admissions attributable to low-quality and unaffordable housing and identify housing interventions that will improve habitability and access to housing and reduce incidents of homelessness. Data will be used to have an informed and meaningful discussion with healthcare providers to support investment in housing.

Seed a Flexible Housing Subsidy Pool to finance supportive programs: Utilize a portion of achievable healthcare cost savings to seed a funding pool to augment funding of new and existing rental assistance programs for people with extremely low fixed incomes including home repair grant and loan programs. In addition, explore floating a bond to raise capital for upfront housing repair and adaptive modifications costs, and permanent supportive housing. The returns on these investments to impact investors would be a portion of costs savings achieved through housing interventions.

Advocate for Sufficient Housing Choice Vouchers

to increase housing opportunities for very low-income households: Due to limits placed on the number of vouchers available, not every household eligible for a voucher is able to receive one. A coordinated advocacy effort should be undertaken to urge the Federal government to allocate additional Housing Choice Vouchers (HCV). This Program will be used to target housing for households at or below 30% AMI. PHA and the City will also continue to partner to maximize the use of Annual Contributions Contract (ACC) in new units developed by neighborhood-based and mission-driven nonprofits and other developers.

7. A complete list of recommendations can be found in the companion document, Foundation for the Future: Developing Philadelphia's Housing Action Plan.

Preserving and Protecting Long-Term Affordability:

Ensure that Philadelphia's aging housing stock remains safe, livable, and affordable.

Establish a Housing Accelerator Fund to preserve affordable housing: Create a new fund to finance the acquisition and rehabilitation of affordable housing and to provide working capital for Low-Income Housing Tax Credit (LIHTC) projects. Local housing dollars will provide a one-time capital infusion, leveraging it to attract social impact capital and program-related investment dollars with the goal of achieving a leverage ratio of 10 to 1. Developers will benefit from longer terms and higher loan-to-value ratios than the market provides.

Expand Credit Enhancement Product to increase workforce housing: The Philadelphia Redevelopment Authority (PRA) is piloting a credit enhancement vehicle that increases access to construction loans for developers who build workforce housing affordable to households earning up to 120% AMI. The enhancement is a \$1 million fund that covers the first 25% of defaulted construction loans, enabling commercial lenders to accept less-profitable projects or offer lower interest rates. Additional funding can expand this program to more developers.

Expand Small Landlord Repair Program Pilot to extend affordability of units while ensuring a safe, quality living arrangement: The PRA is launching a pilot program to help landlords who own fewer than five units access loans to make health- and safety-related repairs. The PRA will provide a loan-loss reserve fund to private lenders who participate in the program. In the pilot program, lenders will make loans of up to \$25,000 for repairs to rental properties affordable to households at or below 100% of AMI, with one-third of the loans serving properties with rents affordable to households at or below 50% of AMI. This pilot will target a handful of zip codes. Additional funding would expand this program citywide and potentially increase loan amounts.

Expand and Modify the Shallow Rent Subsidy to decrease tenant evictions and increase tenant stability: Many evictions are the result of a renter's inability to afford their rent. A shallow rent subsidy pays a portion of the rent. Use the Flexible Housing Subsidy Pool to fund a shallow rent subsidy to households undergoing a housing crisis or transitioning from a homeless shelter to permanent housing. The subsidy will provide up to \$300 per month for up to one year or until a household is able to afford the rent on their own, whichever is sooner.

Strengthen Expiring Use Regulations to protect existing subsidized rental housing: A federal rule requires owners of subsidized rental housing to notify U.S. Department of Housing and Urban Development (HUD) before their property's affordability period or rent subsidy contract expires. Expand the rule to notify the City, housing advocates, and tenants. Also establish a Right of First Refusal giving a qualified nonprofit developer, government agency, and/or tenant association the ability to purchase a subsidized rental property if the owner decides to opt out of the subsidy program.

Utilize the Value of Publicly Held Land to finance affordable housing interventions: The City owns several thousand parcels of vacant land and vacant structures. Assess the book value of these properties and determine whether there is a mechanism to capture this value to provide resources for affordable housing.

Preserve Existing PHA Units to ensure longer-term affordability of very-low income units: PHA has a significant number of units that are more than 50 years old, other units in need of substantial repair, and expiring LIHTC projects. PHA and the City will continue to partner to ensure the long-term preservation of units through recapitalization and other strategies including conversion to project-based assistance under Rental Assistance Demonstration (RAD).

Providing Pathways to Sustainable Homownership and Wealth Creation:

Preserve the quality and viability of homeownership and expand access to a new generation of homeowners.

Continue Home Repair Grant and Loan Programs: The Basic Systems Repair Program (BSRP) provides City-funded repairs to address electrical, plumbing, heating, structural, and roofing emergencies in income-eligible owner-occupied homes. The Weatherization Assistance Program (WAP) provides free weatherization and energy-efficiency improvements to both rental and owner-occupied units. The Restore Repair Renew: Philadelphia Neighborhood Home Preservation Loan Program (RRR) offers low-interest loans for home repairs to homeowners below 120% AMI. The City will continue to authorize and actively market these programs to eligible households. In addition, it will consider recoverability mechanisms, like attaching a lien to homes repaired via BSRP, to ensure that they remain affordable over the long term.

Expand Tangled Title Program to ensure access to housing resources: When residents are not listed as the owner of their home on their deed, they are often unable to access home repair programs and tax and utility payment plans. Increasing funding to the Tangled Title Fund (TTF) will allow legal services agencies to provide free representation to homeowners seeking clear title to their homes, and to provide Estate Planning services to prevent homeowners from having tangled title issues.

Consider a Realty Transfer Tax Offset to eliminate a key barrier for first-time homebuyers: The Realty Transfer Tax can be a significant barrier to homebuyers purchasing their first home. Approximately three-quarters of the total transfer tax bill is collected by the City. To incentivize homeownership among low- and moderate-income households, the City should consider a mechanism to offset all or a portion of the Realty Transfer Tax for first-time homebuyers meeting defined income requirements.

Continue Mortgage Foreclosure Prevention Program to keep households in their homes: The City operates a Residential Mortgage Foreclosure Prevention Program

that pauses the foreclosure process. It gives homeowners facing mortgage foreclosure the opportunity to attend a free conciliation conference with a housing counselor and attorney to negotiate new loan or tax payment terms with their mortgage company or with the City. The Residential Mortgage Foreclosure Prevention Program has helped more than 12,000 homeowners avoid foreclosure since it began in April 2008.

Expand Closing Cost and Downpayment Assistance to increase access to homeownership: The Settlement Assistance Grant Program helps first-time homebuyers pay for closing costs. The City will increase funding to this program, allowing it to serve additional households; it will also create a new loan fund providing low-interest loans to first-time, low- and moderate-income homebuyers to cover up to \$10,000 of closing and downpayment costs.

Expand Access to Mortgage Financing to encourage lenders to use alternative credit histories: Work with lending institutions to develop innovative financial products that will serve households ready for homeownership but unable to access a traditional mortgage due to low credit scores or a lack of credit history. This is particularly true for communities of color that have been adversely impacted by exclusionary policies and practices. The City will encourage lenders to explore alternative credit histories such as utility payment records, rental payments, and automobile insurance payments.

Expand Housing Counseling and Education to ensure successful homeownership through pre- and post-purchase counseling: Increase opportunities for post-purchase education and counseling to reduce delinquency and foreclosure rates and ensure successful and sustainable homeownership.

Encouraging Equitable Growth without Displacement:

Plan for and harness Philadelphia's growth to benefit all residents.

Create a Stable Funding Stream for Housing Strategies:

In addition to the \$53 million in expiring abatements and \$18 million in anticipated density bonus payments committed by the Kenney Administration in years one through five of this plan, and the \$115 million in those categories projected to be available in years six through ten, identify opportunities for stable funding to develop and preserve affordable housing. In addition, research the impact of increasing eviction filing fees as a potential mechanism to increase funding for tenant legal assistance.

Plan for Growth: Zone for greater density in neighborhoods with strong markets and for transit-oriented development (TOD) near transit access points. Increase the appeal to developers of building mixed-income housing in exchange for additional density.

Explore Ways to Capture the Value Created by Up-Zoning or Increases in Allowable Density to fund housing programs citywide: Develop a tool capable of measuring the value added to a property due to up-zoning or an increase in allowable building density. Based on increased value, develop a set of recommendations to identify an economically viable, proportionate share of the units, which could be developed as affordable housing. Explore the use of a "special assessment" on the increased value due to up-zoning or density increase. The proceeds received from this assessment would be used to support the Housing Trust Fund (HTF).

Continue Homeowner Tax Relief Programs to protect against growth-driven displacement: A number of public programs offer relief to homeowners facing rapidly rising property taxes and/or limited income. Relief in the form of tax abatements, deferrals, credits, and payment plans is crucial to sustaining homeownership among low- and moderate-income households. The City will continue to authorize and actively market them to eligible homeowners.

Explore Tax Relief for Landlords with Permanent Affordable Units:

Explore with the Department of Revenue, Office of Property Assessment, and State agencies options to offset taxes paid by landlords with non-subsidized units. The landlord would have to have a restrictive covenant on the property to ensure long-term affordability of the units.

Allow for Accessory Dwelling Units (ADUs) to generate passive income: Identify areas in which ADUs will be permitted under the zoning code. Renting out such units can generate passive income for low-income households or help finance needed repairs.

Continue to Leverage Publicly Held Land to build affordable housing in critical locations: As Philadelphia continues to grow, its vacant and underutilized public properties have become a major resource for affordable housing. Sell these properties to developers at a nominal or below-market price in exchange for the developer's commitment to produce affordable housing. Prioritize the acquisition of tax-delinquent parcels in high-value neighborhoods to promote mixed-income housing and equitable development. Identify publicly held parcels located adjacent to tax-delinquent parcels for the Land Bank to assemble for development and spur further capital investment in disinvested neighborhoods.

Continue to Preserve Long-Term Affordability in Strengthening Markets by continuing the collaboration between the City and PHA on large-scale community revitalization efforts such as the Choice Neighborhood Initiative in North Central, the Blumberg-Sharswood project, and the revitalization of Bartram Village with the goal of preserving and/or redeveloping units on a one-for-one basis.

Enabling Efficient and Innovative Development and Rehabilitation to Promote Greater Housing Choice:

Reduce government requirements, streamline service delivery, and adopt new mechanisms to lower the cost of all housing development and rehabilitation.

Fully Implement eCLIPSE to streamline Development Review: The Department of Licenses and Inspections (L&I) is transitioning to an electronic system to manage the development permitting process. It is expected to greatly improve communication, standardization, and coordination within L&I and across departments. Fully implement the eCLIPSE system within 12 months and ensure that all relevant agencies use the platform for permit reviews shortly thereafter. Even before eCLIPSE is fully operational, adopt a system to track projects' progress through the permitting and approvals process in order to identify opportunities to improve efficiency and transparency.

Establish an Affordable Housing Labor Rate: The City should explore with the building trades the possibility of adopting a Project Labor Agreement that would allow a lower union wage rate for affordable housing projects that is in line with the federal prevailing wage rate. This recommendation requires the buy-in of the building trades and may require approval from HUD and/or the Pennsylvania Housing Finance Agency (PHFA). The success of this approach will also rely on the strength of the construction market to attract a skilled workforce to a project with reduced union wage rates.

Promote Modular Construction Technology to increase development efficiencies: Collaborate with L&I staff to accommodate modular permitting. The City will explore the potential to provide security or collateral agreements, or affordable lines of credit, to accommodate the terms and draw-down schedules necessary for modular construction. Work with investors to develop mechanisms that increase their willingness to finance modular construction.

Seek Flexibility in Energy and Size Requirements to ensure affordable housing development is cost-efficient: In partnership with HUD and PHFA, commission a cost-benefit analysis on the impact of various design-related elements in the state's Qualified Allocation Plan, which governs the construction of affordable housing using federal tax credits. The analysis will compare the upfront capital costs with the long-term operating costs of complying with mandated unit sizes and Passive House specifications.

Pool LIHTC Preservation Projects to ensure maximum access to funding resources: Small affordable housing production and preservation projects are often not financially viable as 4% LIHTC deals. Thus, Philadelphia is missing an opportunity to access a federal housing subsidy. Workshops and trainings will be offered to owners and asset managers of low-income housing tax credit projects to build their shared capacity and to develop a mechanism to pool their preservation projects and increase the viability of using 4% tax credits. By pooling smaller projects into a larger overall financing package, the City can increase access to these dollars.

Promote Greater Housing Choice to make available a range of housing types and sizes to meet a range of housing needs. Explore potential changes to zoning and building codes to facilitate a broad variety of housing types, ensuring that they are compatible with neighborhood character and compliant with safety and licensing standards.

Implementing the Plan

Once accepted by the Housing Advisory Board (HAB), the success of this Action Plan will require collaboration and cooperation amongst a spectrum of stakeholders.

The Plan's strategies demand coordination across all levels of government: federal, state, and local. They also require input from public, private, and nonprofit development stakeholders, as well as from organizations representing Philadelphia's residents and communities. Only a broad-based, collective effort can achieve this Plan's vision: a healthy housing market for all Philadelphians.

Engagement by members of the public will be critical to meeting the goals in this Plan. The Plan includes funding, legislative and regulatory strategies, and each of those includes a public participation process as they are developed and implemented. The City welcomes and encourages residents to participate in those processes as these strategies are designed and finalized.

As part of the public engagement process, the HAB will continue to rely on the work of the following groups such as:

- Housing Security Working Group
- Affirmatively Furthering Fair Housing Stakeholder Group
- Affordable Rental Housing Preservation Committee
- Anti-Displacement Committee
- Interagency Council on Homelessness
- Philadelphia's Homeless Continuum of Care Board

In addition, restructured and expanded stakeholder groups will work toward implementing the following types of recommendations:

- Data Analysis
- Legislative and Regulatory
- Funding and Resources
- Programmatic and Policy
- Capacity Building

The composition of these groups will be broad and inclusive. It is anticipated that these groups will be in operation by late Fall 2018.

These groups will work with City agencies to launch and sustain the key actions that make up this Plan according to the Implementation Timeline. The City will evaluate its progress toward these targets on a regular basis using an Evaluation Scorecard. This tool will tell the City what is and is not working, and suggest priorities as housing needs and preferences change over time.

Philadelphia prides itself on being a city of neighborhoods, and our residents take great pride in the very neighborhoods in which they live. Although the Action Plan does not prescribe specific interventions for each neighborhood, it does take into account the differing challenges facing our communities today.

For example, households in **Disinvested Neighborhoods** face aging housing, limited access to public amenities, and a disproportionate risk of eviction and foreclosure. The Plan promotes home repair, affordable housing preservation and production, and denser development near transit—among other initiatives—to ensure residents enjoy safe, affordable housing with access to employment.

Middle Neighborhoods are generally stable and play an important role in building economic security for residents. The Plan ensures the longevity of these communities in several ways, for example by promoting home repair grant and loan programs, closing cost assistance to expand access to homeownership, and financial and estate planning.

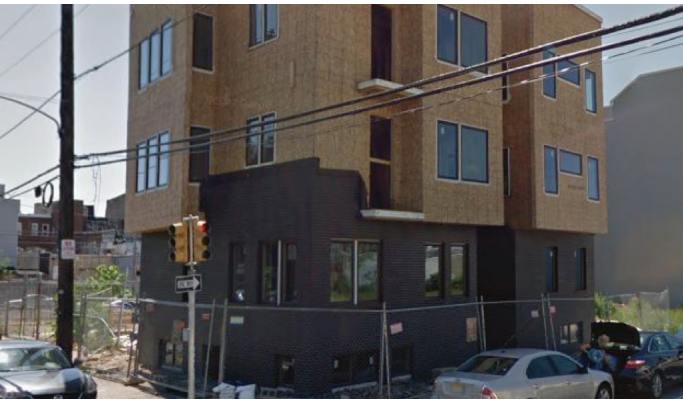
In **Strong Market Neighborhoods** characterized by high home prices, low foreclosure rates, and high owner occupancy, the Plan will ensure growth is not accompanied by displacement. For example, the Plan provides for increased density, mixed-income housing opportunities, land acquisition for affordable housing, and property tax deferral programs.



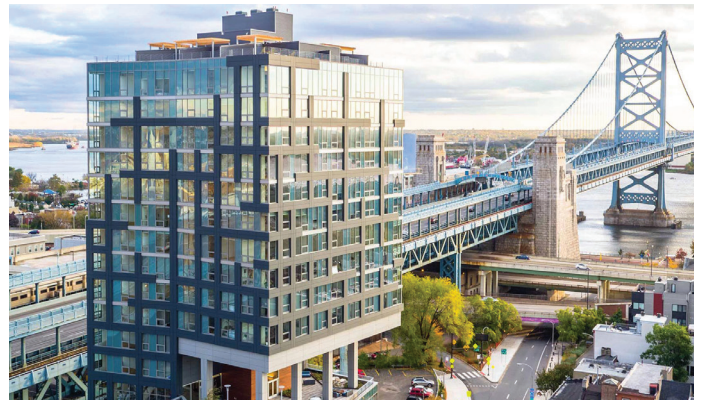
As the City continues to grow, it will place emphasis on locating development near transit. The TOD section of the zoning code offers increased height, density, and reduced parking requirements to incentivize this type of development. The City will continue to promote the remapping of TOD districts.



Enabling families to stay in their current homes is a key component of the City's preservation efforts. Continuing our home repair programs and homeowner property tax protections will be vital to maintaining affordability in our communities.



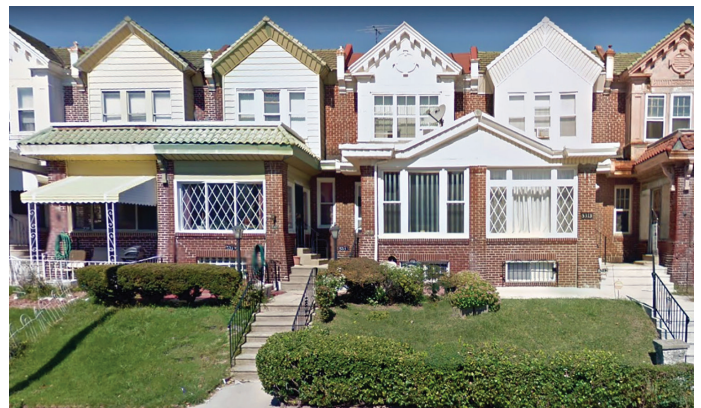
By providing publicly held properties at a nominal or below-market value in exchange for developer commitment to produce affordable housing the City can mitigate the impact of displacement in strong market neighborhoods.



Through promoting density in strong market neighborhoods, new housing developments will continue to be encouraged to include affordable units through the Mixed-Income density bonus in the zoning code. If units cannot be accommodated on site, a developer can make an in-lieu payment into the HTF, which will be utilized to produce or preserve additional affordable housing.



Building on the City's relationship with PHA and HUD, the City will continue to leverage LIHTC, HUD Choice, and other funds to produce affordable rental housing.



Continuing to insure the vitality of our middle-neighborhoods will be fostered through the City's home improvement loan programs, closing cost assistance, and estate planning services.

Resourcing the Housing Goals

The Housing Action Plan addresses housing needs at all income levels. As such, funding to support those needs comes from a variety of sources. The Plan recommends several actions to increase private sector activity in both affordable and market-rate housing in addition to using existing and new private and public sector funding.

Government-assisted housing opportunities in Philadelphia are supported by funding from federal, state, and local government; in-kind provision of land; the private and philanthropic sectors; and tens of millions of dollars in sales and rent paid by residents, including those in OHS and PHA housing. Market-rate housing is produced through developer capital and financing, ultimately supported by sales and rents. Achieving the goals in this Action Plan will require more resources, especially for lower-cost housing.

Almost all of that additional funding will be locally based. To support new housing opportunities and increased preservation, the City will provide up to an additional \$186 million over ten years of the Plan.

Those funds will leverage an additional \$395 million or more in private funding and be augmented by the rents and sales proceeds from the residents of the homes. The leveraged funds include resources anticipated from the new Accelerator and Health Care funds. They do not include funds supplied by new homeowners using City-provided closing cost assistance to purchase their homes.

The Plan offers strategies to boost market rate development as well, notably upzoning, Transit Oriented Development, and consideration of modular construction. Based on current construction costs, the construction value of the projected 15,000 market rate units is \$3.5 billion.

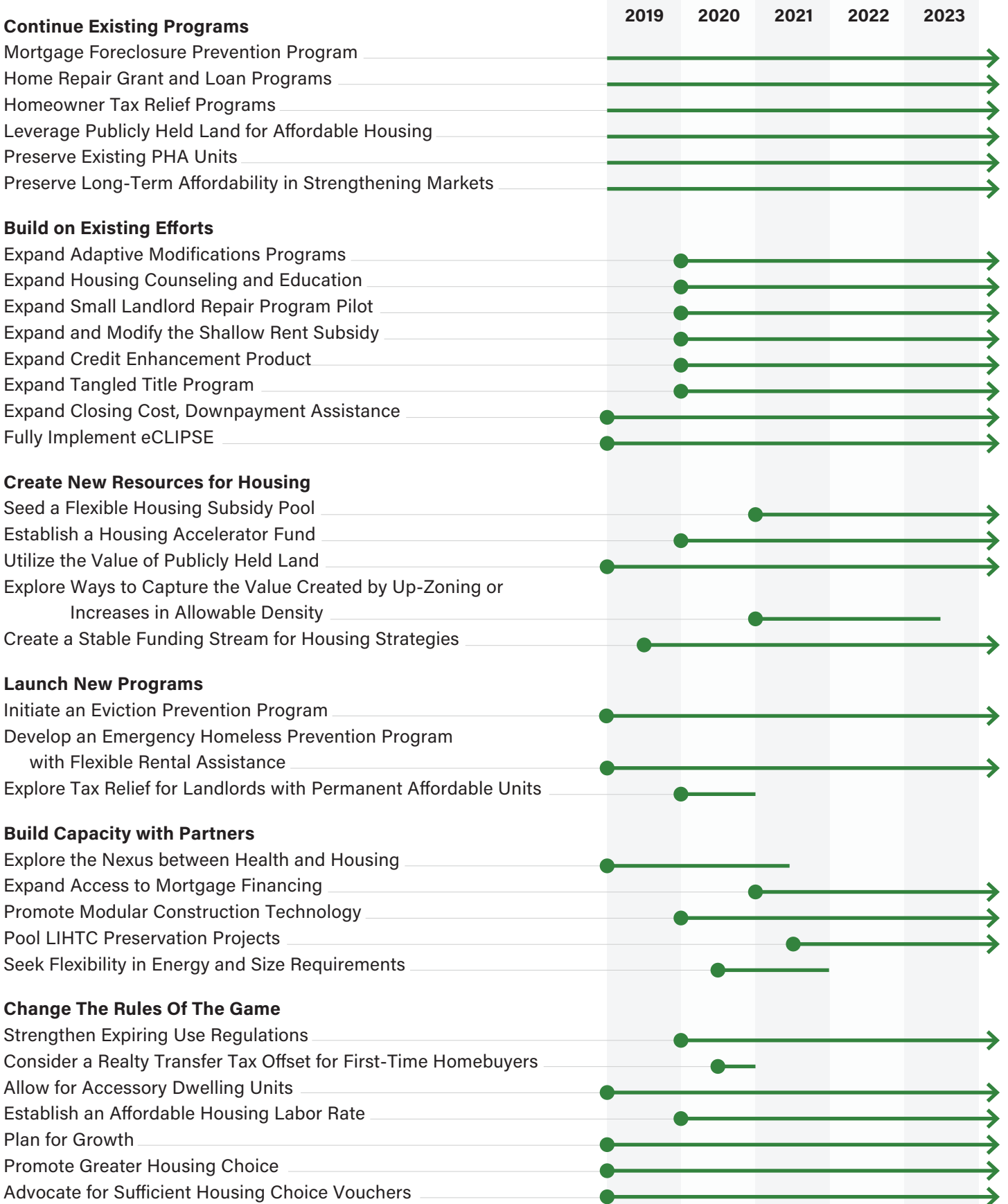
At the same time that Philadelphia identifies new and innovative funding sources it is critical that the Federal government maintains its current funding levels and identifies new resources to support additional Housing Choice Vouchers.



\$3,500,000,000 in anticipated private sector resources used to develop 15,000 market-rate units is in addition to the resources outlined above.

Federal funds include public housing operating and capital funds; tenant and project-based Housing Choice Vouchers; Community Development Block Grant; HOME Investment Partnership; Housing Opportunities for Persons with AIDS (HOPWA); Continuum of Care; and Emergency Solutions Grant. **Local funds** include Housing Trust Fund; General Funds; developer density bonus payments; bond funding; and the value of discounted or free City-owned land. **State funds** include PHARE and Weatherization funding. **Private funds** include investment through the Low-Income Housing Tax Credit, Federal Home Loan Banks, private philanthropy, and the Accelerator and Health Care funds.

Implementation Timeline



Evaluation Scorecard

The City will provide regular updates to measure progress on the Housing Action Plan using the following Dashboard and Status tools. The Department of Planning and Development will update the Evaluation Scorecard on its website.

Dashboard: Track Annual Progress toward Goals

Number of...	2019	2020	2021	2022	2023
Units Repaired					
New Units					
Building Permits					
Closing Cost Grants and Loans					
Renters Assisted					
Homeless to Permanent Housing (prevention and exits)					

Status: Track Annual Progress of Programs and Initiatives

Recommendation		Status
Housing our Most Vulnerable Residents	Develop an Emergency Homeless Prevention Program with Flexible Rental Assistance	
	Expand Adaptive Modifications Program	
	Initiate an Eviction Prevention Program	
	Explore the Nexus between Health and Housing	
	Seed a Flexible Housing Subsidy Pool	
	Advocate for Sufficient Housing Choice Vouchers	
Preserving Long-term Affordability	Establish a Housing Accelerator Fund	
	Expand Credit Enhancement Product	
	Expand Small Landlord Repair Program Pilot	
	Expand and Modify the Shallow Rent Subsidy	
	Strengthen Expiring Use Regulations	
	Utilize the Value of Publicly Held Land	
	Preserve Existing PHA Units	
Pathways to Sustainable Homeownership	Continue Home Repair Grant and Loan Programs	
	Expand Tangled Title Program	
	Consider a Realty Transfer Tax Offset for First-Time Homebuyers	
	Continue Mortgage Foreclosure Prevention Program	
	Expand Closing Cost and Downpayment Assistance	
	Expand Access to Mortgage Financing	
	Expand Housing Counseling and Education	
Encouraging Equitable Growth	Create a Stable Funding Stream for Housing Strategies	
	Plan for Growth	
	Explore Ways to Capture the Value Created by Up-Zoning or Increases in Allowable Density	
	Continue Homeowner Tax Relief Programs	
	Explore Tax Relief for Landlords with Permanent Affordable Units	
	Allow for Accessory Dwelling Units	
	Continue to Leverage Publicly Held Land to Build Affordable Housing	
Enabling Efficient Development	Preserve Long-Term Affordability in Strengthening Markets	
	Fully Implement eCLIPSE	
	Establish an Affordable Housing Labor Rate	
	Promote Modular Construction Technology	
	Seek Flexibility in Energy and Size Requirements	
	Pool LIHTC Preservation Projects	
	Promote Greater Housing Choice	

Key:

	Not Started
	Launched
	On-Going
	Completed

Key Terms

City Boards and Agencies

DHCD: Division of Housing and Community Development

HAB: Housing Advisory Board

L&I: Department of Licenses and Inspections

OHS: Office of Homeless Services

P&D: Department of Planning and Development

PHA: Philadelphia Housing Authority

PRA: Philadelphia Redevelopment Authority

State and Federal Agencies

HUD: U.S. Department of Housing and Urban Development

PHFA: Pennsylvania Housing Finance Agency

Programs and Subsidies

ACC: Annual Contributions Contract. Under the ACC, HUD agrees to make payments to PHA, over a specified term, for housing assistance payments to owners and for the PHA administrative fee. Payments can be used toward payments for rent, financing debt service, and financing for modernization.

AMP: Adaptive Modifications Program. AMP provides City-funded modifications to a house or an apartment to allow for easier access and indoor mobility for persons living with disabilities.

BSRP: Basic Systems Repair Program. BSRP provides free repairs to electrical, plumbing, heating, structural repair and roofing emergencies in eligible owner-occupied homes.

Homestead Exemption: The Homestead Exemption is a real estate tax savings of up to \$559 per year achieved by reducing the taxable assessment of primary residences by \$40,000. All Philadelphia homeowners are eligible for the exemption for the property that they primarily occupy.

HTF: Housing Trust Fund. HTF is a dedicated source of local revenue for affordable housing in Philadelphia. It was created in 2005 with revenue from a portion of the Deed and Mortgage Recording Fees.

LIHTC: Low-Income Housing Tax Credit. LIHTC is a federal tax credit administered by state agencies such as the PHFA. Affordable housing projects can compete for credits based on criteria set out in the state's Qualified Allocation Plan (QAP). LIHTCs can have either a 9% or 4% tax credit rate, meaning that they credit either 9% or 4% of the project's construction cost each year for 10 years. Developers typically sell the credits to investors in order to finance their projects.

LOOP: Longtime Owner Occupants Program. LOOP is an income-based real estate tax abatement for homeowners of 10+ years. Their property assessment must have increased at least 300% from one year to the next.

Low-Income Senior Tax Freeze: The Department of Revenue will freeze real estate taxes for seniors who meet certain age and income requirements. This stops property taxes from increasing even if the property assessment or tax rates increase.

OOPA: Owner-Occupied Real Estate Tax Payment Agreement. OOPA allows homeowners to pay back delinquent real estate taxes in affordable monthly payments based on their income.

RAD: Rental Assistance Demonstration. RAD allows PHA and owners of other HUD-assisted properties to convert units from their original sources of HUD financing to project-based Section 8 contracts. Properties that convert under RAD are no longer restricted from securing private sources of capital financing, and the owners are therefore able to address deferred maintenance issues.

Real Estate Tax Installment Plan: This program is for low-income taxpayers and senior citizens who own and live in their home. If eligible, homeowners can pay their current-year real estate taxes in monthly installments.

RRR: Restore Repair Renew: Home Preservation Loan Program. The RRR offers low-interest loans of up to \$24,999 for home repairs to homeowners with incomes at or below 120% of the Philadelphia's area median income (AMI).

Small Landlord Repair Program: This program offers low-cost loans and technical assistance to landlords that own a total of four or fewer units that need health and/or safety-related repairs. All loans must be made to properties with affordable rents.

TTF: Tangled Title Fund. TTF assists low-income Philadelphians seeking legally clear title to their homes with the assistance of an attorney, paralegal, or housing counselor.

WAP: Weatherization Assistance Program. WAP provides free weatherization and energy-efficiency improvements to owner-occupied houses and tenant-occupied rental units.

Water Customer Bill Assistance: The Department of Revenue and Philadelphia Water Department offer a number of water bill assistance options for qualifying customers.



phila.gov/departments/departments-of-planning-and-development