COUNCIL OF THE CITY OF PHILADELPHIA

COMMITTEE ON FINANCE

Remote location using Microsoft® Teams
Wednesday, October 6, 2021
9:00 a.m.

PRESENT:

COUNCILMAN DEREK S. GREEN, CHAIR
COUNCILWOMAN CINDY BASS
COUNCILMAN ALLAN DOMB
COUNCILWOMAN HELEN GYM
COUNCILMAN DAVID OH
COUNCILWOMAN MARIA D. QUINONES-SANCHEZ
COUNCILMAN MARK SQUILLA

BILLS: 210681, 210682, 210684

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COUNCILMAN GREEN: Good morning, everyone. This is the Council Committee on Finance. We'll get started in a few moments. This is the Committee regarding Bill Nos. 210681, 210682 and 210684.

State law currently requires that the following announcement be made at the beginning of every remote public hearing as follows: Due to the current public health emergency, City Council Committees are currently meeting remotely. We are using Microsoft Teams to make these remote hearings possible.

Instructions on how the public may view and offer public testimony at public hearings of Council Committees are included in the public hearing notices that are published in the Daily News, Inquirer and Legal Intelligencer prior to the hearings and can also be found on PHLCouncil.com. I now note that the hour has come.

Mr. Iannuzzi, will you please

call the roll to take attendance. Members that are in attendance, please indicate that you are present when your name is called. Also, please say a few brief words when responding so that your image will be displayed on screen when you speak.

THE CLERK: Councilmember Cindy Bass.

COUNCILWOMAN BASS: Good morning, Mr. Chairman, colleagues and guests. I am present.

COUNCILMAN GREEN: Good morning.

THE CLERK: Councilmember Allan Domb.

COUNCILMAN DOMB: Good morning, Mr. Chair and colleagues.

COUNCILMAN GREEN: Good morning.

THE CLERK: Councilmember Mark Squilla.

COUNCILMAN SQUILLA: Good morning, Mr. Chair and colleagues. Present.

COUNCILMAN GREEN: Good morning.

THE CLERK: Chair Green.

COUNCILMAN GREEN: Good morning members of Council, my colleagues and all witnesses here to testify. I know Councilwoman Gym will be on in a few moments. Once she attends, we will make a formal acknowledgment that we have quorum. Right now we are going to call this hearing to order. This is the public hearing of the Council Committee on Finance regarding Bill Nos. 210681, 210682, 210684.

Mr. Iannuzzi, will you please read the titles of the bills.

THE CLERK: Bill No. 210681, an ordinance approving the 2021-2022 Neighborhood Preservation Initiative Program Statement and Budget, which addresses the expenditure of $100 million by various agencies in the first year of the Neighborhood Preservation Initiative Program, and approving a substantial amendment to the Annual

Action Plan 2021-2022, the City's consolidated Housing and housing-related expenditures plan to incorporate the Program, Statement and Budget into the Action Plan.

Bill No. 210682, an ordinance authorizing the City Treasurer, on behalf of the City, to enter into an amendment to an agreement with Citizens Bank of Pennsylvania for provision of payroll banking services to the City, under certain terms and conditions.

And Bill No. 210684, an ordinance authorizing generally the continued issuance and sale by the City of Philadelphia of Gas Works Revenue Notes of the City, prescribing the forms of notes and providing for their execution and payment, pledging certain revenues of the Gas Works as security, adopting a rate covenant and directing the imposition and collection of rates and charges sufficient to comply therewith, prescribing the conditions precedent to the issuance of specific series of notes, including a resolution passed by the Bond Committee providing for establishment of credit support for notes, providing for designation of a fiscal agent and sinking fund depository, providing for establishment of a sinking fund and its management, providing remedies upon default, and providing for amendments and modifications.

COUNCILMAN GREEN: Thank you, Mr. Iannuzzi.

I also note that Councilmember Gym is also present. In order to check your microphone, could you please indicate as such?

COUNCILWOMAN GYM: Yes. Good morning, Chair Green. Good morning, colleagues. I apologize that my microphone was not quite working well. Thank you.

COUNCILMAN GREEN: Thank you. We now have a quorum of this Committee which is present. And as I stated earlier, the hearing was previously called to order. Mr. Iannuzzi, thank you for reading the titles of the bills.

Before we begin to hear testimony from the witnesses we have for today, everyone who has been invited to this meeting to testify should be aware that this public hearing is being recorded. Because the hearing is public, participants and viewers have no reasonable expectation of privacy. By continuing to be in the meeting, you are consenting to being recorded.

Additionally, prior to recognizing Members for questions or comments they have for witnesses, I will note for the record that at this time we will use the chat feature available in Microsoft Teams to allow Members to signify that they wish to be recognized. In order to comply with the Sunshine Act, the chat feature must only be used for this purpose.

With that, Mr. Iannuzzi, will you please call the first witness we have to testify regarding the first bill, Bill No. 210684.

THE CLERK: Matthew Bowman, Deputy Treasurer, City of Philadelphia.

COUNCILMAN GREEN: Good morning, Mr. Bowman. Please state your name for the record and then proceed with your testimony.

MR. BOWMAN: Good morning. My name is Matthew Bowman. I'm the Deputy Treasurer for Debt and the Executive Director of the Sinking Fund Commission for the City of Philadelphia. Here with me also are City Treasurer Jacqueline Dunn and Executive Vice-President and Acting CFO of the Philadelphia Gas Works Joe Golden.

I'm happy to be here to testify on Bill No. 210684. This bill will provide continued authorization for the Gas Works to issue Gas Works Revenue Notes in aggregate principal not to exceed $150 million outstanding at any one time. They've had authorization for the program since 2013. It was reauthorized in 2017 and we're here again to authorize it for an additional five-year term. The current authorization expires in June of 2022.

I can go into more detail about the use of the notes if you want. But otherwise, we recommend you adopt this ordinance and we request that the Committee give this bill a favorable recommendation and further that the Committee recommends the rules of Council be suspended to permit first reading of the bill at the next session of Council.

COUNCILMAN GREEN: Thank you, Mr. Bowman. Just to provide a bit of context to members of this Committee, back when the proposed sale of PGW was being contemplated, the City decided to use a commercial paper program as a way to do short-term borrowing because they could not go to the traditional markets for borrowing because of the proposed sale.

That commercial paper program was used not only for Philadelphia Gas

Works, but also for the airport when the airport was also in the process of doing a financing regarding a passport facility charge and customer facility charge and could not go through traditional markets and use a commercial paper program at the same time.

In that regard, Mr. Bowman, if you could give a little perspective on the distinction and differences between a commercial paper program versus a traditional operating.

MR. BOWMAN: Sure. So commercial paper is basically once a program is put in place, it can be issued much faster usually for smaller amounts for any one time and it's a very short-term vehicle. It can only be outstanding for up to 270 days.

So the typical usage would be as you're sort of ramping up spending on a capital program or you have a very specific need that's maybe smaller than you would do with a traditional bond financing, you would issue commercial paper so you quickly get the funds. It's very low cost because it's so short-term. And then once you have sort of enough out there to do a traditional bond deal that's a bigger size, it would be more efficient, then you would take it out with -- you would use a traditional bond financing to pay off the commercial paper or if you have a small amount of commercial paper outstanding, then there's cash available. At some later time, you can just use cash to pay it off.

COUNCILMAN GREEN: When you say commercial paper program at traditional low cost, can you give a brief perspective on that versus a traditional offering? And then also, generally what's the general amount that we've had for commercial paper outstanding versus traditional offerings?

MR. BOWMAN: Sure. So to give some context, in addition to the PGW program that's outstanding and the Airport Paper that Chair Green mentioned, there's also a Water program that you all just authorized last session that has just been put in place.

At the Airport, we just had a new maturity a couple of days ago, and that was 0.13 percent. And in Water, we had a maturity that went out yesterday at 0.12 percent, and those were both for 90 days. Comparatively, a Water bond deal that we just priced had an all-in interest cost of about 2.8 percent. And the last PGW offering just about a year ago was 3.16 percent. And these are all incredibly low rates, historically both the short-term rates and the long-term rates. But you can see there's real savings and efficiencies to issuing short-term when we can.

COUNCILMAN GREEN: And then finally, this program will authorize a commercial paper program for another five years and based on the opportunity for low interest rates, it will give Philadelphia Gas Works flexibility to use either commercial paper or other programs or offerings as it sees fit to provide financing for the City of Philadelphia and Philadelphia Gas Works, excuse me.

MR. BOWMAN: Yes, that's right. It's really just another tool. It allows us to be flexible and have another option when funds are needed. We can look at what the best option is. It really helps us find the low cost, the lowest cost and most efficient.

COUNCILMAN GREEN: Thank you, Mr. Bowman.

I recognize Councilmember Domb.

COUNCILMAN DOMB: Good morning. Thank you, Mr. Chair.

And thank you, Mr. Bowman. I have two questions. I'm not sure you can answer them. Maybe you can find out the answers. Over the last five years, the total debt for PGW, has it grown, stayed the same or gone down?

MR. BOWMAN: I would say mostly stable, but has grown slightly. We did a new money issue last year, but we've also done a couple refundings and the Gas Works just recently used some cash to the fees a small amount of bonds for a nice bit of savings as well. I'll let Joe Golden answer if he has more to add.

COUNCILMAN GREEN: Yes. I would like to recognize at this point Joe Golden, Executive President, Acting CFO for Philadelphia Gas Works. Mr. Golden, if you can state your name for the record.

MR. GOLDEN: Joseph F. Golden, Jr., Executive Vice-President, Acting CFO, Philadelphia Gas Works. Thank you, Chairman.

Mr. Domb, I have the answer for you. At the end of Fiscal 2020, PGW's long-term bonds outstanding was $937 million approximately. And five years ago, five fiscal years ago, it was approximately $881 million. Although in 2017, we did have a new bond issuance. And our outstanding debt at that point was $1.1 billion, so it has dropped in the recent five years. Although as

Mr. Bowman did mention, we did have a bond sale in October of 2020 which would have raised our outstanding debt to approximately $1 billion at that point. So I would say it was flat over the last five years.

COUNCILMAN DOMB: Okay. Thank you. And this is the second question. You may not have the answer for this either. But I wasn't here then, but I know several years ago, I want to say six or seven or maybe eight years ago, I don't know, there was a potential discussion about the sale of PGW.

And I guess my question is the value at that time compared to today, would the value of PGW today be higher, lower or about the same?

MR. GOLDEN: I would think it would be higher today. I believe the offer price at that point was $1.86 billion, and the deal was not moved forward in December of 2014.

COUNCILMAN DOMB: So you think today the value would be higher for a utility like PGW?

MR. GOLDEN: I would think so, yes, sir.

COUNCILMAN DOMB: Any idea how much higher percentage-wise or you're not aware of that?

MR. GOLDEN: I could not speculate on that, sir.

COUNCILMAN DOMB: Okay. All right. Thank you very much. Thank you, Mr. Chair.

COUNCILMAN GREEN: Thank you, Councilmember Domb.

Any additional questions for Mr. Bowman or Mr. Golden?

COUNCILWOMAN GYM: Yes. Chair Green, I have my name in the chat I think. I hope.

COUNCILMAN GREEN: Okay. I'd now like to recognize Councilmember Gym.

COUNCILWOMAN GYM: Chair Green, are you able to hear me?

COUNCILMAN GREEN: We can hear you. I did not see your request in the chat feature, but we can hear you.

COUNCILWOMAN GYM: Okay. Great. Thank you so much. So I just want to thank PGW for testifying today. My question is related to actually utility assistance. Over 5600 people have received utility assistance through the PHLRentAssist platform, but we continue to hear reports about utility shut-offs for individuals who have applied and are waiting to receive utility assistance.

My understanding is that the City does share this list with PGW. So what is needed to ensure that no one has utilities shut off while they are waiting for rent assistance?

MR. GOLDEN: It's my understanding that there is a hold list. If the customer notifies PGW that they've applied for the grant for the assistance, my understanding is there is a 60-day hold and we do not move forward with the shut-off. We're about to come into the winter moratorium which will start December 1st, and that would stop all shut-offs at that point. So within another few days, the 60-day window would prohibit shut-offs through what would now be April 1st of 2022 if they're in that window, which would be coterminus with the winter moratorium.

COUNCILWOMAN GYM: I guess one of my questions is why would the customer need to notify PGW if the City is sending PGW the list of customers who have applied for rent assistance or utility assistance?

MR. GOLDEN: I don't have that information, Councilmember.

COUNCILWOMAN GYM: Is that something we can work with PGW on?

MR. GOLDEN: Gladly. Right after this call, I'll call the person in that area, yes.

COUNCILWOMAN GYM: Thank you so much.

COUNCILMAN GREEN: Just a point of information and I'm not sure if this has been sent to all members of Council, and I did make this request. PGW has been participating in the Pennsylvania Emergency Rental Utility Assistance Program of ERAP.

I know as of September of this year, about 20,000 PGW customers have collected and received about 2 million ERAP grants and they expect that amount to grow. My understanding is that PGW has been working with PHDC to try to create a faster and systemic access to customers COVID-19 gas-related debt. That can be improved. And from my understanding that Mr. Golden provided as well, this information I will ask for PGW to send to all members of Council, but we do need to improve this process as well as other ways for customers to learn about other assistance programs like the LIHEAP Recovery Crisis program as well as other programs.

I will (inaudible) that members of Council so they and their staff are aware in order to help constituents who are dealing with gas and utility concerns as part of the COVID-19 pandemic.

COUNCILWOMAN GYM: Thank you so much, Mr. Chair. Thank you for the clarification.

COUNCILMAN GREEN: Mm-hmm. Are there any additional questions for either Mr. Bowman or Mr. Golden?

(No response.)

COUNCILMAN GREEN: Seeing none, Mr. Iannuzzi, if you could begin with the next panel and if you could have that witness prepared for testimony.

THE CLERK: Anne Fadullon, Director of the Department of Planning and Development of the City of Philadelphia.

MS. FADULLON: Good morning, everybody. Good morning, Councilmember Green and other members of the Finance Committee and members of City Council. I'm Anne Fadullon, Director of Planning and Development for the City of Philadelphia. I am going to present testimony this morning in favor of Bill No. 210681.

The bonds authorized by this legislation will support a variety of housing and community development programs that have been proven effective in Philadelphia neighborhoods. They will support renters, low-income homeowners, first-time homebuyers, people with disabilities and small landlords.

These programs help stabilize communities and help residents build generational wealth. Department of Planning and Development agencies have long implemented these programs effectively and efficiently and we look forward to doing so again with these desperately needed funds.

This is another instance of Philadelphia stepping up to the plate to address the housing needs of its residents. Since 1980, the inflation adjusted commitment of Philadelphia to these housing and community development programs have nearly doubled, while the commitment of the federal government has declined by nearly 70 percent.

President Biden's budget proposal will recommit the federal government to affordable housing in urban, suburban and rural areas. I urge our federal representatives to match the City's resolve in meeting our residents' needs by supporting the President's budget. Thank you and I'd be happy to answer any questions.

COUNCILMAN GREEN: Thank you, Ms. Fadullon, for your testimony this morning. Can you give a little perspective on the interplay of the Neighborhood Preservation Initiative with the allocation of your department from traditional resources, in particular the consolidated plan which is based primarily on funding from Community Development Block Grants.

It's my understanding that the Neighborhood Preservation Initiative will be very similar to how we did the Neighborhood Transformation Initiative some years ago. So can you provide some additional perspective of how the City will utilize those funds, both from the consolidated plan as well as NPI?

MS. FADULLON: Sure. I think the major piece there is that these funds will be of the funds that are included in the consolidated plan which as you alluded to, Councilman, is predominantly our document for our federal dollars, our Community Block Grant dollars, our home dollars, our HOPWA dollars, Housing Opportunities for People With AIDS, and also our Continuum of Care dollars that go into that consolidated plan but that flow to the Office of Homeless Services.

And those come with a lot of restrictions and a lot of constraints. Again, thanks to the body that we are presenting in front of today, City Council, we also have a Housing Trust Fund from our recording fee and we have a Housing Trust Fund Subfund that comes from other dollars from the General Fund, and those are somewhat flexible dollars. But year over year, we get $15 million to $20 million of those.

These NPI dollars which is this infusion now, we're talking about 100 million today, about 85 percent of which will come to housing programs is obviously four times what we're talking about in the Housing Trust Fund and not quite equivalent to what we get in total from the federal government. But as I mentioned in my testimony, the federal government has been retreating from the housing issue over the past several decades I would say, and then the City has been advancing towards trying to figure out the affordable housing issue.

So I think how they work in connection is these are much more flexible dollars, which allows us to do some more creative things with these things. With our limited Housing Trust Fund dollars, we have piloted some things like our Small Landlord Loan Program. We tried out some rent assistance before we got this influx of federal dollars. We've been doing some workforce housing things, Philly First Home. So there's some things we've been able to do, and what we really want to use this money is to scale up some of those things but also to work in cooperation with both City Council and our community representatives to figure out how can we address the affordable housing crisis in the most effective way, right, having these flexible dollars.

I will just say this, I think there was an article in the paper today about rent assist. Even though we've gotten upwards of about $185 million from different sources, different rounds of rent assist and we're putting that out on the street, the need is probably for another 250 million more. So I just want to put it in perspective that these additional dollars will not resolve our housing issues in Philadelphia, but will allow us to take another step forward, take another bite at that apple and make a little bit of a dent and also be able to have some flexibility of addressing these at more of a local level whereas federal dollars tend to be how you deal with housing across the nation, and we know a lot of our issues around housing are really local.

COUNCILMAN GREEN: And then also a question in reference to the interplay with the Housing Trust Fund and how all of these resources will work in conjunction?

MS. FADULLON: So again, I kind of touched on that in my last answer. But some of this will go through our traditional programs, our traditional methods or application methods. But some of this, there's a lot of money here for production, there's a lot of money for preservation. We're hoping that that allows us to maybe look at some different things or to scale up some of the pilots we've been doing.

We have, for example, a pilot that we've been running in Councilwoman

Sanchez's District with a public-private partnership around acquiring properties, rehabbing them, then purchasing them on behalf of a nonprofit who then leaes them to a tenant until that tenant is able to buy the property. We think that's an interesting model and maybe we can scale it up, and it's another way to access homeownership beyond Philly First Home or deeply subsidizing a unit to make it affordable.

I think we want to look at those things and be able to scale them up, but also see just working in concert with our traditional programs, our home repair programs, our current production and preservation and having an additional resource and being able to maybe move those along a little quicker.

COUNCILMAN GREEN: And then also for the expenditures of the Neighborhood Preservation Initiative, there will be a Program Statement that will come to Council every year with a breakdown of how those dollars will be spent similar to what --

MS. FADULLON: Yes, it will be on a yearly basis, but we will do some reporting for both the bond issuance and Treasurer probably on a more frequent basis and happy to share that information with Council. But, yes, we will have that more formalized annual report. And I would say we probably will look into something similar to what we have right now for our Housing Action Plan and what we had for Philly First Home and what we have right now for our Rent Assist where we have a dashboard that folks can access online that pretty clearly states how we're doing.

Some data we have to be carefully about how we show to make sure that we maintain privacy, but as much of that information as we can push out in a timely basis and make it apparent, transparent and folks can see what's going on, that's something I think that we are very interested in pursuing and would add on to some of our current efforts that we have around that.

COUNCILMAN GREEN: Thank you, Ms. Fadullon.

I would like to recognize Councilmember Gym for questions.

COUNCILWOMAN GYM: Thank you very much, Mr. Chair.

And good morning, Anne.

MS. FADULLON: Good morning.

COUNCILWOMAN GYM: I wanted to know -- first of all, I want to acknowledge the tremendous work you and your team have done, especially around conviction prevention. It's been quite amazing a year after an uncertain time when programs like Diversion get underway with not a whole lot of profits of money, how much the City has been able to lead I think as you mentioned on that local framework becoming not only being able to distribute over $180 million, I can't remember, directly to small businesses here within the boundaries of the City of Philadelphia I think is massive.

Over 10,000 small businesses, landlords, small landlords in particular receiving money as well as just recognizing the need that's present. Obviously, this work has not only allowed us to reduce evictions at a level that I think is pretty unbelievable from 20,000 evictions processed a year to under 5,000 or 4500 last year actually. I think our goal is to show that there are alternatives to eviction and that we can get people out of terrible situations without an eviction record being permanent following them.

And then finally, I wanted to say also that this work isn't just something that about us patting ourselves on the back, but recognizing that the White House, the Treasury Department, the Department of Justice have all praised the work that your team has done, and I just think it's amazing. Kudos to you to do things in a time of uncertainty, but I think it re-underscores that when we have strong policy ideas that are led at the local level by experience that we see, we can actually drive resources and become a national model. So I think your idea of leading locally, recognizing the need for federal money because we could not have done this without the federal partnership, but that the local leading, the local voices and the local advocacy and local capacity-building has made all the difference.

With that being said, I did have a number of questions. So could you clarify the Shallow Rent Assistance that's allocated within NPI, is that going back to the same type of program with the restrictions around it that were related to keeping people mostly in PHA Housing rent stable or are you seeing an expansion at the Shallow Rent Assist Program to people beyond -- I'm talking about the program that launched in January of 2020?

MS. FADULLON: So a couple of

things. I just have to comment on the first part of what you said because thank you for the kudos to the team, but I just want to emphasize that word team because it really took everybody that's on this call, whether it's our community partners, City Council, the Administration. It just took sort of all of us coming together rowing in the right direction to have the success that we've had, and it was just an incredible I would say city-wide effort in partnership with the federal government to get done what we've gotten done.

In reference to the rent assist in the NPI budget, I think honestly that that's a little bit of an open question. So prior to the pandemic hitting, coming on the Housing Action Plan, we acknowledge that through the work with the stakeholder groups that there needs to be some additional support for renters besides just our kind of traditional low-income housing tax credit production and preservation. And we were realizing then that a lot of the folks couldn't afford tax credit rent.

And so, we had launched through an RFP process rent assist that provided assistance to folks in low-income housing tax credit projects that were having trouble paying their rent. And we were just about ready to work through our final issues to launch a similar program for folks in I would say it's called naturally-occurring affordable housing or housing that's being provided on an affordable level on the private market and to put out an RFP for that. When the pandemic hit, brakes were put on that and all efforts went to setting up the pandemic-related rent assist program.

While we now obviously have that delivery system, so I think part of the dollars in NPI would be around how do we identify, do we pick up on the naturally-occurring providing more operating support to our smaller landlords on the private side, and then

I would say conversation probably still needs to be had about finalizing exactly what that program looks like or is that some operating assistance we provide to further the production of affordable housing on the private market.

I think that there's still a little bit of a conversation to be had around what that pocket of dollars looks like. Knowing that we will have a continued pocket of dollars also identified that we'll continue to support tenants in our low-income housing tax credit projects.

But I will say this, look at the dollar amount, right. It's not a lot of money and it's pennies compared to what we are currently dealing with now. So again, going back to your initial point about the support of the federal government, we continue to advocate on the local level because it is not in the binding budget right now of additional rent assist.

The federal government just

spent literally hundreds of millions of dollars to set up a nationwide delivery system for rent assist, but there's not funding for it beyond what has currently been allocated under the stimulus programs. That we think is a human miss, and I think it's proven that we still need this.

The success we've had on eviction diversion completely ties to the ability to provide rent assistance. And so, I think that's something that we still need to have a federal heavy advocacy pushed on because we definitely need the federal government to show up with a chunk of dollars. It's amazing what we are trying to do locally here with this bond issue with the Housing Trust Fund, how we're trying to fill the gap. But the reality is we can't do it all locally, but we still need to keep up that advocacy.

COUNCILWOMAN GYM: Right, and I think you're exactly right. I would love to just stay in touch with you through the rent assist.

MS. FADULLON: Of course.

COUNCILWOMAN GYM: There's an argument to be made that some permanent level of support, recognizing that there's no way that we're going to be able to do the kind of scale that we have done prior to this. On the other hand, I think both the state needs to be a partner on this level as well as the federal government, and this is an ongoing conversation. But clearly, the success of Philadelphia's program and the fact that we have dramatically -- the number of evictions have cratered. And for sure rent assist is a huge part of it, and I also think diversion and helping people exit unpleasant situations and/or resolve them outside of litigation has been a major aspect of all of this.

So again, I recognize it's a huge scene. We've got to give a shout-out to our Municipal Courts and leadership of Matthew Wilson, Presiding

Judge President Judge Dugan as well, but it's a great model and let's just keep in touch about it, but I appreciate the clarification around it.

The second thing I had a question about is the 3.8 million proposed for neighborhood small businesses is kind of a little bit vague. Can you give us some background on how you see this work being supported? To me it's both got to be direct, long, short-term and long-term assistance directly to businesses as well as support to commercial corridors.

MS. FADULLON: Yeah. So I believe that Karen Fegley is on from Commerce, and she may be able to provide clarity and detail around that.

COUNCILMAN GREEN: Ms. Fegley, if you could state your name for the record and then proceed with your testimony.

MS. FEGLEY: Sorry, a little slow there. Hi. Karen Fegley, Deputy Commerce Director. Yes, thank you for the question. Our description for small business supports and commercial corridor supports is rather broad. Understanding that we wanted to be able to use these funds in the most meaningful way as we receive each traunch of funds.

With the $3.8 million scheduled to come to Commerce, we plan to really allocate these towards a couple of specific areas that we've been focusing on. One is sort of building -- all-around building wealth for our local communities through entrepreneurship and real estate. So we plan to use some funds to build up our InStore Program, which is sort of a business attraction expansion tool. But having more flexible dollars to complement our CDBG funds allows us to do more on different types of projects and target certain areas.

We also plan to use the funds towards supporting some business incubators that we know are in development and we'll need some construction dollars to really get build, and these are incubators that are targeting Black and Brown entrepreneurs in some real growth sectors. And so, we would do that through an RFP selection process and provide some funding to that.

And the third area we would hope to really use this first traunch of funds is for supporting acquisition loan programs for business tenants who want to buy their building, their commercial building. Because we've been working with CDFIs in Philadelphia over the past few years, so there are a few loan products out there. We believe that with a little bit of sort of grant equity dollars, we can make more of those deals happen. So that's our plan for the first traunch.

COUNCILWOMAN GYM: Thank you so much. Similar to what we're dealing with on the housing front, we've been talking a little bit about the eviction prevention being a critical factor, especially because almost 50 percent of Philadelphia residents are renters.

Similarly with small businesses we find -- and I absolutely love the idea of supporting buying businesses and more permanency. But we're also on the short-term trying to stop displacement and the collapsing of the corridors. And so, one question is as this money continues to evolve, and I know that we have a first year and this is over four years, my hope ultimatetly is that NPI becomes a regular part of the City's investment plan. I'll just say that out there. But one of the questions has been whether there can be ongoing conversations about helping businesses that our tenants not be displaced in a way that is similar to the kind of supports that we are helping homeowners and/or renters not be displaced, either through mortgage foreclosure diversion or other things. So I didn't know if you had some development or some thinking in that area as we continue to work this through.

MS. FEGLEY: Yes, thank you for saying that. Anti-displacement is definitely one of the driving factors. When I mentioned -- I should have been more explicit. Like with the InStore Program, I think we can use that if we have more flexible funds through the bond program, we would be able to target some areas where displacement is a real threat. So the idea again is to have people fix up their property so that they can stay in them or buy that property so that they can retain that wealth even if a neighborhood is changing.

So we have looked over the years at other efforts, whether it's rental assistance and things like that and very open to that. I think that would need -- we would probably need a little more time and a little more money to really tackle that. So I like what you're saying about looking at the next phase as it would be great to work with you on that.

COUNCILWOMAN GYM: Yeah, thank you. And like I said, a lot of these things are very uncertain. But I think as we said earlier, if we're super clear about what the local needs are and we can make the case, I think we have to do as much as we can to get the resources driven to where the needs are, and that happens when we start with needs and not with resources always.

So my last question -- thank you very much, Karen. So my last question is probably for Anne. But one of the questions I have is the production and preservation items of NPI are the largest items in the Year 1 budget. Some of these funds will be available to for-profit companies. And one of the things that we're trying to make sure is that they're held to high standards just like our nonprofit housing developers are and that permanent affordability and community control are always prioritized.

So how are the NPI funds, what is your thinking in order to assure that they're being directed towards individuals that need them the most? Are there thoughts about income restrictions on the housing production and preservation work to go towards high-needs individuals as well as high-needs neighborhoods and communities?

MS. FADULLON: Yeah, and I think these dollars, again some of this is a little bit open-ended as we work through how to best get these dollars out and in a most effective way. And I would say for the dollars that are flowing to certain programs we already have up and running, those are going to be the income restrictions.

I don't think we're looking to necessarily change program guidelines for Basic System Repair or Philly First Home or those kinds of things. In terms of the big production and preservation line items, I think what we're trying to figure out is I'll take preservation first, right. We know, for example, we've got some projects with expiring tax credits or other federal subsidies and while we work to recapitalize some of those through our existing preservation mechanisms either as a recapitalize 4 percent tax credit deal or sometimes just making a capital investment to replace boilers or elevators or something like that, we know that we are losing more of those than we are able to save, right.

So I think some of it is are there other things that we could be doing, do we have the ability maybe to step in and acquire a project that's in cooperation with a nonprofit developer or not a developer that's going to make more of a permanent affordability commitment. That's something I think we've got to dig into a little bit more because I know we've had some, for example, projects that have been acquired without our knowledge or by a private developer and now we've got a big mortgage.

And again, this looks like a big chunk of money. But some of these projects will cost us $50 million, $60 million, $70 million to come in, so we're not going to be able to do that. But we may be able to with some of this money get something for a few million dollars that otherwise would have been lost, but I think we've got to talk through that and figure out what that looks like.

So again, with this type of money and flexibility money, it allows us to have different conversations about how we would preserve units. And also, I don't know if you've had a chance to take a look at it, Councilwoman, but there was an effort in cooperation with our office and the Urban Land Institute to do a study about how can we preserve more of our naturally-occuring affordable housing. Because as we know, our predominant source of affordable housing in the City is actually through the private sector and the private market. So what we can do with those landlords, which are again predominantly small landlords, to make sure that they can hold onto those properties if those properties are of good quality, and also that they continue to remain affordable over the long-term. So I think those are some things on the preservation side.

On the production side, again traditionally we've either done tax credit projects for rental or we've done homeownership and we kind of pulled away from the traditional model of homeownership, which was to provide a significant subsidy into the capital stack in order to buy that cost down ultimately to the homeowner, and that sort of stopped during the recession because folks couldn't get a mortgage. There was just no credit to be had, and there were some other things.

And that's why we developed

Philly First Home because there are affordable properties to buy in our market, but people couldn't have the down payment. I think now what we're seeing with prices continuing to escalate is even with the Philly First Home and that down payment assistance, properties are continuing to be priced out of reach of too many of our homeowners.

I think some of this production money is do we look at increasing our assistance directly to a homeowner, to a potential homeowner in order for them to have access to a homeownership unit that again will help hopefully to build generational wealth and would start to chip away at that issue, particularly with our lower income residents and our residents of color.

So I think we're trying to look at are there different production models than what we've traditionally had that will allow us to produce more units and produce them in a quicker manner. For example, like we know with tax credit units, that's taking three, four, five rounds to get those units produced. And so, we're not producing the amount of units that we need to produce.

And I think this is about not saying that all the money's going to go to the private sector or all the money's going to go to the nonprofit sector, but it again allows us to have a conversation that says what is the most effective way to get new units or preserve existing units in the marketplace that will provide access to as many of our residents in need as possible.

COUNCILWOMAN GYM: And I appreciate that. I have one clarifying question. Thank you so much, Anne. I look forward to continuing to talk to you, especially about the preservation efforts. So PHLRentAssist 4 is amazing, clearly. It's an extensive tracker that will likely serve us for a while to come. It's keeping extensive track of not only residents but of property units, licenses, et cetera, landlords, whether they are legally renting or not.

My question relatedly on the NPI front is whether there's an intent to do some sort of tracking system on the housing preservation affordability front that really takes a look at the income levels, zip codes, addresses, all of these things so that we are equally tracking. So this is a complicated area obviously, trying to get -- need is largely defined, widely defined. But if we could have a similar dashboard for NPI or something along those lines that we can develop around affordability needed targeting of the resources, I think it would also go a really long way. And I'm wondering if that's something that your department is open to or have been talking about?

And those are all my questions, Mr. Chair. Thank you.

MS. FADULLON: So, Councilwoman, I guess you missed my comments at the beginning because the Chair, Councilman Green, asked me that same question, right, what would the reporting be like. And we said although, yes, we do an annual report, what we hope to do is set up either something similar to those dashboards that we have for the Housing Action Plan rent assist and we were able to provide some data, similar kinds of things from Philly First Home, either we would add this as sort of an adjunct to our overall dashboard or we would set up something similar.

I will say this, just to your comment, right. When you see it, it's like, oh, yeah, this is great, it's easy to access. It takes a ridiculous amount of programming on the back end, and I would be remiss if I didn't have a huge shout-out to our IT team because they have literally worked nonstop to get those things up and running, to get all the bugs fixed, to make them accessible, to make them look as easy as they look on the surface. It takes a huge amount of work behind the scenes, but we are open and we hope to be able to produce and provide that.

We think that's a great way to get information out there and to have it be accessible and transparent. I can't tell you it will be up and running day 1. But, yes, I think it is something that we want to be able to provide.

COUNCILWOMAN GYM: Yes. And just for clarity, I know Councilmember Green had talked about annual reporting and I was trying to get more detail on the level that we do on a more regular basis via the PHL dashboard. I appreciate all of that.

Thank you very much, Mr. Chair.

MS. FADULLON: Thank you.

COUNCILMAN GREEN: Thank you, Councilmember Gym, for your questions.

One other point, I would like also to state in reference to acquisition opportunities that Ms. Fegley talked about regarding the

NPI dollars on commercial corridors, I hope that in addition to that option we talk with organizations like PaCEO's Kevin McPhillips, who's been working on employee stock ownership plans, which is another opportunity to have employees of businesses that are interested in acquiring a business from existing business owners as well as the ability to acquire that property, which helps to keep our businesses on our commercial corridors.

As many of us know, we have an impending Silver Tsunami of those who are seasoned, as my father would say, that are retired from the business or the company that they started, the small businesses that they started and may not have a second generation within their family that's interested in acquiring those businesses.

So working with organizations like PaCEO, which has been working in Pittsburgh and our jurisdictions around the Commonwealth to provide the opportunity for some of those jobs to be used in conjunction with employees who are interested in acquiring those businesses both from a real estate perspective as well as acquiring a business as a whole through the concept of employee stock ownership plans.

I would also like to note for the record that Councilman David Oh is also here in the hearing. And I see Councilmember Domb has a question.

COUNCILMAN DOMB: Thank you, Mr. Chair.

And good morning, Anne, and thank you for your department's work this year. I have a few questions and you can give me very brief answers. They don't have to be long answers. On the rental assistance which is about 15 million over four years, how many people do you think we're going to assist in rental assistance, ballpark?

MS. FADULLON: So I think on average we have been -- I'm just trying to look it up really quickly. I think we've been handing out about -- let me see what our average ask that we've gotten there. Our average ask has been around $7500, which is rent assist in utilities. I don't know that we will be able to continue the utilities. But let's say it's 7,000 to 7500 person, so divide that by that amount of money and that should give you the number.

COUNCILMAN DOMB: Thank you. And then the next question, the Basic System Repair Program, what is that averaging? Typically, what is the Basic System Repair overall? Is it 10,000, 20,000? What's the average there?

MS. FADULLON: So I think it has been around 12,000. I know Dave is on the call, but you want a quick answer. So I'll just tell Dave to send you something if I'm misstating. But I do think that we're seeing that cost go up just because of what's happening in the construction industry and the supply chain right now. The cost of materials is going up. And so, I think that average cost may be going up.

Dave, you want to chime in there for a second?

MR. THOMAS: Yes. Dave Thomas, President and CEO of PHDC. Prior to the pandemic, I would say our average cost was about 10,000 to 11,000 depending on the area of the City, obviously houses that are larger or smaller.

Since the pandemic as Anne pointed out, supply is a big challenge. And our numbers have seen -- we've seen almost a 40 percent increase, so we're looking at probably about $12,000 to $13,000 easily right now.

COUNCILMAN DOMB: So it looks to me when I do the math, the rental assistance over four years looks like 2,000 potential people can be helped. Does that sound about right?

MS. FADULLON: Yeah, I think so. I think that's probably about right.

COUNCILMAN DOMB: And the rental assistance if we're averaging

12,000, that's about 3100 roughly that
will be helped --
MS. FADULLON: For the home
repair programs, I think, yes.
COUNCILMAN DOMB: Let me go to
the Philly First Home. I think we did
this program before and really I think
was very successful.
MS. FADULLON: We did. It was
crazy successful.
COUNCILMAN DOMB: And this is
where we're giving people -- I want to
make sure I understand this program.
We're giving people $10,000 to go
towards closing costs and other costs
and buying their homes because their
closing costs are relatively high in the
City.
And so, if I do the math here,
it looks like this will affect about
1,450 homeowners over that period. Does
that sound about right?
MS. FADULLON: Yeah, I think we
found that our average was a little bit
less than 10,000, around 9,000.

MR. THOMAS: About 7500. 7500 was --

MS. FADULLON: Okay. About 7500 again, so yeah.

MR. THOMAS: -- the average. So the program was 6 percent of sales or $10,000.

MS. FADULLON: Right, whichever is less. So up to 6 percent or $10,000, whichever is less. And so, we've averaged a little bit less than 10,000 per user.

COUNCILMAN GREEN: And real quick just to interject for a point of information. I just want to make sure the stenographer got that it's David Thomas that's testifying. Mr. Thomas, if you can state your name for the record and your organization.

MR. THOMAS: I'm sorry, Councilman Green, I did do that. David Thomas, President and CEO of PHDC.

COUNCILMAN GREEN: Thank you.

COUNCILMAN DOMB: Thank you. And then next quick question, tangled title it looks like we're granting up to 4,000 per applicant. And if you do the math, it looks like we can potentially help over the four years 1900 tangled titles. What is our estimate today as to what the number of tangled titles are in the City?

MS. FADULLON: I think we believe that there's around 10,000, but I don't think any of us would totally hang our hats on that number. That's what we think. But we also think there's probably a number of them that we're not aware of.

I would say this, that Councilwoman Katherine Gilmore Richardson has really taken this on. We've had a series of meetings with her staff and Councilwoman Gauthier's been involved. I'm sure she's open to whomever wants to be involved, but we've had some pretty significant conversations, intentional conversations with VIP who kind of administers that program on our behalf with PLA and

Community Legal Services and sort of our legal partners, and then in cooperation with the Register of Wills and Jim Leonard from the Records Department, because I think there's really a concerted effort again similar to eviction diversion, to come all together, get us all rowing in the same direction and really take on this tangled title issue.

And again, these dollars won't resolve it necessarily, but it will help to make a big dent. And I think also what we're working on is how do we going forward try to not add to the number of tangled title issues that we have in the City, but by providing information as clearly as we can to folks. And I think that's what Councilwoman Gilmore Richardson's bill is about, how do we get information out at the appropriate time to try to prevent further tangled title issues.

COUNCILMAN DOMB: Next question is on the affordable housing production, which looks like it's just over 25 percent of the total borrowing of the 400 million. It's about 113 million over four years. The blueprint for homeownership in the bill, it says it provides loans of up to 100,000. Can you just explain that program so I can understand a little better?

MS. FADULLON: Yeah. I mean, essentially it's sort of Philly First Home on steroids. It probably won't run the same way, but we envision again those dollars not necessarily coming into the capital stack because that tends to kind of screw things up to some extent and to have that somehow come into the homeowner maybe as a soft second mortgage or something like that.

So for example, if a house can be produced for $250,000 or $300,000 even with a $10,000 assistance, a lot of our folks can't afford to get into homeownership. And so, this will be some additional assistance, probably a longer term amortization. I'm not 100 percent sure of exactly of what the amortization terms would look like. But it would take that 250,000 or 300,000 house and potentially buy it down by $100,000 or a probably little less than that given closing costs and things like that, and probably take the form of some kind of a second mortgage.

COUNCILMAN DOMB: And this program only looks like it occurs if they stay there for a certain amount of time, right, that it gets forgiven or something?

MS. FADULLON: Yeah. For example, under our current Workforce Housing Program which is really tied to a land subsidy and not necessarily a dollar subsidy, and even Philly First Home has a term. But essentially, the homeowner has to be there for at least 10 years without selling it, and I think that's something that we need to -- and if they do sell before 10 years, then that sort of affordability term restarts with the next homebuyer and they're only allowed to take a certain amount of equity increase out of that sale.

I think part of it would be looking at what would be those terms and how long would be that term of affordability because this is designed for a homebuyer to stay in that unit, to build some equity and not necessarily to buy it. Because if you buy down the price of a house by that much, the day they walk in they have a certain amount of equity in that property and it's not to say, okay, you get to sell it in two years and take that equity out and go some place, right. It's about how do you provide that unit and then the intent is to have that buyer stay there over time.

And if they do need to move because of a job change or something like that, that they don't take all that equity out, that somehow we can pass that benefit on to the next homeowner as well. So I think we've got to figure out what those affordability terms are because I'll just say this, when I was a lot younger doing this in the '90s, ten, fifteen years seemed like a very long time and now we're kind of like, wow, that goes by in a minute. So I think we want to talk through what would those terms look like.

COUNCILMAN DOMB: Okay. Understand. I just had a thought on that. Just to put it out there for you, are you familiar with the buying-down interest rates, loan buy-downs?

MS. FADULLON: I am, and we would be open to -- if there's a more effective means to do this that would help serve more folks, we are definitely open.

COUNCILMAN DOMB: I will say this, if you can buy down a 3 percent mortgage because for every point it costs 8 percent of the loan. So if I wanted to buy the loan from 3 down to 2, 30 years fixed, it would cost $8,000. To buy it down (inaudible), it would cost $16,000.

My thought is that we could maybe get three times the number of people by providing people with very low interest rate loans on a permanent basis to give them the affordability. It's just something I think we should look at.

MS. FADULLON: Happy to have that conversation with you.

COUNCILMAN DOMB: I want to thank you very much. And that conversation could also be around I think my colleague Councilmember Gilmore at the commercial corridors helping those businesses buy their properties. You can do the same tool with them on a buy-down of a commercial loan, so I just think it's an option we should look at. Because in the long run, most businesses make their money, small businesses, on the ownership of the real estate more so than the ownership of the business. So we can help them own their real estate.

Last question, if some of these costs that we're -- things that's we're going to invest, we could invest them in that Social Progress Index that would help us monitor whether or not our investments are having an impact in our communities by using this internationally developed tool -- I don't know if you're familiar with the Social Progress Index -- so we can compare ourselves to other cities and monitor the progress towards our goals, and probably it's a worthwhile exercise because we can satisfy the investor expectations and those of Council and Administration.

MS. FADULLON: Yeah. I think we've been looking at some of that because the Treasurer's intent is to issue these as social impact bonds. But again, happy to have that conversation to further connect those dots and that's the really effective way for us to measure ourselves and report on our progress. Very happy to have that conversation.

COUNCILMAN DOMB: Thank you.

Thank you very much for your testimony today. Thank you.

Thank you, Mr. Chair.

COUNCILMAN GREEN: Thank you, Councilmember Domb.

I'd like to also acknowledge for the record that we've been joined by Councilmember Maria Quinones-Sanchez.

Not seeing any additional questions for this panel in the chat feature for members of Council, I'd like to now proceed with additional witnesses on this bill.

Mr. Iannuzzi, if you could acknowledge the next witnesses on this bill. Also, I believe I previously acknowledged that we were joined by Councilman David Oh as well. And Mr. Iannuzzi, if you can read the names of the witnesses for this next panel.

THE CLERK: Will Gonzalez, Esquire, Executive Director of Ceiba; Ken Bigos, Executive Director of Affordable Housing Centers of Pennsylvania; Andy Toy, Policy Director of PACDC; Andy Frishkoff, Executive Director of LISC; Michael Froehlich, Homeownership and Consumer Rights Unit Managing Attorney at CLS; Kelly Gastley, Managing Attorney Philadelphia VIP; Dr. Bill McKinney, Executive Director of New Kensington CDC; Carrie Rathmann, Director of Strategic Partnerships Habitat for Humanity; Mo Rushdy, Treasurer BIA; Steve Masters, Founder and owner Just Loans; and Dr. Gregory J. Allen, Founder and President of Overbrook West Neighbors RCO; and we've also been joined by Abraham Pardo of the Urban League of Philadelphia.

COUNCILMAN GREEN: Thank you, Mr. Iannuzzi.

If each witness could state your name for the record and then provide your testimony and proceed in the order as stated by Mr. Iannuzzi.

MR. GONZALEZ: Good morning. Buenos dias. Do you hear me? My name is Will Gonzalez.

COUNCILMAN GREEN: Yes. Please

proceed with your testimony. Thank you.

MR. GONZALEZ: Thank you, sir. I am the Executive Director of Ceiba. Ceiba's a coalition of Latino community-based organizations in Philadelphia. Ceiba is the backbone of the Latino Equitable Development Collective.

Ceiba respectfully requests that the Program Statement and Budget which addresses the City's expenditure of the $100 million of the first year of NPI take into account the following: Please prioritize affordable housing development by trusted community partners. Philadelphia and its Latino community have a robust and experienced CDC ecosystem that can magnify all investments and affordable housing development that you make with them.

This enhancement of NPI investments with also buttress the social service work that many of these CDCs are doing to meet City Council's goal of lifting 100,000 people from poverty through the promise of the Poverty Action Fund. We also respectfully request that you ensure that affordable housing development for low-income communities takes place, especially for those of the lower realms of the AMI spectrum. This is where the challenges of developing affordable housing are and where transformational efforts like NPI will have its largest impact.

Further, we ask to maximize accountability and transparency in NPI investments. We want to make sure that NPI funding is spent effectively in every sense of the word. This includes ensuring that Philadelphians who are Limited English Proficient are served. Historically, Spanish speakers have had difficulty accessing programs like the Basic System Repair Program. NPI gives us a chance to end this discrepancy once and for all.

This accountability must also include monitoring how NPI funds are used to equitably address homelessness. City service data proves that there's a Latino homeless paradox in Philadelphia. Latinos have difficulty accessing homeless services relative to the community's representation among the City's poor. As homelessness increases during this public health emergency, please ensure that there is equity in the delivery of homeless services in all categories of the HUD definition of homelessness.

Last by not least, please include in your allocation for the Philly First Home program funding for housing counseling. Philadelphia is in a housing counselor crisis. Housing counselors are needed to help the first-time homebuyers access the Philly First Home program, but at the same time housing counselors are needed for eviction protection, rental assistance and other things.

The workload is growing as a number of housing counselors is decreasing. We need to address this talent shortage by strengthening the housing counselors that we still have and by developing a pipeline to produce more housing counselors. This is a workforce development opportunity. Thank you for your attention to this matter. We look forward to working with you in all facets of the Neighborhood Preservation Initiative as we seek to ensure equitable community development in Philadelphia. Gracias.

COUNCILMAN GREEN: Thank you for your testimony. If we can have the next witness testify. Please state your name for the record and proceed with your testimony.

MR. BIGOS: Yes. Good morning. Thank you, Chairman Green and the members of the Finance Committee for permitting me to present my testimony, my comments today. My name is Kenneth Bigos. I'm the Executive Director of the Affordable Housing Centers of Pennsylvania. We are a DHCD funding housing counseling organization in Philadelphia.

I want to first congratulate the City of Philadelphia for their vision and expediency to approve the funds for the Neighborhood Preservation Initiative, which includes allocating funds that allow for the return of the Philly First Home grant. AHCOPA was one of the counseling agencies involved with the Philly First last year and whereby we counseled approximately 800 homeowners that were awarded the grant funds to purchase their first home.

Demand for this grant swelled such that our weekly homebuyer classes averaged between 60 to 70 participants. As housing prices sour, so does the amount one needs to save for a down payment on a home. When engaging clients in our first-time homebuyer program which are primarily Black and Brown homebuyers, their main concern is where they can access resources to pay for the upfront costs.

The announcement of the grant's return will be music to their ears and to the ears for their realtors as they compete in a current overly competitive housing market. During the 15 months that Philly First was available last year, $24 million in grants was issued. To ensure that the grant funds remain available throughout the full programmatic year, I recommend that City Council and DHCD set a goal to have 80 percent of the Philly First funds be awarded to households that earn less than 80 percent of the Area Media Income. This will assure that the majority of the funds are issued to people who need them the most.

Since the suspension of the Philly First Job grant, the Pennsylvania Housing Finance Agency created its own down payment assistance program which has income guidelines beyond the 120 percent of AMI threshold called the Keystone Forgiveness in Ten, K-FIT program. When Philly First returns, agencies will be stretched thin to address the unprecedented demand for all service programs that they provide, which include foreclosure prevention on delinquent mortgages and real estate taxes and assisting households facing evictions.

Last year AHCOPA and DHCD were able to devote all their counseling staff to support the interminable demand for homebuyers wanting the Philly First grant thanks to the moratoriums that were placed on evictions and foreclosures. Those moratoriums have ended, and request for such assistance is on the rise.

Within the next few months, households will exit their forbearance agreement without a plan from the lenders and how to resume their mortgage payments. In an article from the Philadelphia Inquirer, experts predict the biggest wave of homeowners exiting a forbearance plan will be September and October. The mortgage foreclosure delinquency rates for FHA homeowners are similar to the rates of foreclosures during the last decade during the mortgage foreclosure crisis.

As we saw from the Great Recession, interventions provided by housing counselors enabled a workout plan to be completed to keep the family in their home. So I request that City Council and the Administration recognize the unprecedented need by allocating $1 million from the Philly First funds to go towards providing housing counseling services. This was the same request that the housing counseling community and other applicants requested during the FY22 budget negotiations.

Without additional funding support for housing counseling beyond its current resources, timely delivering counseling services will not be possible. Philadelphia housing counselors help make the innovative program successful, which has garnered national attention.

Many municipalities saw Philadelphia's mortgage diversion program as a model where lenders and homeowners under the guidance of the court reviewed all available workout plans to bring their clients current and has helped approximately 15,000 homeowners stay in their homes. They serve as the conduit and broker of public resource in the community and are seen as a wise investment. We are trusted first responders for the financial housing concerns of many Philadelphians. And I want to thank you very much for your time.

COUNCILMAN GREEN: Thank you, Mr. Bigos. I just want to remind those attending this Council hearing that the chat feature is just to be used by members of Council. However, I will state the upcoming witnesses to keep attendees in line in reference to who will be testifying in order for this panel.

The next witnesses will be Andy

Toy, Andrew Frishkoff and Michael Froehlich. So Mr. Toy, if you can please state your name for the record and then proceed with your testimony.

MR. TOY: Sure. Good morning, Chairman Green and City Council Finance Committee. My name is Andy Toy and I'm the Policy Director for the Philadelphia Association of Community Development Corporations or better known as PACDC. Thank you for listening to PACDC's testimony regarding details of the Neighborhood Preservation Initiative Program Statement and Year 1 budget on behalf of many CDCs and partners in Philadelphia.

First of all, we applaud City Council and President Clarke on this bold initiative to bring more resources sooner to communities suffering from inequity, violence, lack of economic opportunities, substandard and unaffordable housing, struggling neighborhood commercial corridors and deteriorating neighborhood infrastructure. We see this as an important effort to positively impact all of these issues now while understanding that this is an ongoing effort over the next four years.

However, we do have concerns about the lack of clear targeting of most of these resources to ensure that disadvantaged residents and communities with the greatest needs will benefit from these investments. While we understand there is an interest in having flexibility to carry out this work, we think that a core principle of an investment of public resources at this scale should be to address barriers faced by communities of color and neighborhoods that have experienced a lack of new investments for too long.

Our overall recommendation is that there be clarity that no NPI beneficiaries' income will exceed the 120 percent of Area Median Income, and then at least 80 percent of NPI program dollars will benefit households earning below 80 percent of AMI or Area Median Income.

In particular, with some of the program descriptions, the target population incomes and geographies representing the most disadvantaged and disinvested, often BIPOC neighborhoods are not specified or could be better targeted to those with the highest needs. We know that in Philadelphia 42 percent of households fall below 50 percent of the Area Median Income or $47,250 for a family of four. While 60 percent of households fall under 80 percent of AMI or $75,600 or a family of four, and 69 percent fall under 100 percent of AMI or $94,500 or a family of four.

We recommend focusing the bulk of resources on those families at 80 percent of the AMI and below given that more than half of all Philadelphia households fall below 80 percent of the AMI. With limited resources, it's important to promote equity by ensuring those with the greatest needs are able to connect to those resources.

Programs that can use more specificity and income eligibility or neighborhood guidelines include the Rental Assistance Program, the Small Landlord Program and the Blueprint for Homeownership. There were no income or housing costs limits indicated for forgivable loans up to $100,000, although we've heard that the program does have some limitations on that, I believe, and Philly First Home providing forgivable loans with a bar at 120 percent of AMI.

In addition, knowing that those with great needs often have the most difficulty negotiating the application processes or never even know these resources exist, there is a need for as we've heard increased investment in our neighborhood outreach and housing counseling infrastructure to help families navigate these processes.

We do see support for housing

counseling and legal systems within the tangled title and eviction diversion programs but not to assist first-time homebuyers, the Philly First Home program as we've heard, which could be addressed by making housing counseling an eligible use of Philly First Home program funds.

While all of the programs and activities are important, we believe that a couple deserve greater support Year 1 funding. In particular, given the hardships of many struggling small businesses over the last year-and-a-half, the critical role commercial corridors play as community assets and the critical role they play, we believe that $3.8 million allocated to neighborhood small business programs for both direct support to small businesses and investments in neighborhood commercial corridors is inadequate. And we had an important conversation on Monday about the need for increased investment to deal with commercial corridor safety and other issues.

We would also like to see support for mixed-use development on commercial corridors by funding affordable residential development above businesses that helps make the projects more viable and supports corridor growth and safety. And the homeless face the greatest housing needs in the City. Yet permanent homeless housing is only allocated $3.8 million.

Finally, PACDC and the communities we represent support transparency so there is a clear track record of how this critical new resource is being spent, who the beneficiaries are and where the City resources are being spent in order to advance our goal of equitable development.

We recommend a bi-annual reporting process be a part of the program, which is important in ensuring transparency, keeping programs on track towards their goals and being able to adjust the budget in the future to maximize impact over the next four years. Thank you for your time. Appreciate this.

COUNCILMAN GREEN: Thank you, Mr. Toy.

Mr. Frishkoff, if you can state your name for the record and proceed with your testimony, and you will be followed by Michael Froehlich and Kelly Gastley.

MR. FRISHKOFF: Thank you very much, Councilmember Green, members of City Council. My name is Andrew Frishkoff. I am the Executive Director of LISC Philadelphia. Pleased to offer brief verbal testimony today to supplement the written testimony we have previously submitted.

On behalf of Local Initiative Support Corporation, LISC, we would like to testify in support of Neighborhood Preservation Initiative and the proposed expenditure of $100 million for housing preservation, production of new affordable housing and other related programs and activities.

As the nation's largest nonprofit intermediary supporting neighborhoods, LISC recognizes the challenges confronting our residents and communities and the needs for public action such as NPI to support them. As the collaborative leader of the preservation network, LISC is also acutely aware of the need of significant new funding for preserving publicly assisted affordable rental housing in Philadelphia.

While LISC is fully supportive of NPI, we do have some recommendations for strengthening the Program Statement and adjusting the budget. LISC strongly urges City Council to ensure wise and old investments by taking the following steps: Increase funding for small businesses and neighborhood commercial corridors, including safety improvements to at least $6 million in the first year, add language to the Program

Statement that would prioritize funding for projects and programs that benefit Philadelphia residents earning below 80 percent of Area Median Income, prioritize funding for projects and programs led by CDCs, community development financial institutions and other nonprofit organizations who have long-term commitments to the rebuilding of Philadelphia's communities and addressing the needs of lower-income residents, prioritized funding for preservation of subsidized affordable rental housing owned by nonprofit organizations and allow funds to be used for capacity-building for those organizations and their staff to maintain their properties, prioritize funding for preservation of naturally-occurring affordable rental housing owned by small landlords who are Philadelphia residents, working capital, repair funds and capacity-building for local owners will ensure that they are able to address critically-needed repairs and sustain long-lasting safe, decent, affordable housing in Philadelphia.

Specify that NPI funds can be used for housing counseling in support of the Philly First Home. In addition and to conclude, we would ask that there'd be strategic use of tax exempt bond funds, which are scarce and valuable funds and a small portion of the $100 million issuance and ensure meaningful community input and reporting of data as has previously been mentioned by others. Thank you for very much for the opportunity to testify.

COUNCILMAN GREEN: Thank you, Mr. Frishkoff. We will now hear from Michael Froehlich. Please state your name for the record. Then Kelly Gastley and Dr. Bill McKinney.

MR. FROEHLICH: Good morning, members of the Committee. My name is Michael Froehlich. I'm the Managing Attorney of the Homeownership and Consumer Rights Unit at Community Legal

Service, and I'm pleased to testify in support of the NPI Program Statement and Budget.

There's a lot for Philadelphians, such as CLS's low-income clients to like about the NPI bond. And I wanted to thank Council for its leadership on these housing issues. As Ms. Fadullon testified earlier, the bond won't solve all of our housing and homeownership issues here in our City, but it will take a huge bite out of the issues that we are facing.

In many ways it can be thought of as our local version of the federal Build Back Better plan for local housing and homeownership issues. I wanted to highlight just a few of the programs that will receive investments that will in particular assist Community Legal Services clients.

As several panelists have testified before me, the Philly First Home program will be receiving additional new funding. Before the funding was exhausted in 2020, the Philly First Home program helped 3,000 Philadelphians become first-time homebuyers. And I think one underdiscussed aspect of the program is that 80 percent of the homeowners who received assistance from Philly First Home were people of color, including 58 percent who identified as Black and then an additional 26 percent who identified as Hispanic or Latino.

The Philly First Home program is an important part of our efforts to close the racial homeownership gap in our City and we're very pleased to see it receive an allocation in the bond. The Tangled Title program, over $1.1 billion in family wealth is locked up in tangled titles here in Philadelphia, where nearly 11,000 homes are deeded in the names of dead people.

CLS is proud to partner with DHCD to represent clients to resolve their tangled titles. And I wanted to emphasize though as the Pew report recently found, tangled titles do not affect all areas of the City equally. Homes with tangled titles are disproportionately located in Philadelphia's Black and Brown neighborhoods and we see this at CLS as well.

Here at CLS, 84 percent of our tangled title clients identify as Black, and an additional 15 percent identify as Hispanic or Latino. The intergenerational Philadelphia family home helps grow intergenerational wealth and close the racial wealth gap, and CLS is grateful for its partnership with DHCD on these issues as we steadily make progress eliminating tangled titles, and we're very grateful for Council for its support.

Finally the Eviction Diversion Program, as Councilmember Gym has stated earlier, Philadelphia's Eviction Diversion Program has been held up by the U.S. Department of Justice as a national model. And in just the last year, it has helped 2300 landlord and tenant pairs engage in mediation with over 90 percent reaching an agreement or other resolution. We're very pleased to see the NPI bond include investments to continue this program and for housing counselors that are so instrumental to its success.

Again, thank you for the opportunity to testify at today's hearing. It's a critical moment for housing and homeownership issues here in our City. And on behalf of our clients, we are very grateful for Council for rising to meet this moment.

COUNCILMAN GREEN: Thank you, Mr. Froehlich. Next we'll hear from Kelly Gastley, Dr. Bill McKinney and Donna Henry.

MS. GASTLEY: Good morning. My name is Kelly Gastley. I'm the Managing Attorney at Philadelphia VIP. Thank you to Councilmember Green and all the other Committee members for the Committee on Finance for having me to testify today.

My testimony is in support of Bill No. 210681, specifically the Neighborhood Preservation Initiative's support of tangled title services, which Michael just mentioned briefly in his testimony as well.

VIP has been working on tangled title issues for nearly 18 years now. We have volunteer attorneys who have served 2,000 tangled title clients over the years and have helped over 1,000 Philadelphians with estate planning, which is crucial to preventing more tangled titles.

Support from the City through DHCD has been absolutely critical to this work. So I really want to thank the City and City Council for recognizing and supporting this work over the years. From July of 2020 to June of 2021, VIP and our volunteers helped over 400 clients with tangled title and estate planning issues.

Attorneys are really needed for this work because the issues are so difficult, if not impossible, to resolve without an attorney. But unfortunately as we know from the recent Pew report that Michael mentioned, 10,000 homes at a minimum in Philadelphia are affected by tangled titles, particularly Black and Brown homeowners in the City. So there's clearly a lot more work that needs to be done, and NPI is the tool to do that.

When I hear from other localities who are trying to tackle tangled title issues for the first time, they ask what has been so successful in Philadelphia. And one of the first things I tell them is support from your local government, support from local government to spread awareness and educate the public on these issues to make the process of clearing title much smoother and to provide financial support.

Philadelphia has long supported tangled title. But with this commitment under NPI, Philadelphia will really become the first city in the nation to commit at this level and ensure that we are preserving the intergenerational transfer of wealth among all of our families. VIP looks forward to working with the City in the years ahead and recruiting more attorneys across Philadelphia who can provide pro bono legal assistance to prevent and resolve the title issues. Thank you so much for having me to testify today.

COUNCILMAN GREEN: Thank you, Ms. Gastley. Next, we will hear from Dr. Bill McKinney, Donna Henry and Carrie Rathmann.

DR. McKINNEY: Thank you, Councilman Green for having me and the rest of Council for sponsoring this. I'm Bill McKinney. I'm the Executive Director of New Kensington Community Development Corporation. New Kensington CDC advances social equity and economic empowerment by nurturing and creating opportunities for residents to live in and actively shape their neighborhoods of choice.

Where I really wanted to just focus on is that during the pandemic, we really went through a situation of pandemic being laid on top of an existing epidemic in the Kensington area. We're dealing with a number of different issues that also layered on the racial reckoning that's going on both in Philadelphia and throughout the country.

As a result, in addition to the already extreme challenges that we have in the community, we had an exacerbation of additional homes being in disrepair, vacant storefronts on our critical commercial corridors and all of those pieces just really adding up over and over. We really support what is within the NPI initiative as an opportunity to address these things from a comprehensive manner.

We recognize that all of the individual issues can only be addressed through a comprehensive and interconnected strategy of addressing not just poverty, but poverty, workforce, education, racism, health, housing, gentrification and on and on. All these come together to get us where we really need to be. I'm pleased to be able to speak after folks like Legal Services as well as LISC and some of the other guests, because I think they've already laid out a number of the things that we also hold as a priority and that we think NPI will address.

But I also just want to bring a moment in emphasis that we need to have on revitalizing commercial corridors as a part of this, that we need to make sure that affordable housing is identified by the community that it's placed in and not using AMI from across the City and understanding it, and making sure that we prioritize meaningful community engagement as a part of all of this. So thank you very much. We fully support this, and we look forward to working with Council and the City as we move forward. Thank you.

COUNCILMAN GREEN: Thank you, Dr. McKinney.

My understanding is that Donna Henry, Executive Director of Southwest CDCs provided written testimony and will not be testifying virtually.

Next, we will hear from Carrie Rathmann, Mo Rushdy and Steve Masters.

MS. RATHMANN: Thank you, Councilman Green. I'm Carrie Rathmann, Director of Strategic Partnerships at Habitat for Humanity Philadelphia. So I thank you all for this opportunity today and for championing the NPI bond.

If we're going to seize this moment to create more economic, social, health and educational equity in Philadelphia, then we must boldly invest in housing for everyone and this is a great start. So I submitted written remarks, but I wanted to provide a summary verbally here today.

As you know, we're an affordable developer and we serve homeowners who make up to 80 AMI. But the majority of those folks are making up to 50 percent. Our homeownership program serves those making 30. We just raised -- 30 to 80 percent. But again, the majority of those are between 30 and 60.

We would specifically like you to consider three things in the allocation of these dollars: First, it appears that the portion of adaptive modifications for -- it appears that no portion of the adaptive mods are set aside for any program other than the City's Adaptive Mod Program, and that might be unclear in the way that it's written right now. But we urge you to consider other nonprofit providers who have been providing these services for upwards of 10 years.

At Habitat, we currently run an evidence-based CAPABLE program where we integrate adaptive mods with other services and we leverage dollars to impact each household even greater than the mods alone. So please consider us in some of those allocations. We're also super excited about blueprint for homeownership, especially since the City hasn't generally directly funded affordable homeownership production since 2008.

Organizations like Habitat or I'll speak for Habitat, we won't be able to continue to build and produce without some kind of support like this. However, we would urge you to consider that not all those funds move directly and live on the homeowner, because if organizations like Habitat can't sort of plan for in the predevelopment stage and put those funds in our capital stack, also provide them across the continuum of a single development, it really complicates how we're going to be able to leverage other funding.

The City has used HOME funds in the past that work similarly to the current proposal where funds were forgivable, a forgivable second mortgage for the homeowner, but they were secured by the developer and they were part of our capital stack used to secure other dollars like Federal Home Loan Bank or other state funds. Eligible homeowners were then matched to that project. So we hope you might consider two ways for those dollars to hit homes and help with production.

And then lastly, there seems to be no allocation for existing homeownership preservation repairs outside of BSRP. Although we applaud all the work that BSRP has done, Habitat has completed more than 625 repair projects to date across the City. We have a continuum of repair services and we're nimble in meeting Philadelphia's needs and also filling gaps where other organizations are not. Yet we do not receive any direct production dollars for this work, and we hope that you might consider that through the Housing Trust Fund. So we are grateful for all the work you're doing and thank you.

And that ends my testimony.

COUNCILMAN GREEN: Thank you, Ms. Rathmann. We will now hear from Mo Rushdy, Steve Masters and Dr. Gregory Allen.

MR. RUSHDY: Good afternoon, everyone. My name is Mo Rushdy and I serve as Treasurer of the Building Industry Association of Philadelphia as well as Co-chair of its Affordable Housing and Diversity, Equity and Inclusion Committee. I want to thank Council President Clarke and Chairman Green and the rest of the Committee for allowing me to provide testimony today on the Council President's Bill No. 210681.

The BIA is a trade association of mostly residential developers working throughout Philadelphia, along with the professionals who provide them with products and services. We recognize that there's an urgent need in Philadelphia for affordable housing options for a great many people who have been seeking to collaboratively craft policies with Council that help all residents in the City share in this prospect.

The BIA has made the hard decision to support and endorse the development impact tax, as it's a moral equitable alternative to other proposals designed to address the housing affordability crisis. That is the result of a host of issues, and we believe that the entire development community must contribute towards solving the problem.

We believe then as we believe now that the combination of funds from these Neighborhood Preservation Initiative bonds and those currently being directed in the Housing Trust Fund could be sufficient to ensure a dramatic increase in city-wide affordable housing. But to put the need in perspective, the City's Housing for Equity plan cites the need for 30,000 new or preserved affordable units by

2028.

Assuming equal allocation between new construction and preserving homes, the cost will be upwards of 3 to 6 billion. I repeat 3 to 6 billion. The need is great and we believe that the private sector has a great role to play here to fill the gap.

Much of the scale of funding that is needed to make a big difference will come from commercial lenders, providing senior debt for projects that are able to step in and assist with the great efforts that Ms. Fadullon mentioned today. Unfortunately, Council has decided to effectively decrease the amount of money that developers pay into the Housing Trust Fund by lowering and eliminating bonuses available through Bill Nos. 210474, 210633 and 210667.

Reducing these bonuses and potentially imposing exclusionary zoning mandates on parts of the City combined with an ending tax abatement reduction will together have a chilling impact on all construction in the City, both market rate and affordable. This is not the way to help a city recover from a pandemic.

The BIA is also disappointed to read in Bill 210681 that not enough of NPI funds are being dedicated to creating and preserving affordable housing. We have 26.6 million in infrastructure improvements; 15.2 in small business support; 15.2 in rental assistance and 11.4 in eviction prevention, are all worth causes for support, but also have been generously addressed in the recent federal American Rescue Plan, which did not include funding for affordable housing.

Please use the federal stimulus funds for these issues and keep NPI focused on affordable housing as designed. And laid out in the BIA's affordable housing blueprint, we believe that in order for NPI's initiatives to work, there must be a clear commitment by everyone in City Hall to dispose of

City land to create affordable housing.

Every District Councilmember has dozens of City home properties in his or her District that can be utilized for housing. There must also be increased capacity to handle applications that can reach over 1,000 homes a year, mostly being built on (inaudible). Increased capacity is needed for disposing City land as well as more capacity to take projects with more than a 50 percent affordable component through the approval process.

Finally, we believe having an affordable housing czar to oversee the process capacity issues and streamlining of applications will be a good idea to hold everyone accountable and reach the goal that these bonds are set to accomplish. Between City Council, the Housing Trust Fund, the Land Bank, the Redevelopment Authority and PHDC, there are still too many different cooks in the kitchen when the demand is urgent and timing is of the essence.

The BIA is sincere in its desire to be part of the solution. We believe in solutions that work for all. The BIA supports Council President Clarke's Neighborhood Preservation Initiative, but ask that it be tied to a larger strategy promoting equitable growth that includes all development and public-private partnership. Thank you for your consideration.

COUNCILMAN GREEN: Thank you, Mr. Rushdy, for your testimony. You will be followed by Steve Masters and Dr. Gregory Allen, and then I'm not sure if we have a representative from Project HOME, and then also Abraham Pardo from the Urban League of Philadelphia.

MR. MASTERS: Good morning, Chair Green, members of Council Committee on Finance. My name is Steve Masters. I'm President of JustLaws, which is an innovative social impact law firm launched in Philly, and also a proud alumni of City Council's staff.

Today I come to you as an

attorney to over 25 homeowners on the 300 block of Glen Echo Road in West Mount Airy to convey their strong support for Bill No. 210681 to immediately authorize spending the first $100 million in funding for NPI. In particular, we are here to highlight the critical importance of the dedicated funding in the legislation for repairing a retaining wall condemned as imminently dangerous by L&I.

So I want to just tell you briefly the story of the Glen Echo Road retaining wall. It's definitely more details in our written testimony. On April 18, 2018, a 48-foot length of Glen Echo Road's retaining wall collapsed and completely blocked the shared alley and driveway behind homes on Glen Echo Road. The debris landed and blocked basically three homes at that time.

Miraculously, no one was injured and none of the homes bordering the shared alley driveway were damaged, but the collapse transformed the affected portion of the retaining wall into a rapidly eroding cliff and rubble from the retaining wall's collapse, which filled the shared alley driveway behind multiple homes. For three homes, each of their driveways became completely blocked with the cliff left behind and the rubble unstable and dangerous.

Adjacent sections of the wall then became unstable and the property owners all along this block feared for their collapses that could easily cause much worse property damage, including trees falling onto their homes. To make matters worse, each of these homeowners can no longer access their shared driveways, leading to a significant devaluation of each of their properties.

It's been nearly four years since these homeowners have had access to the driveways and garages. Even a car that was crushed by the falling debris remained stuck in the alley, as there was no way of moving after the

City installed all kinds of barricades to prevent any further access to the driveway and the retaining wall.

The Glen Echo neighbors wrote numerous times to then L&I Commissioner Dave Perri, who ultimately hired a contractor to remove the debris and erect the barricades. Unfortunately, L&I then mysteriously stopped all repair efforts and left the wall in an imminently dangerous condition. The Glen Echo neighbors were told by the City it was up to them to hire a contractor to fix the wall. They tried and failed as do virtually all homeowners in Philadelphia who confront the staggering cost of repairing retaining walls and the refusal of contractors to enter into contracts with dozens and dozens of neighbors.

With this legislation to amend the City's budget to incorporate that $100 million into NPI, L&I will once again have specific funding to hire contractors to repair unsafe and dangerous retaining walls like the ones behind the homes of my clients on Glen Echo Road.

We greatly appreciate the strong support of Councilmember Cindy Bass, who has added the Glen Echo retaining wall to her priority list for retaining wall repairs to be funded in this first round. This relief cannot come quickly enough, so we urge the Committee to swiftly report this bill favorably, suspend the rules for first reading and then unanimously pass the legislation when it's put on final passage. Thank you very much for this opportunity to present testimony.

COUNCILMAN GREEN: Thank you, Mr. Masters.

I also would like to note for the record that Project HOME is providing written testimony, so we will now hear from Dr. Gregory Allen and Abraham Pardo from the Urban League of Philadelphia.

DR. ALLEN: Thank you, Chair,

Councilmembers, colleagues. Good morning. I'm pleased to testify here today about the critical impact of the Neighborhood Preservation Initiative on the people, families and communities like the one I serve. My name is Dr. Gregory J. Allen. I'm Founder and President of Overbrook West Neighbors, a community development corporation serving the Overbrook neighborhood of West Philadelphia.

We were founded and incorporated in 2018 with a mission to work with residents and stakeholders to improve the quality of life in our community. Like the other neighborhoods, Overbrook needs many of the things that NPI offers. Our BIPOC small businesses need support, our commercial corridor, the gateway between Philadelphia and the Main Line for reasons that have to do with CDBG formulas is often ineligible for funding. Lots of neighborhood infrastructure as we've heard is in need of repair.

We look forward to partnering with the City and NPI to address these issues. However, since Overbrook is largely comprised of owner-occupied single family rowhomes from our inception, we have targeted homeownership stabilization as a priority for our community.

So I need to give lots of shout-outs to government, our Councilmember Curtis Jones, Jr., Dave Thomas from PHDC, the Basic Systems Repair Program and our state contingent for -- because in 2019 with funding from the Pennsylvania Housing Finance Agency PHARE program, an inspiration of leadership from Mr. Fourth District and guidance from Dave, we created the West Philadelphia Handy Person Program.

This demonstration program provides repairs to the owner-occupied homes of low-income seniors 55 years of age and older who reside in Overbrook, Carroll Park and Haddington, and all home repairs are also completed by BIPOC contractors and apprentices who live in West Philadelphia.

To date, we've completed about 15 homes. And by the time the program ends in December, we expect to complete another 15. The Basic Systems Repair does all the large systems. We do all the handy person stuff, but that will still make a home livable for a low-income senior.

In the future next year, we hope to launch the Overbrook Homeownership Program participating in conversations with Councilmember Jones and PHA to discuss the donation of PHA scattered-site properties and other City properties that exist in Overbrook to own via the Community Choice Registration program and other programs that will revitalize these properties and provide them for sale as homeownership in five simple steps. Thank you for your time and attention.

Now, more than ever

organizations like ours and communities like Overbrook also referred to as middle neighborhoods carefully balance between blight and thriving desperately need NPI in order to survive. For years, our neighborhoods have been a stable community for families to live, work, raise their children, shop, attend school and enjoy a high quality of life.

In the past when the City was experiencing some rough financial times, it's neighborhoods like ours that kept Philadelphia's municipal finances in the black. All of us in Overbrook look forward to continuing our legacy of being the keystone of West Philadelphia and the gateway between the Philadelphia and the Main Line. Thank you for the opportunity to testify.

COUNCILMAN GREEN: Thank you, Dr. Allen. We will now hear from Abraham Pardo from the Urban League.

MR. PARDO: Hi. Thank you, everyone. Good morning and thank you for allowing me to testify on behalf of the Urban League and the clients we serve. My name is Abraham Reyes Pardo. I'm the Director of Housing at the Urban League of Philadelphia, 100-year-old civil rights organization providing support to underserved individuals and families residing in the Greater Philadelphia region.

I'm here to testify about Bill 210681 and the activities performed as part of the Philly First Home grant. I want to acknowledge that just as important as it is for low and moderate households to access the funds available to the program is the work of housing counselors and agencies assisting applicants to access the program.

For some of the applicants benefiting from this initiative, the work began years ago when they first connected with the housing counseling agency. As part of our financial literacy and counseling activities, we work closely with individuals and families seeking to achieve short-term and long-term goals, including sustainable homeownership.

Some of these families are sorting cycles of generational poverty and face challenges before or beyond housing. However, we recognize that achieving sustainable housing will have an immediate impact in every single aspect of their lives. One could say it is a trickle-down effect.

Last year with minutes from the announcement about the program closure, we received calls from lenders and realtors as in some way we became the face -- we, housing counseling agencies, have become the face of the program when thousands of applications were submitted on behalf of our clients.

The day the announcement came out I, myself, was in the middle of hosting one of our HUD-approved first-time homebuyer webinars, which at that point had an average attendance of 95 people per session. That was the first step perspective applicants had to be completing in order to receive the funds followed by counseling.

I'm asking to include funding for housing counseling activities as part of this bill, understanding that housing counseling activities have been a critical component of the program from insertion, and that given the current volume of distressed homeowners and renters seeking our services, we will need additional support.

As part of the eviction mediation program, the Urban League of Philadelphia has provided support for 1,000 households seeking to access relief, and we're gradually seeing an increase in homeowners asking for help with mortgage assistance, and more and more we're hearing about people coming to us in reference to the PA Housing Assistance Fund. We're here to serve the needs of our clients and we can only continue to do that with your help and your support. Thank you for your time and consideration.

COUNCILMAN GREEN: Thank you, Mr. Pardo, for your testimony. I want to thank all the witnesses that testified today regarding the Neighborhood Preservation Initiative. This is very important. I think you provided a lot of great ideas and suggestions to make this an even better piece of legislation to help the constituents and citizens of the City of Philadelphia, and I hope that both the Commerce Department and the Department of Housing Community Development were paying keen attention to those suggestions to include those in the Neighborhood Preservation Initiative.

With that, I would like to recognize Councilmember Gym who has comments.

COUNCILWOMAN GYM: Yes. I just want to take a brief moment to thank all the testifiers. I know some were on first thing in the morning. Many of you have been partners and advocates in making NPI even possible. The long road that it took for NPI to come into existence had its roots in much of the work that many of your agencies have been doing.

Believe me, I hope that this is a demonstration that this is a start and not an end, and that our continued partnership, our continued working through the complications and the challenges of building an affordable Philadelphia of committing deeply into housing is one that's going to take all of us to continue to maintain our partnership to figure some things out, to recognize that this is one of many investments that we are committed to doing.

And most of us, thanking all of you for being tremendous advocates for commercial corridors. For housing counselors, I heard that loud and clear. Housing counseling is integrated into almost all the programs listed into NPI and the work that housing counselors have been doing to build internal capacity, help educate the public and negotiate out complicated relationships is a lesson that this is not just about merely resolving things via contracts, et cetera, et cetera. We're trying to through the work of investment and housing and in people's lives and then commercial corridors, and truly like the fullest definition of what it means of commerce and life in our City, we're actually trying to restore a sense of community, a better of sense of communication and long-lasting capacity-building.

To all the folks who are in the housing counseling front, we absolutely hear you and we hope that we will maintain our continued partnership and work, and that good work is fundamentally rewarded. I don't think that there's any question that this Council body and many others have recognized the amount of time, the effort, the passion that you poured into this belief that talking people through will really transform opportunities and expand our City and really be an investment in our City's future.

So thank you very much to our developers through the partnership with BIA. I know this is going to be an ongoing conversation, but we appreciate the energy that BIA has put into investing in affordable housing. I just really want to express a tremendous amount of gratitude and a commitment to long-term partnerships to try and figure this thing out as we continue forward.

I think all credit and gratitude does go to my Council President and to our Council colleagues who really came together to make sure that NPI would be possible.

So thank you very much, Mr. Chair.

COUNCILMAN GREEN: Thank you, Councilmember Gym.

Is there anybody else from the public that would like to testify on this bill regarding the Neighborhood

Preservation Initiative?

(No response.)

COUNCILMAN GREEN: Seeing and hearing none, we will move to the next panel. Thank you to all the witnesses that were here to testify as well as representatives from the Administration.

Mr. Iannuzzi, if you can read the witnesses for Panel No. 4.

THE CLERK: Jackie Dunn, Treasurer, City of Philadelphia.

COUNCILMAN GREEN: Thank you, Treasurer Dunn. If you could state your name for the record and then proceed with your testimony.

CITY TREASURER DUNN: Sure. Good morning, Chair Green and members of the Committee. I'm Jacqueline Dunn, City Treasurer. And with me this morning are Natalia Dominguez Buckley, First Deputy City Treasurer and representatives from Citizens Bank. I am here to testify in favor of Bill No. 210682.

This bill will provide

authorization for the City to enter into an amendment with Citizens Bank of Pennsylvania for provision of payroll depository banking services for City employees for an additional six-month term from January 1, 2022 to June 30, 2022, under certain terms and conditions.

In June 2006, the City enacted legislation that required the Treasurer's Office to implement a request for proposal process, seeking proposals from qualified institutions to provide banking services that include payments to employees, payroll deductions and payroll taxes. The legislation also required that no contract amendment or the proposed recipient for depository banking services -- or payroll banking services may be executed until it has been approved by City Council with an ordinance.

This winter in 2021, the City Treasurer's Office issued a payroll services RFP, and a Selection committee determined that Citizens Bank was the most qualified institution based on the quality of services provided, cost, extensive branch network and commitments to communities across the City.

Citizens Bank has served as the City's payroll depository since July 2017. In June 2021, City Council approved Citizens Bank for a six-month term. With Council's approval, the Treasurer's Office is requesting to contract with Citizens Bank for an additional six months to take their first year of contract through a full year period through June 30, 2022.

The Administration respectfully recommends adoption of this ordinance and requests that the Committee give the bill its favorable recommendation, and further, that the Committee recommends the rules of Council be suspended so as to permit first reading of the bill at the next session of Council. Thank you for your consideration, and I'm happy to answer any questions that you may have.

COUNCILMAN GREEN: Thank you, Ms. Dunn -- excuse me, Treasurer Dunn. I just have a few questions. Can you give some perspective on how we came to have Citizens Bank as the City's depository? I know prior to Citizens coming in I believe Wells Fargo was the long-time City's depository. So could you please provide some background on that issue?

CITY TREASURER DUNN: Sure. That's correct, Chair. Prior to the 2017 selection of Citizens Bank, Wells Fargo had previously served as the City's payroll depository. In 2017 through that RFP process, the previous personnel in the Treasurer's Office and the Selection Committee had recommended Citizens Bank to take over the role for those services.

And then again through an additional process after their four-year contract expired, we requested responses from all City depositories. We received six proposals, and our Selection Committee determined that based on the quality of services that Citizens Bank provides, their extensive branch network throughout the City and in our low- and moderate-income communities, their cost proposal and their just general commitments to being good corporate Citizens in the City, that they were the most qualified institution to service the depository in Fiscal Year 2021.

COUNCILMAN GREEN: Treasurer Dunn, can you also give more context of what occurred in reference to what led to that transition from Wells Fargo to Citizens based on your understanding?

CITY TREASURER DUNN: Sure. I was not in this role at that time, but I know that cities around the country had concerns based on news reports regarding activities at Wells Fargo with predatory lending and account openings. Wells Fargo has made significant efforts to address those challenges, but I think at the time the City determined it was in our interest to seek another provider for those services. And so, the RFP was issued at that time in 2017.

COUNCILMAN GREEN: Now, in reference to Citizens Bank being the City's depository, if something were to happen with Citizens Bank or that time when we had Wells Fargo, do we have a backup depository that can provide these payroll services?

CITY TREASURER DUNN: So we are fortunate to be covered by a number of strong banking partners that are approved depositories, and there a number of strong responses. We did feel our Selection Committee felt that Citizens was the most qualified. And so, if we were to have to make an additional selection should the Committee not approve this, we would have to do another RFP and seek solicitations from our depositories for the payroll services.

COUNCILMAN GREEN: Okay. If that were to occur, can you give some perspective on what type of impact that would have for the City of Philadelphia?

CITY TREASURER DUNN: Sure. So similar to when Citizens Bank took over the relationship from Wells Fargo, there was a six-month transition period to ensure that there was a continuity of services. We want to make sure our employees are paid, that internally we have our processes in place so that our payroll and our technology divisions that support those very technical aspects of issuing payroll and collecting and levying payroll taxes, that all of those functions were seamlessly before we were to cut over to a new institution.

So Citizens was a great partner as we made that transition before they came back on board in 2017. And so, I think any time we would consider switching our provider for any banking services, we want to make sure that that transition would be seamless for our employees.

COUNCILMAN GREEN: Thank you, Treasurer Dunn.

I'd like to acknowledge Councilmember Bass for questions.

COUNCILWOMAN BASS: Morning.

COUNCILMAN GREEN: Good morning.

COUNCILWOMAN BASS: Good morning, Mr. Chairman.

Good morning, Ms. Dunn. How are you?

CITY TREASURER DUNN: Good morning. I'm well.

COUNCILWOMAN BASS: Good, glad to hear it.

I do want to make a statement, Mr. Chairman. I do apologize. I'm going to have to leave the hearing before we vote on these matters, but I did want to make a statement.

And I wanted to say to my colleagues and Philadelphians, I'm voting no on this amendment extending our payroll agreement with Citizens Bank. I feel this support is just unwarranted. I refuse to be complicit in supporting this financial institution due to its thoughtlessness and disregard for the communities that it serves.

Citizens recently chose to close the only location that they had available for many residents in North Philadelphia, leaving an overpriced ATM in its place as if it were an actual substitute for the years that they've relied on professional banking services.

After years of relying on full banking and professional services, these residents feel that they have been outright abandoned. Those who relied on this location are now forced to pay additional fees to access their money or travel significant distances for basic banking service.

This disappointing and possibly discriminatory development is unacceptable. Citizens' actions can best be described as careless in my opinion, turning its back on North Philadelphians and negatively impacting their financial wellness and resources. I refuse to do the same. I, therefore, refuse to support Citizens Bank through this amendment, and I stand in solidarity with the community from whence I came, North Philadelphia.

And so as I stated, Mr. Chairman, I am unfortunately unable to stay throughout the hearing. The last panel and discussion was very vibrant, very enlightening and I enjoyed it thoroughly, but it did go on for quite some time so I'm limited on time.

But I did want to really just put this out that the conduct by Citizens on the North 22nd Street shopping corridor, their abandonment of that corridor really does require that I will not be in support of any actions that they're taking because of leaving that community, leaving the professional banking services, the only professional banking services on that corridor. And we did meet with them. We did try to have conversation with them about the changes that they were suggesting, the changes that they were making in terms of leaving the community.

And their thought was, well, you can go to Broad Street or you can go here or you can go there. And as we know, neighborhoods and neighborhood shopping centers are important. Supporting commercial corridors is very important. And abandoning those communities, abandoning those neighborhoods is absolutely unacceptable. So again, I stand in solidarity with the community and I will not be supporting Citizens Bank for this move for payroll services.

And I did want to go back to something that Ms. Dunn just recently said. And, Chairman Green, you asked an excellent question, which is are there other players that we can work with, are there other entities that we would reach out to that could provide sort of a Plan B. And the answer to that as I understand it from Ms. Dunn was, yes, that there are other people, are other entities that are waiting in the wings that could provide the services that are needed to provide payroll services.

So I would just really urge all of my colleagues to give that some serious, serious thought. But as of today, I am not able to be a part of a vote in favor of Citizens Bank. Thank you.

COUNCILMAN GREEN: Thank you, Councilmember Bass.

Are there any other questions or comments from members of this Committee?

(No response.)

COUNCILMAN GREEN: Seeing none, are there any additional comments or questions from the public regarding this panel, this bill or any other bills that have been listed for today's Finance Committee hearing?

(No response.)

COUNCILMAN GREEN: Seeing none, I want to thank Treasurer Dunn and First

Deputy Buckley for being here and testifying this afternoon.

This concludes the public hearing. And I will ask that anyone that has signed in to testify, if you please can now leave the public hearing. I want to invite all the panels of witnesses to please disconnect because we're now about to go into our public meeting. We will now pause the proceedings briefly to give an opportunity for participants to leave the hearing, and then we will go into our public meeting.

(Brief recess.)

COUNCILMAN GREEN: I want to thank everyone for your patience as we're getting ready to reconvene the meeting. If we could have members of Council, they can come back on screen so that way we can reconvene the public meeting for today's Finance Committee meeting.

I just want to make sure that we have a quorum, which we look like we do. And we're about to be joined by Councilmember Squilla as well. I want to thank all of you for being here. Seems like some of us are in our offices. Some of us are not. Making use of the Microsoft Teams platform to make sure we are doing the good work of the citizens of the City of Philadelphia.

I want to thank all of you for your attention, participation and support in the hearing regarding both the PGW commercial paper legislation as well as the Neighborhood Preservation bill as well as the payroll bill, so thank you for your time, for being here and listening to very important testimony from the various constituencies and groups that will benefit from the Neighborhood Preservation Initiative, which is something that is very important for the constituents of the City of Philadelphia. And we will now reconvene the public meeting.

Mr. Iannuzzi, will you please call the role to take attendance. Members that are in attendance, will you please indicate that you're present when your name is called, and please say a few brief words when responding so that your image will be displayed on screen when you speak.

THE CLERK: Councilmember Allan Domb.

COUNCILMAN DOMB: Thank you, Mr. Chairman, and present.

THE CLERK: Councilmember Helen Gym.

COUNCILWOMAN GYM: Thank you, Mr. Chair. I am present.

THE CLERK: Councilmember David Oh.

COUNCILMAN OH: Good afternoon. I am present. Thank you very much.

THE CLERK: Councilmember Maria Quinones-Sanchez.

COUNCILWOMAN QUINONES-SANCHEZ: Good morning. Good morning. I am present.

THE CLERK: Councilmember Mark Squilla.

COUNCILMAN SQUILLA: (Muted).

COUNCILWOMAN QUINONES-SANCHEZ: You're on mute.

COUNCILMAN SQUILLA: Good morning, Mr. Chair and colleagues. I am present.

THE CLERK: And, Chair Green.

COUNCILMAN GREEN: I am present. Thank you, Mr. Iannuzzi. We --

COUNCILWOMAN BASS: Mr. Chairman, I'm also present. I was able to hang on for a few more minutes to take the votes. I am here. This is Councilwoman Bass.

COUNCILMAN GREEN: Thank you so much. We will now go into our public meeting.

I would now like to recognize Councilmember Squilla for a motion on the amendment to Bill No. 210682.

COUNCILMAN SQUILLA: Thank you, Mr. Chair.

I offer an amendment to Bill No. 210682. A copy of the amendment has been circulated to all members of the Committee. I move that the amendment to Bill No. 210682 be approved.

COUNCILMAN OH: Second.

COUNCILMAN GREEN: It has been seconded I believe by Councilmember Oh. It's been moved and properly seconded that the amendment to Bill No. 210682 be approved.

All those in favor of the motion will signify by saying.

(Aye.)

COUNCILMAN GREEN: Those opposed?

(No response.)

COUNCILMAN GREEN: The ayes have it and the motion carries. An amendment to Bill No. 210682 has been approved.

Chair recognizes Councilmember Squilla for a motion on Bill No. 210682 as amended.

COUNCILMAN SQUILLA: Thank you,

Mr. Chair.

I move that Bill No. 210682 as amended be reported from this Committee with a favorable recommendation and further move that the rules of Council be suspended as to permit the first reading of this bill at the next session of Council.

COUNCILWOMAN QUINONES-SANCHEZ: Second.

COUNCILMAN GREEN: It's been properly seconded by Councilmember Sanchez, that the bill has been moved and properly seconded that Bill No. 210682 as amended be reported from this Committee with a favorable recommendation and further move that the rules of Council be suspended to permit first reading of this bill at our next session of Council.

All those in favor of the motion will signify by saying aye.

(Aye.)

COUNCILMAN GREEN: Those opposed?

(No response.)

COUNCILMAN GREEN: The motion carries.

Chair now recognizes Councilmember Henon for a motion on Bill No. 210681.

(No response.)

COUNCILMAN SQUILLA: I don't know if Mr. Henon is available.

COUNCILMAN GREEN: I apologize. I apologize. When you have a certain perspective when you've been working with someone as your Vice-Chair for some time, you're used to doing certain things.

So let me restate. Chair recognizes Councilmember Squilla for a motion on Bill No. 210681.

COUNCILMAN SQUILLA: Thank you, Mr. Chair. I move that Bill No. 210681 be reported from this Committee with a favorable recommendation and further move that the rules of Council be suspended as to permit the first reading of this bill at the next session of

Council.

COUNCILMAN OH: Second.

COUNCILMAN GREEN: It has been seconded by Councilmember Oh. It has been moved and properly seconded that Bill No. 210681 be reported from this Committee with a favorable recommendation and further move that the rules of Council be suspended to permit first reading of this bill at the next session of Council.

All those in favor of the motion will signify by saying aye.

(Aye.)

COUNCILMAN GREEN: Those opposed?

COUNCILWOMAN BASS: No.

COUNCILMAN GREEN: We will record that there was a nay vote. The motion carries.

Chair recognizes Councilmember Squilla for a motion on Bill No. 210684.

COUNCILMAN SQUILLA: Thank you, Mr. Chairman.

I move that Bill No. 210684 be

reported from this Committee with a favorable recommendation and further move that the rules of Council be suspended as to permit the first reading of this bill at the next session of Council.

COUNCILMAN OH: Second.

COUNCILMAN GREEN: It has been seconded by Councilmember Oh. It has been moved and properly seconded that Bill No. 210684 be reported from this Committee with a favorable recommendation and further move that the rules of Council be suspended to permit first reading of this bill at the next session of Council.

All those in favor of the motion will signify by saying aye.

(Aye.)

COUNCILMAN GREEN: Those opposed?

(No response.)

COUNCILMAN GREEN: The ayes have it and the motion carries.

Thank you all. This concludes

the business for the Finance Committee today. I want to thank you for your attendance and participation on these very important matters before us today. Have a great and wonderful day.

COUNCILMAN OH: Thank you. Take care.

COUNCILMAN DOMB: Thank you, everyone.

COUNCILMAN SQUILLA: Thank you, Mr. Chair. Great job.

COUNCILMAN GREEN: Thank you.

(Committee on Finance concluded at 11:25 a.m.)

C E R T I F I C A T I O N

I, hereby certify that the proceedings and evidence noted are contained fully and accurately in the stenographic notes taken by me in the foregoing matter, and that this is a correct transcript of the same.

____
TANEHA CARROLL
Court Reporter - Notary Public

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