

FOUNDATION FOR THE FUTURE:

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DEVELOPING PHILADELPHIA'S HOUSING ACTION PLAN

City of Philadelphia  
Department of Planning & Development

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## I. INTRODUCTION

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After decades of population loss, the City of Philadelphia is experiencing population and job growth. In 2018, the City’s Housing Advisory Board and the City of Philadelphia’s Department of Planning and Development completed the city’s first comprehensive, strategic housing plan, *Housing for Equity: An Action Plan for Philadelphia* (the “Plan”). The Action Plan outlines key policies and programs to address Philadelphia’s projected housing needs for all income types over the next ten years. This report is a companion to the Action Plan. It details the stakeholder engagement process, data analysis and methodology used to project the City’s housing needs, and lists more than 100 recommendations from task force and working committees representing nonprofit, private and public agencies.

## II. DEVELOPING THE HOUSING ACTION PLAN

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Housing Advisory Board Charter: The 2015 City Charter change creating the Housing Advisory Board, also mandated the production of a multi-year strategic housing plan. The housing plan would make recommendations for maintaining and increasing affordable housing, workforce housing, and market-rate housing in Philadelphia. In 2018, Mayor Jim Kenney authorized the City’s Department of Planning and Development to oversee Philadelphia’s first Housing Action Plan. It would build on existing City plans and studies and the current work of task force and stakeholder groups.

Core Value & Objectives: Guiding the development of the Housing Action Plan are core values and objectives designed to address the housing needs of the city’s residents for the next ten years. Early in the planning process, the Housing Advisory Board agreed to the following:

- A commitment to develop policies and programs to foster economic growth, ensure sustainable neighborhoods, and provide high quality, safe, and affordable housing options for all.
- Building a broad and deep constituency to help inform public policies, drive programs and generate capital to deliver and sustain such housing.
- Using relevant data, best practices in the industry, and examples of success here in Philadelphia and in other places to inform recommendations and priorities.
- Engaging public, private and nonprofit stakeholders to work individually, collectively and collaboratively to help define and achieve actions called for in this housing plan.

Summary of the Process: The process to create the Action Plan involved the following:

- Review of City agencies comprehensive plans including the Assessment of Fair Housing, the 5-year Consolidated Plan, the 2035 Comprehensive Plan and its 18 District Plans, and the public input into the City’s Assessment of Fair Housing Plan Process in which nearly 5,000 residents participated.
- Review of other existing plans, studies, task force and stakeholder group reports and

recommendations, and precedent research informed by stakeholder group input.

- Refinement of 10-year housing unit goals based on data analysis and input from stakeholders.
- Vetting of priority recommendations for refinement and inclusion in the draft and final Action Plan.
- Tapping into the work of task forces and working committees representing a cross-section of the nonprofit and private sectors, government agencies, and philanthropic institutions, working in seven priority areas:
  - Access to Homeownership
  - Affordable Rental Housing Preservation
  - Assessment of Fair Housing
  - Construction Cost & Technology
  - Eviction Prevention
  - Homeless Assistance Strategic Plan
  - Resources and Financing

## II. DATA ANALYSIS: METHODOLOGY<sup>1</sup>

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### Snapshot: Philadelphia's Housing Needs

The Housing Market at a Glance: Philadelphia's current housing stock includes approximately 675,000 units.<sup>2</sup> New units are being added steadily; between 2007 and 2017, an average of 2,400 new units were permitted each year. Still more units are being renovated. The average annual number of permits for major alterations between 2007 and 2017 was 4,600 permits.<sup>3</sup> These new and rehabilitated units help accommodate a population that is growing at a pace of about 2,600 households per year.<sup>4</sup>

While this activity is an important sign of progress, it is not addressing need at the lower end of the housing market. Most new units have entered at the top of the market. Homeownership units built in the last ten years are valued substantially higher than the average Philadelphia home. Few new units are available for less than \$190,000, whereas 25% of all units in the city are valued below \$90,000. The difference is slightly less dramatic for rents (see Table 1, below). Even so, in 2016, Philadelphia had nearly 5,700 more units renting for \$2,000 or more than it had eight years earlier, adjusting for inflation.<sup>5</sup>

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<sup>1</sup> Appendix A: Housing Action Plan – Figures includes a compilation of data outputs used to develop the Plan.

<sup>2</sup> U.S. Census Bureau, American Communities Survey, 2016 5-year Estimates.

<sup>3</sup> PolicyMap Annual Building Permits; Department of Licenses and Inspections.

<sup>4</sup> Annual new households 2006-2016. U.S. Census Bureau, American Communities Survey.

<sup>5</sup> U.S. Census Bureau, American Communities Survey 1-Year Estimates 2008-2016.

**Table 1.** Comparing the Rents and Values of New versus All Housing Units<sup>6</sup>

	25 <sup>th</sup> Percentile of Rent or Value	Median Rent or Value	75 <sup>th</sup> Percentile of Rent or Value
All rental units	\$600	\$800	\$1,100
Rental units built 2006-2016	\$800	\$1,400	\$2,000
All for-sale units	\$90,000	\$150,000	\$230,000
For-sale units built 2006-2016	\$190,000	\$300,000	\$450,000

Residents whose incomes are not sufficient to access new housing must occupy older units that have filtered down to lower price points. Nearly 90% of housing units in the city were built before 1980 and many require significant repairs and upgrades. However, persistent poverty puts such investments out of reach for many. Simply paying the rent can consume half of a household’s monthly income. In fact, approximately 125,000 households are severely cost-burdened, meaning that they use over half of their income to pay for housing expenses.<sup>7</sup>

These contrasting conditions—steady construction activity on the one hand, and deterioration and disinvestment on the other—characterize Philadelphia as a dual market city. In Strong Market Neighborhoods with high demand and rising prices, programs and policies can protect against displacement and ensure that all residents access the benefits of growth. In Disinvested Neighborhoods, which struggle with aging housing, low household incomes, and a disproportionate risk of eviction and foreclosure, public initiatives can help to improve housing quality and increase housing security.

In order to develop housing goals for the next ten years, we took a closer look at current and future housing needs stemming from population changes, current housing conditions, and other factors like expiring subsidies, excessive cost burdens, and chronic homelessness.

**Changing Demand for Housing:** After a long period of population loss, Philadelphia is growing again. Over the next ten years, the city is expected to grow by 25,000 households. Therefore, there is demand for at least 25,000 additional housing units, which may either be new construction or formerly vacant units that are re-occupied. This estimate builds on the cohort-survival population projections produced by the Delaware Valley Regional Planning Commission (DVRPC). The cohort-survival method uses trends in migration, birth, death, and household formation by age group to forecast net change in the number of residents. These projections were further adjusted to account for the trend toward smaller households because that will increase housing demand.

Not all age groups will see their housing needs grow. The bulk of the net increase in households will take place in the 35-to-44 and 65-plus age groups. In contrast, there is a projected net decline in the number of heads of households aged 25 to 34 and 55 to 64 as millennials and baby boomers exit these age groups (see Table 2, below). These differing trends have implications for what types of housing units will be in demand over the next 10 years.

<sup>6</sup> Rents and home values 2006-2016. U.S. Census Bureau, American Communities Survey.

<sup>7</sup> U.S. Census Bureau, American Communities Survey, 2016 5-year Estimates.

**Table 2:** Projected Additional Occupied Units by Age group, Tenure, and Housing Type (Annual)

	Projection
Total Occupied Units	25,000
Age	
<25	1,130
25-34	-13,480
35-44	20,020
45-54	3,840
55-64	-8,760
65+	22,250
Owner Occupied	17,000
Renter Occupied	8,000
Single Family	19,000
2-4 Family	2,000
Multi-Family	4,000

2016 American Communities Survey (ACS) microdata available from IPUMS help to translate projected changes in household structure into demand for housing units by tenure (owner versus renter) and housing type (single- versus multi-family). Assuming that the tenure and structure mix by age group remain the same as they are today and accounting for projected trends, 17,000 of the 25,000 projected additional units would be for homeownership and 8,000 for renter-ship. Given Philadelphia's current housing type breakdown, roughly 19,000 units would be in single-family structures, 2,000 in 2-4 family structures, and 4,000 in multifamily buildings. This represents substantially higher demand for owner-occupied and single-family units in the future than has been produced in recent years; it may be tempered by trends toward longer renter-ship among young Philadelphians or growing preferences for multifamily living.

**Table 3:** Units Built 2006-2016 by Housing Type

Unit Type	Units Built 2006-2016	Share of Units
Single-Family	1,060	44.4%
2-4 Unit Building	241	10.1%
Multifamily	1,088	45.6%
Apartment Type	Apartments Built 2006-2016	Share of Apartments
Studio	148	6.2%
1-Bedroom Apartment	523	21.9%
2-Bedroom Apartment	554	23.2%
3-Bedroom Apartment	948	39.7%
4+ Bedroom Apartment	216	9.0%

**Rehabilitation, Preservation, and Special Housing Needs:** Philadelphia must not only plan for growth over the next ten years, but also respond to the needs of existing residents.

Rehabilitating Our Housing Stock: One major need is for safe, decent housing. The city has a large supply of older units; 88% of homes in Philadelphia were built before 1980.<sup>8</sup> Some of these homes have suffered from deferred maintenance and now require substantial rehabilitation. Approximately 25,000 residential properties fall in the “below average” condition category as estimated by the Office of Property Assessment. These units are characterized by “excessive deferred maintenance, wear and tear, abuse, and/or minor vandalism, or unrepaired minor fire damage. These items are starting to add up and take their toll.”<sup>9</sup> In addition, according to the Census, approximately 31,000 housing units lack complete kitchen facilities and 27,000 lack complete plumbing.<sup>10</sup> While we know that the OPA assessment, and Census data, are not perfect sources of estimates for housing quality, they were the best data available. One hope is that the implementation of this plan will involve additional data collection that will allow for better estimates of housing quality needs.

As Philadelphia’s population ages, there is also growing need for housing that is accessible to people with mobility impairments. About 16% of all Philadelphia residents have a disability; the percentage rises to 40% for residents aged 65 and older, who often live on a fixed income. The percentage is also disproportionately high for very low-income residents; about one in every five people living under the poverty line has a disability. These households cannot afford to pay extra for accessible homes.<sup>11</sup>

Preserving Our Affordable Units: Safe and decent housing must also be affordable. “Affordable” housing traditionally consumes no more than 30% of a household’s income. Not all groups in Philadelphia currently have access to affordable housing under this definition. In fact, about 40% of households are cost-burdened (paying more than 30% of their income for housing). Renters are particularly likely to be cost-burdened and severely cost-burdened (55% and 32% respectively). Extremely low-income households—those earning less than 30% of the Area Median Income (AMI)—are also especially vulnerable. Approximately 81% are cost-burdened. In contrast, only 5% of households earning more than 80% AMI are cost burdened and less than 1% are severely cost burdened.<sup>12</sup> High cost burdens create housing insecurity; any unexpected expense can leave a household without enough resources to pay their rent or mortgage. Some 24,000 eviction filings were recorded in Philadelphia last year, with nonpayment of rent cited in the overwhelming majority of cases.<sup>13</sup>

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<sup>8</sup> U.S. Census Bureau, American Communities Survey, 2016 5-Year Estimates.

<sup>9</sup> Office of Property Assessment (OPA). Property Assessments.

<https://www.opendataphilly.org/dataset/opa-property-assessments>

<sup>10</sup> U.S. Census Bureau, American Communities Survey, 2016 5-Year Estimates. Note that these estimates are not cumulative. Any unit may fall into the OPA “below average” category and/or the ACS categories for incomplete facilities. Not all of these units are occupied.

<sup>11</sup> U.S. Census Bureau, American Communities Survey, 2016 5-Year Estimates.

<sup>12</sup> U.S. Census Bureau, American Communities Survey, 2016 5-Year Estimates.

<sup>13</sup> Mayor’s Taskforce on Eviction Prevention and Response. *Report and Recommendations*, June 2018, pp.9-10.

**Table 4.** Cost-burdened Renter Households by Income.

Percent of Area Median Income	Cost-Burdened Renters		Severely Cost-Burdened Renters	
	Households	Percent of all Renters	Households	Percent of all Renters
30% or Less	87,850	88.9%	70,334	71.1%
30-50%	34,461	67.0%	7,895	15.3%
50-80%	11,519	26.7%	1,293	3.0%
80-120%	2,463	7.9%	125	0.4%
120% or More	684	2.7%	0	0%
Total	136,977	54.9%	79,647	31.9%

Publicly subsidized rental housing has affordability restrictions that ensure low-income occupants will not bear excessive cost burdens. Preserving the supply of such units requires either renewing restrictions on those units whose contracts are expiring or replacing them with new subsidized units. Based on the City’s analysis, at least 14,500 units have affordability periods or rent subsidy contracts that expire within the next 10 years.<sup>14</sup> These units may require recapitalization or other interventions to preserve them as affordable.

Unsubsidized but low-cost rental housing, sometimes called “naturally occurring affordable housing” (NOAH), is an even larger source of affordable housing in Philadelphia. Between 2008 and 2016, Philadelphia lost some 13,000 units with rents of \$800 or less (see Table 5).<sup>15</sup> NOAH landlords may require low-cost repair loans and other incentives to maintain their units as affordable, especially in appreciating neighborhoods.

**Table 5.** Housing Units Renting for \$800 or Less in 2016 Inflation-Adjusted Dollars.

Year	Units with Rents of \$800 or Less	Change in Units with Rents of \$800 or Less
2008	96,347	
2010	93,653	- 2,694
2012	97,826	+ 4,173
2014	90,676	- 7,150
2016	83,518	- 7,158

Providing Housing Solutions for People Experiencing Homelessness: Some households have housing needs that are functionally different. People repeatedly experiencing street homelessness due to a chronic illness, disability, and/or addiction require long-term subsidized housing connected with supportive services. The taskforce charged with drafting a new strategic plan for the homeless

<sup>14</sup> Philadelphia LISC. *Publicly Assisted Affordable Rental Housing Preservation Report: Adopting a Preservation Strategy for Philadelphia*, 2017.

<sup>15</sup> U.S. Census Bureau, American Communities Survey, 2008 and 2016 1-Year Estimates in 2016 Dollars. Note that these units did not necessarily leave the housing market; most simply moved to a higher rent category.

assistance system estimated that Philadelphia needs 2,500 additional permanent supportive units over the next 10 years to house chronically homeless residents.

## 10-Year Housing Goals

The preceding snapshot shows that Philadelphia’s housing needs are vast and diverse. This Plan’s mission is not to resolve all housing issues within the next ten years. Rather, we hope to set ambitious yet achievable goals that will lay the foundation for a healthier, more equitable future. Our 10-year housing targets therefore reflect need, but they are attuned to anticipated public resources and market activity.

Philadelphia’s 10-year goal is to produce or preserve housing for 100,000 households. On the production side, 36,500 additional housing opportunities will accommodate new households and pent-up demand. These ‘new’ units may be provided either via new construction, by putting vacant units back into use or by assisting a household to purchase a home. On the preservation side, 49,000 units are targeted for interventions (including repair programs and financial assistance) that will make them safe, decent, and affordable. Another 14,500 units face expiring affordability restrictions and may need to be preserved or replaced. Finally, 2,500 permanent supportive units are needed to meet the needs of homeless households. The City anticipates meeting these needs through a combination of new and existing programs and policies, and through the responses of a healthy housing market.

**Table 1:** Production and Preservation Goals (10 years)

	Overall Target
Production	36,500
Preservation/Rehabilitation	63,500
Physical	49,000
Expiring Subsidy	14,500
Homeless	2,500
Total	100,000

The next step is to allocate targets among income and tenure groups, since these groups often demand different kinds of housing. About a third of Philadelphia households currently earn less than 30% of the area median income (or less than \$25,000) and about two thirds earn less than 80% of AMI (or less than \$67,000). About half of these households are owners. Table 2 shows the breakdown of preservation and production targets among owners and renters of different income groups based on existing need, projected household changes, and where new and existing programs are expected to have the greatest impact.

**Table 2.** Housing Goals by Income, Tenure, and New versus Preserved Units.

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

## Methodology

The following is a detailed description of how the 10-Year Housing Goals were developed using national and local data sources. First, we estimated the growth in occupied housing units over the next 10 years. Second, we measured preservation needs. Finally, we broke down production and preservation needs by income band to establish goals and revised these goals based on recent production and housing intervention capacity.

### 1. New Occupied Housing Units

Using different Delaware Valley Regional Planning Commission (DVRPC) population projections, current household characteristics from the American Communities Survey (ACS), trends in household size, and recent population growth patterns, we estimate that Philadelphia will need an additional 2,500 occupied housing units per year. This figure is a mid-range estimate derived as follows:

- The initial projection, based on the latest DVRPC forecast, was for 2,000 new households per year.
- Breaking the population into age groups (which display different household formation behavior over time) and introducing declines in household size increased the projection to an estimated 3,000 new households per year.
- Over last 10 years (2006-2016), Philadelphia’s population increased by 2,600 new households per year.
- An estimate of 2,500 new households per year is therefore a midrange scenario that reflects recent trends. Some of the units occupied by new households may be newly constructed, while others will be units that exist now but are vacant.

To divide the newly occupied housing units into renter and ownership units:

- We could assume that for any given age group, the future tenure split between renters and owners will match the 2016 split. Given projected changes in the population of each age group, we would estimate a demand for an additional 1,700 owner occupied units (68 percent) and 800 renter occupied units (32 percent).

- Another approach is to apply the current overall split in tenure to Philadelphia’s future population, regardless of age group. Based on this approach, the projected demand for rental units is 1,200 units (48 percent) and demand for owner-occupied units is 1,300 units (52 percent).

In the final scenario, the goals call for an additional 3,400 units a year almost evenly distributed between new owner occupied and new rental units. This split are closely reflects the current tenure, with 1,750 additional owner-occupied units per year (just over 51 percent) and 1,650 additional renter-occupied units per year (just under 49 percent) over the next ten years. These goals include demand due to projected population growth, plus an additional 900 affordable units to meet the needs of households who are currently severely housing cost burdened. To address homeless population needs as estimated by *Transforming Philadelphia’s Homeless System*, 250 permanent rental supportive units are required per year as well (in addition to the 1,650 units).

## **2. Units to be Preserved, Rehabbed, Maintained or Made Affordable**

A substantial share of Philadelphia’s current supply of occupied units needs substantial investment due to deferred maintenance and normal depreciation. Estimating the current number of units in that category, plus the units that will enter and exit that category in the future, is not straightforward. No single data source provides a comprehensive measure of housing quality. However, several measures can serve as proxies for housing repair need. Each measure has advantages and disadvantages, and there is likely substantial overlap across them (i.e., the same unit likely falls into multiple categories of need). In addition, it is difficult to differentiate vacant units from occupied units in a number of sources. The Office of Property Assessment (OPA) classifies units as new, above average, average, below average, vacant but not habitable, or sealed or structurally compromised. The “below average” class is a useful proxy for units that are likely occupied but in need of physical improvements. In order to address the stock of occupied units in need of improvement, as well as those that will likely enter the “below average” category each year, we estimate that there is a need to rehabilitate 3,500 units per year.

In addition, there is a major need to maintain and potentially expand the number of units that are affordable to low-income households in order to address the high number of renter and owner households who are severely cost burdened. Simply to maintain the current stock of subsidized units, 1,450 units with expiring affordability restrictions need to be preserved or replaced by new affordable units on average annually within the next 10 years. In addition, 125,000 households who are currently severely cost-burdened (40,000 owner households and 85,000 renter households) and 15,000 households who are experiencing overcrowding (and are often simultaneously severely cost-burdened and in substandard housing conditions) require assistance, though this Plan cannot resolve all need.

Goals for preserving and rehabilitating 6,350 units a year are thus based on estimates of a) the existing backlog of occupied units with substantial deferred maintenance and households living in substandard housing conditions, b) the anticipated depreciation of the stock, c) the supply of subsidized units with expiring restrictions, d) the number of households currently severely housing cost burdened or overcrowded, and e) the current level of assistance that the City provides through programs like the Basic Systems Repair Program (BSRP) and the Adaptive Modifications Program (AMP).

- a. Existing backlog of occupied housing units in below average condition**
  - The relevant measure is OPA residential units classified as “below average.”
    - There are approximately 25,000 units in this category, so 2,500 units/per year would need repairs to bring them up to “average.”
- b. Depreciation of the stock of occupied housing units**
  - There is no direct measure of depreciating occupied housing units in Philadelphia.
  - The American Housing Survey (AHS) estimates that 1% of units are lost annually in Northeast (however, some of these are already vacant units).
  - It is reasonable to estimate that 1,000 units per year need to be replaced or repaired in order to avoid exiting the occupied housing unit stock. This estimate can be strengthened by tracking the annual number of Licensing and Inspections (L&I) violations for non-hazardous or unsafe conditions (there are currently about 7,500 units per year with violations, but this includes a substantial number of vacant units).
- c. Expiring restrictions**
  - The National Low-Income Housing Coalition and other sources provide a count of subsidized affordable units at risk of subsidy expiration.
    - There are an estimated 14,500 units that risk subsidy expiration by 2027.
    - Not all units will require an intervention to preserve them as affordable. However, some will require recapitalization; others may exit their subsidy program and must be replaced by new affordable units simply to maintain the current affordable stock.
- d. Severe cost burdens and overcrowding**
  - According to the 2016 ACS estimates, there are approximately 125,000 households who are severely cost-burdened and 15,000 who are overcrowded. These households likely also experience other housing needs.
- e. Current level of service from city program**
  - The City’s BSRP and AMP programs can provide basic system repairs or adaptive modifications to 2,400 units a year at current funding levels.
  - Tax relief and repair loan programs like Homestead, LOOP, and HPLP, can deliver service to 550 households a year at current participation rates.

### **3. Breaking Down Estimated Demand by Income Band and Developing Goals**

In order to translate these estimated needs into a set of achievable targets for the Housing Action Plan, an important step is to distribute needs by income band.

We assume that new units over the next ten years will be distributed among income and tenure groups the same way they are currently distributed, with two exceptions. First, we restrict the goal for new owner-occupied units to households earning 50% of AMI or above. As Table 1 shows, a small number of home purchase mortgages have been originated to households earning below 50% of AMI in recent years; however, homeownership is generally difficult to sustain at very low-income levels. Second, we

make some modifications to the goal for new rental units to reflect recent increases in higher-income renters.

**Table 1:** Origination of Home Purchase Mortgages by Household Income<sup>16</sup>

Percent of Area Median Income	2014	2015	2016	2017
30% or Less	212	228	263	310
30-50%	996	1,245	1,334	1,473
50-80%	2,427	2,863	3,363	3,525
80-120%	3,126	3,561	3,981	4,223
120% or More	7,017	8,004	9,150	10,467
Total	13,778	15,901	18,091	19,998

With regard to the preservation goals, we expect needs to concentrate among lower- and moderate-income households (those earning less than 80% of AMI). We expect that most owner-occupied properties with deferred maintenance are owned by households earning less than 80% AMI. The target to preserve 24,000 owner-occupied units within this income group is distributed among sub groups based on the City’s experience in repair programs. For renter occupied units, the target to preserve 34,000 units is based on the 14,500 units that face expiring subsidies and an estimate of the number of units needing physical improvements that can be served through actions recommended in this plan.

### III. STAKEHOLDER ENGAGEMENT: DEVELOPING KEY THEMES AND PROGRAMS

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#### Plan Review and Research

Although this is Philadelphia’s first Housing Action Plan, it rests on a deep and solid foundation of housing-related planning. In December 2016, the City completed an Assessment of Fair Housing (AFH) that incorporated input from over 5,000 survey respondents as well as from community and stakeholder groups, from public housing residential leadership, and from five focus groups. The five-year Consolidated Plan and Annual Action Plan take up many of the recommendations from the AFH, assigning them concrete funding and implementation timelines. In addition, Philadelphia’s Comprehensive Plan and 18 District Plans include numerous recommendations addressing housing quality, location, and affordability. Together, these plans present 40 strategies and over 130 specific actions designed to meet housing needs in Philadelphia.

In 2016-18, Mayor Kenney convened a number of task forces to tackle discrete housing issues such as eviction (the Mayor’s Task Force on Eviction Prevention and Response); homelessness (a committee formed to produce a new 5-year plan for Philadelphia’s homeless assistance system); and historic preservation (the Philadelphia Historic Preservation Task Force).<sup>17</sup> Each group was charged with

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<sup>16</sup> Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act Data 2014-2017.

<sup>17</sup> The Task Force on Homelessness, had not completed its final report during the Stakeholder Engagement phase of the Housing Action Plan. The Draft Strategic Plan, *Transforming Philadelphia’s Homeless System* was used to inform the Action Plan.

producing a report that stands on its own, but whose recommendations would be considered in developing the Housing Action Plan. Five more working committees were convened to further develop the Action Plan: the Access to Homeownership Committee; the Construction Cost and Technology Working Group; the Affordable Rental Housing Preservation (ARHP) Committee, which consisted of two subcommittees: Publicly Assisted Affordable Rental Housing and Naturally Occurring Affordable Housing (NOAH); and the Resources and Financing Committee. Combined, these various groups produced over 100 recommendations that were considered for the Action Plan. A catalogue of city plans and studies as well as stakeholder reports and memos are included on Appendix B: Housing Action Plan – Plans and Studies Review.

In addition to carefully reviewing these plans and reports, PennPraxis, the research and data analysis consultant, conducted precedent research to answer the question, what can we learn from other cities? Research drew on annual reports, program evaluations, academic studies, and conversations with experts to identify useful precedents. Some examples include: Chicago’s property-based rent subsidy; New York City’s HomeBase program; San Francisco’s Housing Accelerator Fund; Amsterdam’s Ground Lease System; and the Community Investment Corporation’s 1-4 Unit Rental Rehabilitation Loan Program. Additional research focused on lead and mold remediation programs; landlord incentive programs; leveraging public land for affordable housing; and potential sources of financing for housing programs. This research can be found in Appendix B: Precedent Research.

## **Task Force and Working Committee Goals and Specific Actions**

The Housing Action Plan consultant team met with the Chair(s) of each Task Force and Working Committee to discuss how their recommendations complemented or potentially conflicted with those of other committees, as well as to identify the 3-5 recommendations they felt were of the highest priority. In addition, the chairs met twice during the planning process to provide progress updates, summarize the results of individual meetings with the consulting team, and discuss key findings and emerging themes for the Action Plan. The chairs also provided input on the Draft Action Plan to affirm key themes and recommended actions that pertained to their areas of work.

It is important to note the Philadelphia Housing Authority (PHA) actively participated in the Access to Homeownership and Affordable Rental Housing Preservation Working Committee. During the Draft Plan review phase, PHA provided additional recommendations to further support Philadelphia’s lower-income residents. These recommended actions can be found in the Action Plan as follows:

- Advocate for Sufficient Housing Choice Vouchers
- Preserve Existing PHA Units
- Continue to Preserve Long-Term Affordability in Strengthening Markets

The remainder of this section lists each stakeholder groups’ goals and recommended actions. An analysis of stakeholder reports can be found in Appendix B - Housing Action Plan – Plans and Studies Review. All stakeholder reports and memos can be found in Appendix D: Task Force and Working Committee Memos and Reports.

## **I. Access to Homeownership**

<b>Goal: Protect existing homeowners against the loss of their home</b>	
<b>No.</b>	<b>Recommended Action</b>
1.	Continue to Offer Existing Philadelphia Property Relief Programs
2.	Address Tax Lien and Utility Lien Foreclosure
3.	Make Home Improvements
4.	Untangle Title
5.	Develop a Landlord Toolkit
6.	Provide Healthy Home Financing
7.	Increase Access to Homeowners Insurance
<b>Goal: Creating New Homeowners</b>	
8.	Provide Homeowner Education and Counseling
9.	Provide Access to Homeownership Financing
10.	Waive First Time Homebuyer Transfer Realty Tax
11.	Maintain Affordability of Homes Upon Title Transfer
12.	Develop publicly owned and/or acquired vacant land
13.	Transfer properties facing foreclosure to intermediary nonprofit

## **II. Affordable Rental Housing Preservation**

<b>Goal: Prevent the loss of publicly assisted low-cost rental units</b>	
<b>No.</b>	<b>Recommended Action</b>
14.	A lead entity will be designated to drive and coordinate the implementation of core preservation strategies through forming an Affordable Housing Preservation Network, an informal, cross-sector body made up of private, non-profit, and public agencies with expertise in Data, Capacity Building, Regulations and Financing.
15.	Develop an open source and publicly accessible online preservation database for at-risk rental properties.
16.	Offer technical assistance and outreach to owners, asset managers, and public officials on the importance of affordable rental housing preservation.
17.	Offer workshops to residents to learn about affordability periods, regulations, and tenant protections if their property is at risk.
18.	Require owners to provide a right of notice to the City, housing advocates, and residents when the property affordability periods or rent subsidy contract expires within 24 months.
19.	Give right of first refusal to qualified nonprofit developers, government agencies, and/or a tenant association to purchase the property if the private owner opts out.
20.	Require owners who choose to opt out to assist displaced residents by paying for relocation expenses and helping to find replacement housing.
21.	Create new and preserve existing revenue streams to preserve publicly assisted affordable rental housing.
22.	Create a preservation loan fund to support for-profit and non-profit developers in acquiring expiring at-risk units.
23.	Provide a package of retrofit incentives to owners of publicly assisted affordable rental properties to facilitate energy savings.

24.	Reward property owners who volunteer to renew their commitment to long-term affordability by permitting the property to be taxed as an affordable housing property.
25.	Create a set of operating efficiencies standards that can result in operating cost savings to ensure long-term preservation.
<b>Goal: Preserve non-subsidized or naturally occurring affordable rental housing (NOAH)</b>	
<b>No.</b>	<b>Recommended Action</b>
26.	Develop and maintain an open-source online NOAH database. Data will be used by the public to assess, target, prioritize, and develop preservation plans for at-risk properties.
27.	Offer technical assistance and outreach to landlords, asset managers, and public officials on the importance of affordable rental housing preservation.
28.	Offer workshops to residents in danger of eviction/displacement on tenant protections and available services and programs.
29.	Create new and preserve existing revenue streams to preserve NOAH properties.
30.	Create a preservation loan fund to provide flexible, low-cost financing to nonprofit and for-profit developers to acquire and renovate affordable rental properties, preventing displacement.
31.	Provide shallow subsidies to support extremely low-income renters, plus low-interest rehabilitation loans and/or cost-sharing on management costs, to landlords who preserve their properties as affordable rental housing.
32.	Permit a rental property to be taxed as 'affordable' if the landlord agrees to maintain affordable rents.
33.	Allow landlords to satisfy L&I fines by making needed repairs, without risking the loss of their rental license or a delay in the license renewal process.

### III. Construction Cost and New Technology

<b>Goal: Identify the main drivers of the cost of construction in Philadelphia</b>	
<b>No.</b>	<b>Recommended Action</b>
34.	Planning & Development to carry out further analysis and data collection to isolate the factors affecting the cost of affordable and market-rate development such as unit size, labor costs, parking requirements, energy efficiency and others.
<b>Goal: Streamline the development review process to reduce construction costs</b>	
35.	Identify remapping or zoning code amendments to allow affordable housing developments to be pursued by right.
36.	Development Services and L&I coordinate on developing a mechanism to track and benchmark timelines for the entitlement process to determine where specific improvements or efficiencies should be achieved.
37.	L&I explores the use of third-party agencies to perform code review for new construction projects.
38.	Fully fund and implement eCLIPSE and ensure that all agencies involved in the entitlement process are using the platform.
39.	Hold a development services meeting for all affordable development projects so that the developer and agencies can plan for an efficient path through the entitlement process.
<b>Goal: Reduce labor costs</b>	
40.	Pursue a Project Labor Agreement with the building trades to allow for a lower union wage rate (one in line with the federal prevailing wage rate) for affordable housing projects.

<b>Goal: Increase the feasibility of using low-cost modular construction for affordable housing projects</b>	
41.	Explore the feasibility of providing security/collateral agreements or affordable lines of credit to mirror the terms and draw-down schedules necessary for modular construction.
42.	Provide resources and training to L&I around modular permitting under PA Act 45.
43.	Explore provisions that could be included in the zoning code to accommodate modular projects more readily.
44.	Work with PHFA to revise its guidelines to provide more flexibility around source of funds and timing for modular deposits.
<b>Goal: Promote the efficient use of project scoring guidelines and building code provisions</b>	
45.	Work with PHFA to revise its guidelines to allow for traditional fee-for-service architectural fees.
46.	In partnership with PHFA, commission a cost-benefit analysis of the impact of various design-related elements (e.g. Passive House and HVAC system specifications) in the Qualified Allocation Plan (QAP), comparing upfront vs. operating costs.
47.	Work with PHFA to analyze whether the unit size ranges in the QAP are comparable to those found in market-rate development.
48.	Identify strategies to reduce the costs of implementing new energy standards in the International Building Code (adopted in 2018).
<b>Goal: Provide financing to reduce the cost and uncertainty associated with affordable housing development</b>	
49.	Seek sources of public, philanthropic, and private funding to provide low-cost capital to developers for brownfield assessment and remediation.
50.	PRA uses non-federal funds at closing to bridge its permanent financing for affordable housing projects.

#### **IV. Eviction Prevention**

<b>Goal: Increase awareness of eviction prevention rights and resources</b>	
<b>No.</b>	<b>Recommended Action</b>
51.	Create a single citywide portal for access to eviction prevention services. Expand the capacity of existing housing counselors and of the Tenant Referral Help Line.
52.	Conduct a public education campaign about eviction and about safe, habitable housing. Focus on increasing knowledge of rights and responsibilities of tenants and landlords, and encourage use of available resources.
53.	Increase direct outreach to tenants with an eviction filing, to ensure that they are aware of the filing, court date, and available resources.
<b>Goal: Increase housing stability evicted residents</b>	
54.	Provide assistance to people forced to move as a result of Sheriff's Sales.
55.	Pilot a program based on HomeBase, NYC's targeted homelessness prevention program.
56.	Expunge eviction filings and judgments.
<b>Goal: Protect tenants against problematic landlord behavior; support positive landlord behavior</b>	
57.	Fund a low-interest loan program to enable small landlords to make necessary repairs to their properties.
58.	Increase enforcement of requirements related to key rental documents, in order to ensure that licensing and housing quality requirements are being met.

59.	Share data with non-profit partners, so that they can develop databases with information about landlords and rental properties.
60.	Use data analysis to identify properties suspected to be operating as unlicensed rentals.
61.	Explore code changes to improve efficacy and efficiency of enforcement against problematic landlords, based on further study of best practices nationwide.
62.	Expand pilot program to inspect and enforce regulations against problematic landlords.
<b>Goal: Create an eviction process that protects tenants</b>	
63.	Develop a process to hold landlord-tenant complaint resolution meetings prior to eviction proceedings.
64.	Set up a mandatory, pre-hearing mediation process to give landlords and tenants time to consider options and consult housing counselors. Advertise it to individuals unfamiliar with the court process.
65.	Increase legal representation for low-income tenants.
65.	Adopt Good Cause Eviction legislation to require landlords to provide a legitimate reason prior to evicting tenants.

#### **V. Homelessness Prevention**

<b>Goal: Improve coordination across systems to prevent and resolve homelessness</b>	
<b>No.</b>	<b>Recommended Action</b>
66.	Establish an Intergovernmental Council on Homelessness for leaders of City agencies.
67.	Reconfigure the Philadelphia Continuum of Care governing structure to advance the strategies of this plan.
68.	Develop a coordinated response to address youth homelessness.
69.	Assist DHS in adopting system changes to improve housing stability for youth exiting child welfare or juvenile justice systems.
70.	Advise the School District of Philadelphia on increasing access to McKinney-Vento education resources.
71.	Implement a pilot of the Frequent Users Systems Engagement (FUSE) Model to house people with extensive histories in the criminal justice, behavioral health, and homeless assistance systems.
72.	Pilot Rapid Re-Housing for Reunification targeting parents and children separated by difficulty in securing housing.
73.	Launch Client Snapshot to share data between City departments and contracted providers.
74.	Connect street outreach data with data on the rest of the homeless-dedicated assistance system to improve referrals.
<b>Goal: Communicate more effectively to prevent and resolve homelessness</b>	
75.	Use a targeted marketing campaign to increase public understanding of homelessness and resources/strategies.
76.	Institute an OHS multi-channel communication strategy targeting various stakeholder groups.
77.	Launch Coordinated Entry and Assessment-Based Housing Referral System (CEA-BHRS) marketing campaign.
78.	Improve publication of homeless assistance system data.
79.	Research platforms for centralized resource-sharing.

<b>Goal: Expand resources for prevention, rapid re-housing, and permanent supportive housing</b>	
80.	Conduct and use annual analyses of gaps between population needs and the inventory of housing and services to drive future funding decisions.
81.	Develop a public-private funding collaborative to address the expansion of housing resources.
82.	Create a private investment pool to fund supportive housing units for people experiencing street homelessness.
83.	Engage landlords to increase the database of landlords renting to those exiting homelessness.
84.	Research and implement effective diversion strategies, including training for community members and landlords.
85.	Expand the OHS shallow rent pilot to serve additional households on fixed disability incomes.
86.	Cultivate relationships with major healthcare systems to leverage resources for housing.
<b>Goal: Establish a transparent and inclusive quality improvement process</b>	
87.	Seek provider input when establishing annual program performance targets.
88.	Establish CEA-BHRS Subcommittee to develop and refine an annual CEA-BHRS evaluation strategy.
89.	Revisit mission and goals of the CoC's Quality Improvement and Evaluation Subcommittee
90.	Hold regular convenings with people who've experienced homelessness for their recommendations.
91.	Identify resources to expand trainings offered to City staff and providers, especially regarding guiding principles and prioritization, as well as cultural competency.
92.	Identify resources to expand trainings offered to City staff and providers, especially regarding guiding principles and prioritization, as well as cultural competency.
<b>Goal: Connect people to employment and workforce development services</b>	
93.	Locate satellite CareerLink site at a CEA-BHRS Access Point.
94.	Create a working group to assess the workforce development needs of people experiencing homelessness.
95.	Increase coordination between homeless assistance and workforce development systems.
96.	Seek solutions to childcare and transportation barriers to employment.
97.	Work with First Step Staffing to connect people experiencing homelessness to employment.
98.	Consider creating a day labor program for people experiencing homelessness.

## **VI. Resources & Financing**

<b>Goal: Increase Existing Local Housing Resources.</b>	
<b>No.</b>	<b>Recommended Action</b>
99.	Allocate revenue from expiring tax abatements and density bonus payments to affordable housing.
100.	Pursue a per-night surcharge on short- and medium-term rentals.
101.	Research impact of increased eviction filing fees as a mechanism to increase funding tenant legal assistance.
<b>Goal: Provide mechanisms to further leverage and recapture funding dollars.</b>	
102.	Establish a Housing Accelerator Fund.
103.	Increase the use of and further capitalize a credit enhancement facility.
104.	Further investigate the use of cash flow mortgages as a vehicle to fund affordable housing.

105.	Establish a mechanism to pool LIHTC preservation projects to increase viability of financing using 4% LIHTC's.
<b>Goal: Collateralize publicly held properties and tax delinquent vacant parcels to incentivize or fund a mechanism to finance affordable housing development.</b>	
106.	Provide properties at a nominal or below-market value in exchange for developer commitment to produce affordable housing.
107.	Identify tax delinquent parcels in high value neighborhoods that can be acquired to promote mixed-income housing and equitable development.
108.	Identify publicly held parcels located adjacent to tax delinquent parcels to assemble land for affordable housing development to spur capital investment into neighborhoods.
109.	Assess the book value of publicly held land to determine if these properties could be pledged as collateral.
<b>Goal: Create a mechanism to capture a portion of the value derived from up-zoning or increases in allowable density to offset development pressures resulting from larger-scale development projects.</b>	
110.	Develop a tool capable of measuring the value added to a property due to up-zoning or an increase in allowable building density.
111.	Based on the increased value, identify an economically viable proportionate share to be dedicated to the production of affordable housing.
112.	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 supplement the Housing Trust Fund.
<b>Goal: Acknowledge the nexus between health and housing by analyzing appropriate data, identifying specific interventions needed to improve the social determinants of health, and utilizing cost savings realized due to housing interventions that decrease healthcare needs, recidivism, and chronic homelessness to expand access to affordable, quality, healthy housing.</b>	
113.	Work with Health Department and health care providers to identify key health indicators, cost to the healthcare system of chronic disease and repeat admissions due to poor quality and unaffordable housing.
114.	Based on data analysis identify economic impact of chronic disease, emergency room visits and repeat admissions due to poor quality and unaffordable housing.
115.	Utilize portion of achievable costs savings to seed a Flexible Housing Subsidy Pool to address poor and unaffordable housing conditions and augment funding available to existing housing repair grant and loan programs.
116.	Explore the use of social impact bonds, which would raise capital for upfront repair, rental support and support services, and provide the prospect of returns on those investments by sharing a portion of healthcare and other costs savings achieved.

## Housing Advisory Board and External Stakeholder Engagement

The consulting team provided four updates to the Housing Advisory Board during the planning process. The purpose of the presentations was to review the project schedule, solicit input on the development of 10-Year housing projections, and report on stakeholder recommendations and findings from precedent research. The October 2018 meeting was reserved for a presentation of the Draft Housing Action Plan. All meetings were open to the public.

Additional engagement took place with Philadelphia City Council, City Agencies, Philadelphia Association of Community Development Corporations (PACDC), and the Assessment of Fair Housing stakeholder group. These meetings mirrored the Housing Advisory Board presentations and offered an opportunity for deeper engagement and dialogue with public and nonprofit agencies. All presentations can be found in Appendix F: External Stakeholder Engagement.

## IV. APPENDIX

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- A) Figures:** Compilation of data outputs used to develop the Housing Action Plan. Outputs include: New Household Projections, Recent Production, Housing Condition, Rent Burden, Production and Preservation Targets
- B) Plans and Studies Review:** Consists of an excel workbook that summarizes the strategies and actions presented in six committee reports, four background plans, and eighteen District Plans that informed the Housing Action Plan.
- C) Precedent Research Memos:** Includes two memos summarizing selected precedents.
- D) Task Force and Working Committee Memos and Reports:** Includes a copy of each committee’s memo or report.
- E) Resourcing the Housing Action Plan:** Budget detail for resourcing the Plan
- F) Stakeholder Engagement Presentations:** Includes all stakeholder engagement presentations
- G) List of Task Force and Working Committee Members:** Includes links to Mayor’s Taskforce Committee Members and the names of all Working Committee Members.

Thank you to the Housing Action Plan consulting team:

Local Initiatives Support Corporation (LISC)

Claudia Aiken & Vincent Reina, PennPraxis

V. Lamar Wilson Associates, Inc.