COUNCIL OF THE CITY OF PHILADELPHIA

COMMITTEE ON HOUSING, NEIGHBORHOOD

DEVELOPMENT AND THE HOMELESS

Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, February 11, 2024
1:15 p.m.

PRESENT:

COUNCILWOMAN JAMIE GAUTHIER, CHAIR
COUNCILWOMAN RUE LANDAU, VICE-CHAIR
COUNCILWOMAN CINDY BASS
COUNCILMAN CURTIS JONES, JR.
COUNCILMAN MARK SQUILLA

RESOLUTION: 240697

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COUNCILWOMAN GAUTHIER:
I now note that the hour has come and this hearing is called to order. This is the public hearing of the Council Committee on Housing, Neighborhood Development and The Homeless. The purpose of this public hearing is to hear testimony on Resolution No. 240697.
Ms. Jones, will you please call the roll?

THE CLERK:
Councilmember Squilla.

COUNCILMAN SQUILLA:
Present.

THE CLERK:
Councilmember Jones.

COUNCILMAN JONES:
Present.

THE CLERK: Vice-Chair Landau.

COUNCILWOMAN LANDAU:
Present.

THE CLERK: Chair Gauthier.

COUNCILWOMAN GAUTHIER: Present. Thank you, Ms. Jones.

I now note for the record that a quorum of this Committee is present and this hearing is called to order. Thank you, all of you, for taking time out of your day to discuss such an important issue. I want to also thank Vice-Chair Landau and Committee members Councilmember Jones and Councilmember Squilla for participating in this afternoon's hearing.

Our city's housing affordability crisis is only getting worse. There's a desperate need for affordable housing in every corner of our city. And our main way to help those who need it the most is through maximizing our public dollars. This is what we will unpack and discuss this afternoon.

What we will not be discussing today is any idea of converting the Area Median Income metric from a regional measurement to a Philadelphia only one. I know the resolution had some text about this in it, but I want to be super clear that creating a Philly specific AMI was never meant to be the focus of this hearing and there is no plan to make any such change.

So I ask everyone testifying today to please focus on the actual topic which is shining a light on the depth of our city's affordable housing crisis and how the City is failing our lowest income residents. Over the past few years this body has taken bold steps to solve our affordable housing crisis.

By cutting red tape and

implementing new incentives, we made it easier to build affordable housing, especially on vacant public land. We cracked down on illegal discrimination against tenants using housing vouchers, froze property taxes for low-income homeowners and will give voters in the May 2025 primary the opportunity to compel the City to stop underfunding the Housing Trust Fund.

We also armed the City, affordable housing providers, homeowners, landlords and tenants with additional tools and funding to keep vulnerable Philadelphians in their homes, because we know that the most affordable home tends to be the one you already live in.

Just last week I introduced Phase 2 of my Defined Displacement Campaign, which cuts even more red tape to make it easier for developers and homeowners to quickly bring affordable housing online. And I'm very excited about Vice-Chair Landau's Move-In Affordability Plan, which cuts rental fees and housing costs for tenants.

Perhaps most importantly now, at the dawn of another Trump presidency, it is this body that we have to thank for dramatically increasing local funding sources for housing programs. This includes --

(Applause.)

COUNCILWOMAN GAUTHIER: Absolutely. This includes floating two different bonds, most recently the NPI bond, as well as mandating a portion of our General Fund and with the support of voters' hopefully density bonus payments as well be dedicated to the Housing Trust Fund.

But the truth of the matter is no amount of legislation and budget campaigns can make Philly affordable if the Administration does not spend our hard-earned tax dollars on housing that the community can actually afford.

Our region's Area Median Income is just over $114,000 annually, but the typical Philadelphia household earns only half of that. This means that when the City subsidizes so-called affordable housing for residents earning 60, 80, 101, 100, 120 percent of AMI, it is still too expensive for hundreds of thousands of Philadelphians.

40 percent of the households that I represent earn less than $30,000 annually, including many seniors and people with disabilities. That is about

40 percent of the region's Area Median Income. These constituents need our help the most, but for too long the City has failed to give them the support they need to access safe, stable and affordable housing.

I want to thank the Philadelphia Coalition for Affordable Communities. Their report on this --

(Applause.)

COUNCILWOMAN GAUTHIER: Their report on this issue expertly lays out the extent of this problem and the stakes of leaving it unsolved. No one here is denying that our middle-class residents need help too. This crisis impacts everyone, but we cannot keep closing our eyes and plugging our ears to the plight of hundreds of thousands of Philadelphians who have been left behind.

I am grateful to the 10 Councilmembers who co-sponsored the resolution authorizing today's hearing. We also cannot ignore the broader context in which we are here today. With President Trump in the White House and Republicans in control of Congress, we may very well be on our own. Trump does not care about lowering costs for families. He does not care about helping working people find safe, stable and affordable housing and he does not care about Philadelphia.

Over the past four years, this city has received billions of dollars in investment from the Biden-Harris Administration, including tens of millions of dollars for affordable housing projects. I really hope that I am wrong, but I fear that this may be over.

Thanks to Trump, life is about to get a lot more expensive for everyone, especially working families. So it has never been more important for the City to step up to the plate and give low-income residents the help they need and deserve. And what's the alternative? Footing an even larger bill when families have no other place to go but to a homeless shelter, which costs the City more money in the long run and leads to worse outcomes for families.

The stakes are high, but I am hopeful that after today's discussion we will be better-equipped than ever to put City Hall to work for our neighborhoods. So once again, thank you all so much for being here.

And I will ask if any of my Committee members have opening remarks starting with Vice-Chair

Landau.

COUNCILWOMAN LANDAU:
Good afternoon, everybody. Just want to say thank you so much to Chairperson Gauthier for having this essential conversation at this time. Can't wait to hear what you have to say.

COUNCILWOMAN GAUTHIER:
Any other members?

COUNCILMAN JONES: Thank you, Madam Chair, for this issue being brought to light. It affects all over, including the 4th District. We recently were able to save 300 affordable units at Brith Sholom --

(Applause.)

COUNCILMAN JONES: -- where we discovered how extensive this problem is. And so, we have to -- I want to thank our Mayor and PHA Housing Authority for helping us out. So if 30,000 affordable

luxury units are to be built, it
starts here.
Thank you, Madam Chair.

COUNCILWOMAN GAUTHIER:
That's amazing Councilmember.
Thank you.
Ms. Jones, will you now
read the title of the resolution.

THE CLERK: Resolution
No. 240297, authorizing the
Committee on Housing, Neighborhood
Development and The Homeless to
hold hearings on how setting
affordable housing program
eligibility according to the metric
of regional Area Median Income,
AMI, fail to reflect the true state
of housing affordability needs of
Philadelphians, how this leads to
City housing programs not providing
enough funding to those who need it
most, and how the adoption of a
more locally defined AMI can be
utilized to create and sustain

generally -- excuse me, genuinely affordable housing across the City of Philadelphia.

COUNCILWOMAN GAUTHIER: The Clerk will please call the first panel of witnesses to testify on the resolution.

THE CLERK: Mark Dodds.

(Witness approached Witness table.)

COUNCILWOMAN GAUTHIER: Good afternoon.

MR. DODDS: Good afternoon.

COUNCILWOMAN GAUTHIER: Please state your name for the record and proceed with your testimony.

MR. DODDS: Mark Dodds. Good afternoon, Chairperson Gauthier and members of the Committee on Housing, Neighborhood Development and The Homeless. My name is Mark Dodds, and I'm the

Interim Deputy Director of the Division of Housing and Community Development, part of the Department of Planning and Development. Thank you for the opportunity to testify today and for your interest in our work.

DHCD is charged with allocating resources from multiple federal, state and local sources to subrecipient organizations to carry out housing and community development programs. These programs are often funded with dollars from more than one source. Each source has its own restrictions on the income range beneficiaries must fall into in order to be served with funding from that source.

DHCD works closely with our subrecipients to ensure that their program eligibility criteria are in accord with applicable regulations. Pursuant to response from the Chair, DHCD conducted a detailed analysis by program citywide and by Council District to determine the breakdown of actual beneficiaries across income categories and to estimate the expenditures attributable to each category.

We have provided this analysis to the Committee in a spreadsheet and a two-page explainer. In lieu of reciting the contents of these documents, I will share just a few of our high-level findings: Nearly 1/3 of DHCD funding benefits households in the lowest income category, less than 30 percent Area Median Income or AMI. The Basic Systems Repair and Adaptive Modification programs, Flagship Housing Preservation programs primarily serving homeowners. 65 percent of BSRP beneficiaries and 71 percent of AMP beneficiaries are under that 30 percent AMI lowest income category.

Households with incomes below 30 percent AMI also make up the majority of beneficiaries, served by crucial programs for renters, including tenant-based rental assistance and the Philadelphia Eviction Prevention Program.

Interestingly, although income eligibility for home ownership programs Turn the Key and Philly First Home is 100 percent AMI, most beneficiaries are actually in the 50 to 80 percent AMI range.

DHCD partners with quasi government agencies, PHDC and the Philadelphia Land Bank and a host of community subrecipients. We also work closely with the Office of Homeless Services and the

Philadelphia Housing Authority, the leading governmental agencies addressing the housing needs of the City's most vulnerable residents.

The network of frontline community organizations DHCD invest in includes nearly 30 housing counseling agencies, over 20 Neighborhood Advisory Committees and more than a dozen Neighborhood Energy Centers across the city. We fund multiple legal service agencies that run our Tangled Title program, are instrumental in implementing our nationally recognized Mortgage Foreclosure Prevention and Eviction Diversion programs. And overall, we partner with 90 community agencies that address every aspect of affordable housing.

These agencies are central to getting the word out about our programs. As our Council offices in City Hall and in the Districts, we provide promotional materials for all programs translated into Spanish and simplified Chinese to support these efforts. Additionally, outreach includes many community engagement events, our 85-page housing resource guide, robust social media accounts, public hearings, earned media and when funds are available, paid advertising.

Last but certainly not least, the Mayor's ambitious plan to create and preserve 30,000 dwelling units across all income levels will expand affordable housing options. We look forward to continuing the work with Council to address the urgent housing needs of the communities we serve. Thank you.

COUNCILWOMAN GAUTHIER:
Thank you so much, Mark, for being

here today and for your significant work on this issue. I know this is a topic that Mayor Parker cares about a lot. And as a part of this hearing, this Committee asked you to come here to provide thorough data on enrollment counts and dollar expenditures of all City housing initiatives by AMI (inaudible), what the average rents are in affordable housing buildings that receive City money, and how all that aligns with income eligibility requirements for each program. Thank you for providing so much of the data that we requested.

I know you gave sort of a summary in your testimony, but are there any other trends or findings that you didn't mention before that you see when looking at this data? And also, why does the City not publish this data more readily?

MR. DODDS: A few trends did emerge. As you requested, we did a breakdown by Council District. And going through that data, we found some consistencies across almost all Council Districts. We are serving, I think, in just about all 10 Districts and citywide. The average is more than a third of our funding is going towards those, the lowest income categories.

I think in terms of how we display this information, one way in which we do that we have a currently -- we maintain a dashboard this year that has data on all the programs that we administer and it does have groupings by renter, homeowner and AMI level.

We also tried to make that as a landing page or a resource for folks that are unfamiliar with some of our programs where they can learn more information. Each one has an active link that tells you things about eligibility and what the program actually does. So that's a resource that you can use.

And if there are -- I alluded to some in my testimony too. But if there are other things we could be doing, I'd be happy to hear that.

COUNCILWOMAN GAUTHIER: And how can people find that dashboard?

MR. DODDS: Again, it's on our website within DHCD. So if you go to phila.gov/dhcd, there is a section on the website that has resources and links to the current housing action plan and the dashboard is in there.

COUNCILWOMAN GAUTHIER:

I see. I would suggest maybe making that a bit more prominent for people, but that's great.

MR. DODDS: We probably should. The team works very hard to collect all that data.

COUNCILWOMAN GAUTHIER: Yeah. We haven't had a lot of time to review the data that you sent. But from what we've seen, I do have some follow-up questions.

First, according to your summary your income data only captures 60 percent of DHCD clients. What happened to the other 40 percent?

MR. DODDS: I think it depends on the program and that's something we can dig into further for you. But an example would be if a program's administered by one of our legal aid partners, there's often attorney-client privilege that would sometimes preclude us from getting that income level data.

COUNCILWOMAN GAUTHIER: Okay. I think it's important for us to make sure that we're exploring every single option to collect some level of data on who we're serving because if we don't know how well we're serving Philadelphians at various income brackets, our work won't be as effective as we intend for it to be. Is that something that we can at least take an attempt at?

MR. DODDS: As long as there are no legal reasons why we couldn't do that, we'd be happy to explore that, yes.

COUNCILWOMAN GAUTHIER: Thank you. I do want to specifically name the programs that according to your data serve a majority of clients at 30 percent of AMI or below: Eviction

Prevention Project, Right to Counsel, Eviction Diversion and Targeted Financial Assistance, Tangled Title, Utility Assistance, Shallow Rent Subsidy and Tenant-Based Rental Assistance as well as Basic Systems Repair and Adaptive Modifications.

I think it's important to note how many of these programs are equipped to help low-income homeowners. There is a conventional belief out there that not everyone can be a homeowner, but there are actually thousands of low-income homeowners in our city right now. And they most typically represent the backbone of our communities, because often times their families have lived on their blocks for generations.

For this reason, I feel that we as a city could be taking more proactive steps to, you know, that we should be taking proactive steps to prevent the displacement of these low-income homeowners however we can. And so, what steps do you think that the City could be taking proactively to specifically assist low-income homeowners?

MR. DODDS: Well, as you stated I think we do a pretty good job in that regard already. Probably the need doesn't meet the resources that are currently available to serve the amount of people that could potentially qualify or take advantage of those programs. If there are ways in which we could work with Council to spread the word about some of those programs maybe there are opportunities to increase participation that way, but for the most part giving capacity among the subrecipient organizations that administer the program and the funding that's currently available, I think we do a pretty good job.

COUNCILWOMAN GAUTHIER: Sure. One example that really stood out to me was the Tangled Title program. This is often a very fraught topic for families that can be difficult to face. But if 90 percent of the residents that we help every single year are at 50 percent of AMI or below, then that tells me that we have a window of opportunity but we're barely making sort of a drop in the bucket on the estimated 10,000 tangled titles that exist here in Philadelphia.

So as an example, what other support could we provide to families who are trying to untangle their titles? And can we do more in this area?

MR. DODDS: Yeah. Actually, just recently there was a meeting. Right now we fund four different partner organizations to provide some sort of tangled title support, whether it's legal advice or money from the Tangled Title Fund.

Just recently, we had a meeting and we're establishing a working group of sorts to make sure that all of those groups come together regularly. We're always in constant communication, but maybe formalizing that, going the extra step to making sure that we're all coordinated is one way in which we hope to bolster that program.

COUNCILWOMAN GAUTHIER: How many of those 10,000 titles do you estimate that we're reaching right now?

MR. DODDS: I don't have -- I don't have that right in front of me. It may be in the packet, but I believe we are reaching each fiscal year thousands of clients. You're right, there probably is more work to be done in that space.

COUNCILWOMAN GAUTHIER: Yeah. If you could get back to the Committee with that data, that'd be appreciated.

I also want to make sure the Committee understands that the City funds more than programs. It provides essential financing for housing providers to build new housing, preserve existing housing units and sometimes, like we heard from Councilmember Jones, to acquire buildings to keep them affordable or to make them more affordable.

I think this is important data to unpack as well. Because if the City is helping to finance a building, then units in that building should be genuinely affordable for our communities. You included some of that information in the packet that you sent us last night, but it says it's only data for three buildings.

So how many buildings does the City award production or preservation financing to every year? We know that it's a lot more than three. So we wanted to ask you specifically about this gap in the data.

MR. DODDS: Sure, that's a good question. So the analysis that we conducted was limited to FY24 and we typically look at buildings that are completed during that time frame. Due to the small number that actually completed that fiscal year for a variety of reasons, it's not indicative -- like, I know it's hard to glean what's happening with that small sample size. So we could perhaps go back over a range of years to get a better picture of what's going on there.

But more recently, to answer your question, we've been funding somewhere in the neighborhood of 12 or so new construction or preservation projects a year.

COUNCILWOMAN GAUTHIER:

Thank you for that. I think this is important to highlight because I think it's a common belief that any government "affordable housing building" allows households to just pay what they can afford, but that isn't really the case. Just because we say that half of the units are rented to people at 50 percent of AMI, for example, doesn't mean that those households aren't cost-burdened.

Many could still be paying over $1,000 a month on rent unless they get extra support from somewhere like PHA. So just because a unit is income-restricted doesn't mean that it's actually affordable, and that's an area where I think our City financing could be doing more work.

(Applause.)

COUNCILWOMAN GAUTHIER: For the number of units that you show in your spreadsheet under production and preservation, do you know if these households are actually only paying what they can afford or could many of them be cost-burdened as well?

So, for example, a 60 percent AMI one-bedroom unit that costs $1,200 a month in rent would still be affordable according to PHFA or HUD, but that does not actually mean that someone making $48,000 per year in income can actually afford to pay that. So can you speak to that?

MR. DODDS: Yeah, you are correct. You could still be cost-burdened living in "affordable unit of housing." We try to chip away at that a little bit through our Shallow Rent program, which provides an additional $500 subsidy. Again, that's chipping away, right.

COUNCILWOMAN GAUTHIER: Okay. As you know, you mentioned Shallow Rent. As part of my office's participation in the Housing Trust Fund Advisory Board, we saw some very thought-provoking data from DHCD recently about the value of the Shallow Rent Subsidy program. From DHCD's own data, the average participant AMI is 22 percent and the per household annual cost was only about $3,000 or $4,000, so that sounds to me like an incredibly impactful program for that low amount of money.

Why wouldn't we expand this program beyond LIHTC buildings and make it available to any cost-burdened housing that is already paying too much on rent and just needs a little bit of extra help to get some breathing room every month? Have we ever thought about that or is that something that we can consider since the Shallow Rent subsidy program has been so successful?

MR. DODDS: Yeah. So the analysis you're alluding to, we conducted that recently because of the RFP cycle we're currently under for affordable housing providers to take advantage of that program. We wanted to get a sense on how that program is performing. Is it doing what it was intended to do, is it going as far as it could. I think the findings were pretty compelling, but it's one piece of the affordable housing puzzle. I don't think that we have thought about what you just suggested, but it's probably worth a conversation.

COUNCILWOMAN GAUTHIER: I mean, paying 3,000 to 4000 per household to keep probably the people that are most susceptible to being displaced, keeping those people out of the shelter system is pretty compelling. So I would like to see us consider as a city expanding that program beyond LIHTC, if that's a conversation that we can have.

(Applause.)

COUNCILWOMAN GAUTHIER: Based on your work and your knowledge, which program that DHCD administers would you say has the most bang for the buck? And what I mean by that is which program serves the lowest AMI for the lowest per household amount of money?

I know we talked about Shallow Rent so you can name others that you think fall into that category.

MR. DODDS: Yeah. I guess what I would say is it's very difficult for me to answer that question. What we try to do is provide a wide range of affordable housing options both for renters and homeowners at all income levels. Measuring impact is very difficult.

It's often best done I think in the case of a study per program where we're looking at how those dollars are going and how it's working, but it's really the whole range of options that we try to provide to serve as many people as we possibly can.

COUNCILWOMAN GAUTHIER:
Do you think it would be worthwhile to conduct such a study so that we understand what our return on investment is and how much bang for the buck we're getting for our various investments?

MR. DODDS: Sure. And there's probably different approaches, and we could talk internally and with our partners on the data side that do that from external agencies as well to get a sense of what might be most impactful.

COUNCILWOMAN GAUTHIER:
That would be great. And I have two more sets of questions, and then I'm going to open it to my Committee members.

I wanted to ask about the guardrails that control how our affordable housing is spent. We know that a large part of this is outside of the City's control because a lot of housing money comes from the state and federal levels. Can you explicitly list which funding sources the City does have direct control to set income criteria for?

MR. DODDS: Well, there are, like you alluded to, a number of federal funding sources that help to fuel our programs and there are local ones as well. Those local -- Housing Trust Fund is one and NPI, the Neighborhood Preservation Initiative, is another.

Housing Trust Fund has two subfunds. One goes up to 120 percent AMI. One goes up to 115. NPI goes up to 100 percent. So every funding source, whether it's federal or local, does have a cap currently.

COUNCILWOMAN GAUTHIER:

Great. I'm glad the Council President was here to hear that one and how important NPI is, and I know he agrees.

I wanted to ask a little bit about the Mayor's upcoming housing plan. We know that Mayor Parker intends to release a plan about how to create 30,000 new housing units. What information can you provide this Committee on who is developing that plan, what it will include and when we will see a draft?

MR. DODDS: I think more information on that is forthcoming. There is a lot of conversation happening, but more information will be forthcoming.

COUNCILWOMAN GAUTHIER: When?

COUNCILWOMAN LANDAU: When-ish.

COUNCILWOMAN GAUTHIER:

When-ish?

MR. DODDS: I'm not sure I have an exact date to provide you today, but I think in the very near future.

COUNCILWOMAN GAUTHIER: Thank you. Have you all thought about a public engagement plan for the report and will there be hearings or public input periods similar to how there is for the City's annual consolidated plan?

MR. DODDS: Yeah. I guess I can say that pretty much all of the work we currently do around affordable housing does have public participation component and that includes things that were required to do by HUD such as public hearings, but we often go above and beyond that and make sure that we're interacting with Council especially and other stakeholders.

And I would have to

imagine that anything that gets rolled out, there will be a lot of conversation with folks that are touching this work every day.

COUNCILWOMAN GAUTHIER: I know that this Committee would really look forward to working with you all on a robust public engagement plan that includes community input for the upcoming housing plan. Thank you.

What type of needs assessment are you conducting as part of Mayor Parker's upcoming housing plan in terms of which income levels are most housing insecure and most in need of City support?

I ask because PCAC's report from last year shows pretty clearly that cost-burdened residents are on the rise in almost every single Council District. So will the plan show what interventions that you're planning for various AMI levels?

MR. DODDS: Yeah. I think we're looking at -- so at the beginning of the questions I was alluding -- I was talking about the Housing Action Plan dashboard. And I think what we want to do is continue to look at those income bands, look at those tenures that's split between homeowners and renters and see where are we performing well, what areas need additional support, things like that. Data will certainly be a part of whatever ultimately comes to fruition.

COUNCILWOMAN GAUTHIER: Okay. I'll open it up to see if any of the members have any questions or comments and the Council President.

COUNCILMAN JONES: Thank you, Madam Chair, and thank you for yielding Member Landau.

In my District, which is an eclectic district, but we do have affordable housing needs there, we took a vacant building that was almost like in the movie New Jack City. It was a problem and we converted it and, Council President, you know exactly where we're talking about.

We were able to pull together an affordable housing plan and the math mathed. As my grandkids say, the math mathed. So we got people in at a certain level, and there is a thing called rent creep. Affordable today is not necessarily affordable three, four years down the road when there are annual increases in the rent to people who have fixed incomes.

We had a retired police officer from the Wynnefield community that really loved being in their property as a retired police officer, but after a certain point the inflation in the rent didn't meet the increases in our pension and she literally was considering moving back home with her kids.

Question: How do we in the front end deal with developers to make sure that today's affordability matches tomorrow's affordability so that we don't have these kinds of recurring issues?

MR. DODDS: Yeah. There are caps on the rent levels that a developer can offer. Like we had just talked about with the Chair, affordability issues still exist even when someone's renting an affordable unit. To the extent that we can provide deeper subsidy or we can work with our partners at PHA or other areas of funding sources are available to provide that deeper subsidy, I think that would go a long way to alleviating the rent burdens that you're alluding to.

COUNCILMAN JONES: I look forward to working with you as we develop our affordability plan that we have to do every year to factor in these kinds of short-term, long-term issues related to affordability. And as the Chairwoman said, our help ain't coming from Washington, D.C. We have to figure it out locally.

Thank you, Madam Chair.

COUNCILWOMAN GAUTHIER: Councilmember Landau -- Vice-Chair Landau.

COUNCILWOMAN LANDAU: Thank you. Thank you so much for being here and for giving us this information. I have a few questions. There's so many programs that we have and it turns into a bit of a morass. And I think that for us, I think one of the questions that the Chair is asking is really when do we as a city really decide where we want to be.

And I understand that's what the Housing Action Plan does. But where do we want to be? How do we get there with the dollars that we have? And it's different from continuing to fund what we do in exactly the same ways. It feels like we're putting band-aids on problems versus looking at how do we get the most amount of people housed in an affordable way where they also have habitable structures and any subsidies and access to resources that they need.

And there are almost two different ways in which we're looking at this, but I had -- let me dial back first of all for one second to ask a little bit more about the dashboard. First, thanks for having a dashboard. I am the head of the Tech Committee, and I would like more departments and agencies to have dashboards.

Just a note, it is very difficult to see on a phone. You probably could see it on a desktop well, but you cannot navigate it like this on a phone very well.

MR. DODDS: Okay.

COUNCILWOMAN LANDAU: So if there's an update that you can do to that, that would be helpful. I think this just keeps coming back to the question of what do we as a city see as a success? We had an annual goal in 2023 it looks like of having 10,000 units, and we surpassed it at 15,805 units. But the problem is when you scroll up and you look at how we surpassed it, we far surpassed our goal on market rate units. And so, we didn't actually make it to any goal we have for affordable units.

In fact, we underperformed in a couple of areas, including homelessness and one section of affordable and also workforce. We underperformed there, but we overperformed in market rate. And I just wouldn't see this as a success, that 15,000 units when we were only shooting for 10. I want to have a more realistic snapshot. We are all here because I think we all want the same goal and we want to help you and we want you to tap us as well, but we really, really have to look at the fact that developers who develop affordable housing, which is often 60, 80, and 100, 120 percent of AMI, is not what's really affordable for most Philadelphians.

So how do we as a city focus on 30 percent and below? We've got resources. Let's just do it. Let's fill that gap and then do what we can to lift the developers up to do the other portion that they're doing. But I think if we as a city would fill that gap, as the Chairperson was saying when we talk about --

(Applause.)

COUNCILWOMAN LANDAU: So we talk about the other costs that the City pays out. What I don't see in our budgetary system, I don't see us taking a holistic look at what the other costs are. So what we want, we would love more shallow rents for the lowest-income Philadelphians. But we might not feel like we have the money for that because we're also paying for shelter services, unfortunately sometimes for prisons, for a whole bunch of other services, including emergency health care system, an entire child dependency system, folks on unemployment, folks on all of these other areas, that had we just thought ahead and put that money into subsidies of shallow rent and kept a roof over their heads, we wouldn't have to pay on the other side of that where nobody in society wants to pay for the other part --

(Applause.)

COUNCILWOMAN LANDAU: This whole room, we're all here to help but we really, really want to look at this. I will say I've been doing this for a very long time. What we're doing is not dramatically working at all. In fact, the costs are completely out of pace with incomes right now. We have to completely rewrite this, think in different ways, reimagine the whole thing and try something new, because I think everybody in this room is willing to take a risk of trying something new just to see how it works.

(Applause.)

MR. DODDS: Yeah. I totally understand where you're coming from and what you're saying. I do want to touch on just a couple of things you mentioned related to the dashboard. On the workforce side for I think you said 2023, I'm not sure Turn the Key was up and running at that time and that may be -- those numbers may be down as a result. And we are currently working with the Office of Homeless Services.

I don't want this dashboard to be indicative of all the great work that they're doing to better collect and tell the story of all the units that they're creating and preserving too. So we can do better in that respect. But I just wanted to touch on those two categories. But overall I do hear what you're saying.

COUNCILWOMAN LANDAU: Thank you very much.

COUNCILWOMAN GAUTHIER: Councilmember Bass.

COUNCILWOMAN BASS: Thank you, Madam Chair.

And good afternoon.

MR. DODDS: Good afternoon. How are you?

COUNCILWOMAN BASS: Good. So, Mr. Dodds, listen, I want to follow up on some of the comments that my colleagues have made because I've said this on the record many times before and I'm going to say it again, that Philadelphia is pretty bad when it comes to managing land and land use and making sure that we are doing what is our responsibility, which is to make sure that we are providing housing for those who are in desperate need of housing.

When we saw the -- recently when PHA opened up the allocation of housing choice vouchers and there were some 30,000, almost 40,000 people, I think 40,000 families, not even people, so it's more than 40,000 people who were sort of left out in the cold who really didn't get an opportunity to be able to get a voucher, use a voucher, you know, find stable and secure housing.

And I think that fundamentally we as the City of Philadelphia, we are ultimately responsible. It's not developers' responsibility. It's not anybody else's responsibility except for the City of Philadelphia to make sure that people have the quality housing that they need. And overall I could say that, you know, we just really haven't done it. We haven't made it the priority that it needs to be.

And again, I've said this before and I'll say it again, but I wanted to focus in really on the department of what we used to call OHCD, Office of Housing and Community Development, and now it's DHCD. I don't know why we changed the one word as if that was going to make it a better agency or organization, as if that would make it more effective. But please tell us something in terms of how the organization or the agency is functioning in a way that's going to make some change. Because I believe, like my colleague Councilwoman Landau, I believe that we have to do something different.

We can't keep doing the

same thing and expecting that something different is going to come from it. And I know that you're the acting interim so I don't really want to put you on the hard spot, but you are here. So give us some information about how are we going to do things differently.

We have all of these different land use agencies, whether it's the Land Bank or PRA or work through PIDC, all these different agencies that are landholders here in the city of Philadelphia. And when we think about all the development that needs to happen to be able to house the folks who need housing, that's only a small part of it. But what is the overall mission and goal of DHCD?

MR. DODDS: Yeah. So I think the name change that you alluded to was due to a Charter change when the division came underneath the Department of Planning and Development, and that's one thing that we're certainly continuing to grow in that respect. We're communicating across our divisions. That includes developer services, that includes planning and zoning, the Historical Commission, the Art Commission, Zoning Board of Adjustment. We're all actively working together to address some of the things that you're talking about right now.

We also work extremely closely with PHDC, the Land Bank, our subrecipient organizations. We can't do this work alone, and we are administering countless contracts every day to try and chip away at the problems that you're referring to. The need is extremely great in the city and requires a lot of will and resources, and I think those are things we're all committed to.

COUNCILWOMAN BASS: But some of your funding comes from Community Development Block Grants. So I could say that I know I'm expecting -- I can't say what we're expecting -- but I'm expecting that based on the Presidential administration that we have in place now that we're going to probably take a significant hit to those funds. Would you agree, disagree?

MR. DODDS: It's impossible to tell. I certainly understand why you would have that perspective. During the current President's first term, I think that there were measures taken to reduce or eliminate that type of funding and usually got put back in the budget. It is something we're mindful of seeing what happens if that goes away, where can we plug in gaps. It's a difficult question, but one that we're mindful of.

COUNCILWOMAN BASS: Well, overall my question is assuming that there's going to be a hit on some level to that funding, how does that affect DHCD?

MR. DODDS: Yeah. That would have pretty drastic consequences and we would need to look at a variety of sources, maybe nontraditional sources, maybe looking at things at the state level, maybe looking at other grant opportunities that we haven't pursued before, perhaps working at increasing local funding, all those things to fill in the gaps.

COUNCILWOMAN BASS: So there is a plan in the works. You all are actively --

MR. DODDS: Definitely something we're actively talking about.

COUNCILWOMAN BASS: Okay. So you're actively planning and coming up with a Plan B in case these actual cuts that were attempted last time and the cuts from federal grants that were mentioned just a week or so ago, that they were putting a halt on all federal grants, you all are making plans around how to continue to operate?

Because if we're already behind schedule, if we're already not where we should be, the very thought that these funds being held up and the impact that they would have, you know, like that will go away is very, very, very troubling.

MR. DODDS: I understand.

COUNCILWOMAN BASS:
Okay. All right. Well, I'm glad you understand, but I'm certainly hopeful that will go beyond just the point of understanding into how are we going to really move this needle because we haven't done it. We didn't do it in good times and we're certainly not going to be able to do it in these times in the way that we would like to be able to do. But how are we going to move the needle to be able to get the quality affordable housing that we need here in the city?

And one last question around adjusting the AMI guidelines. And I think Council Lady, Council Lady --

COUNCILWOMAN GAUTHIER:
(Inaudible).

COUNCILWOMAN BASS: Oh, okay. Never mind. Okay. All right. Well, thank you very much.

MR. DODDS: Thank you.

COUNCILWOMAN GAUTHIER: And I think I actually neglected to announce the presence of Deputy Whip Councilmember Bass, but she made her own presence known through some very good questions so thank you.

I have one more set of questions for you, Mark, and then we'll let you go. It sort of follows Deputy Whip Bass' questioning.

So obviously, we're incredibly fortunate to have the Neighborhood Preservation Initiative bond which has allowed us to start new housing programs as well as support existing ones. But it is still time limited, and we as a government have to figure out what we're doing next and we as a government have to figure out what we're doing next now that we're in

NPI's final year, and that becomes more crucial as we think about our federal funds maybe lessening in the Trump administration.

So has there been any consideration to dedicating an annual bond to our housing programs similar to what the City has done in the past for infrastructure for Parks & Rec spaces? It wouldn't need to be $100 million per year. It's more important that it's automatic and it's consistent and not something that we have to scramble around every single year. So is the Administration thinking about that as a strategy?

MR. DODDS: Yeah. I guess I'd say in addition to the response to Councilperson Bass' question we -- similarly, right, we know that NPI is running out. We're entering year 4. It's a lower traunch than we've been accustomed to. I think there's only $50 million remaining. So very much thinking about how are we going to plug the huge gap that will be left by a lack of NPI and looking at different ways in which to do that.

I don't have details to share at the moment, but I think that throughout the planning process and the upcoming work around affordable housing, some of the things we talked about today, rendering into the budget cycle, so these are all the things that we'll be talking about.

COUNCILWOMAN GAUTHIER: Okay. Great.

Any other questions and comments?

Councilmember Vice-Chair Landau.

COUNCILWOMAN LANDAU: Just to follow up on the data that you gave us, the summary and analysis of data provided for Council requests, you said that -- it seems that you crunched these numbers based on this resolution. How often do you as an office analyze your programs and kind of dig down deep into their effectiveness, who they're benefiting?

MR. DODDS: Yeah, good question. There's a couple different ways we do that. There are quarterly reports that we produce. One, it's certainly not the most glamorous name, but it's the 1029AA report that goes to City Council. And if you're not receiving a copy for whatever reason, we'll make sure that you're getting one.

So we have quarterly updates. We update the Housing Action Plan dashboard that we were talking about earlier twice a year. And one of the reasons for that is because it's just a massive undertaking to collect that information, especially when it's coming from our external partners who everyone's got their own database and making sure that we've -- it's just a major undertaking but one that we wanted to streamline. It's definitely something that we're looking at.

We also report annually to HUD in our also not a glamorous name, it's our CAPER, but that stands for our Consolidated Annual Performance and Evaluation Report. And we're required to report on just how we spend those federal funds, but we go the extra mile and we report on how we're doing with the local funds as well.

So there are a series of different updates that we're doing and then certain times we'll take a step back. For instance, if a certain program is at the end of its RFP cycle and we need to evaluate how effective that's been, we'll do a more indepth study on a programmatic basis.

And then other times we're very fortunate that our programs, a lot of them are nationally recognized. A lot of them are very effective. And different institutions, we work with Penn quite a bit, for instance, who will reach out to us and say, hey, we want to dive in. We want to look at your eviction data. We'll get together. We'll get an MOU, a data-sharing agreement together, and we'll take advantage of some of the work that external stakeholders are doing in that space.

COUNCILWOMAN LANDAU:

Okay. Thank you so much and thank you for being here.

MR. DODDS: Sure. Thank you.

COUNCILWOMAN GAUTHIER: Thank you so much, Mark, to you and your team at DHCD for pulling all this together and for being with us today. We look forward to continuing to work with you to serve those most in need in our city. Thanks so much.

MR. DODDS: Thank you.

COUNCILWOMAN GAUTHIER: Will the Clerk please call the next panel of witnesses to testify on the resolution.

THE CLERK: Mindy Watts and Emily Dowdall.

MS. WATTS: Good afternoon. This is Mindy Watts. Do you want me to go first?

COUNCILWOMAN GAUTHIER: Yes. Thank you for being with us virtually today.

MS. WATTS: You're welcome.

COUNCILWOMAN GAUTHIER: Please state your name for the record and proceed with your testimony.

MS. WATTS: Good afternoon. My name is Mindy Watts with Interface Studio. Thank you to the members of City Council for hearing my testimony today about Philadelphia's affordable housing crisis and the new proposal to ensure that the City's precious housing resources reach the households most in need.

Interface Studio, where I work, is a city planning firm located at 12th and Callowhill. And over the past two decades at Interface I've had the opportunity to work on neighborhood plans throughout Philadelphia as well as on citywide policy plans focused on vacant land and affordable housing.

Each project begins with data to understand trends and assess the scope and scale of the issue at hand. And in every case behind that data are the very real day-to-day struggles of our fellow Philadelphians. Of the local issues that we've grappled with over the past two decades, none is more pressing or more deeply personal to Philadelphia communities than access to safe, quality, affordable housing. It is a basic need and that need is growing.

I'm going to share my screen, if possible, for the next little bit. Does that work? Can you see my screen or my notes?

COUNCILWOMAN GAUTHIER: Not yet.

MS. WATTS: All right.

Well, if it doesn't work, I'll just continue verbally. So we completed our most recent research for the Philadelphia Coalition for Affordable Communities in February 2024 using 2022 data from the American Community Survey, which has since released data for 2023. So the data is changing and the statistics that I will share today about affiliates affordable housing crisis are worsening.

Our research shows that incomes in Philadelphia are relatively stagnant while housing costs have been going up exponentially, and this creates a serious mismatch. Since 2000 the citywide median income has increased by just 9 percent while the median home value jumped by 107 percent. In some neighborhoods these changes are much more stark with home values rising more than

350 percent and rents rising by more than half.

Citywide 1 out of every 3 homeowners and 1 in 2 renters are paying more than they can afford for housing. This issue affects renters and homeowners in every single Council District. The mismatch between what people can afford to pay for housing and the cost of housing in our city is most threatening to low-income households, low-income seniors and people living with a disability who are at a higher risk of housing insecurity. 30 percent of households citywide earn less than $30,000 per year, and 55 percent of renters in this income bracket do not have an affordable housing option.

In Philadelphia that's more than 200,000 households. Half of these households, or 100,000 families, earn less than $15,000 per year which is what people earn if they work a full-time minimum wage job at that income level. An affordable rent or price to pay for housing each month is less than $400, but the average city subsidized apartment in Philadelphia rents for $1,000 per month. So this points to another mismatch, a problem that is causing the gap between the need or demand for safe, quality, affordable and accessible housing.

And the supply of units that meet those criteria to widen the issue is that while half of all Philadelphia households earn less than $60,000 per year, almost all of the City's affordable housing programs are open to households that earn more than $60,000 per year. In some cases households earning over $100,000 a year are eligible to benefit from Philadelphia's precious and limited housing resources. As you know, this is because eligibility for the City's affordable housing programs is tied to the Philadelphia region which is much richer than the city itself.

The Philadelphia area that informs our Area Median Income, already discussed, sets the thresholds for affordable housing programs and it includes surrounding counties where the median household incomes are up to double that of the city.

In 2023, Philadelphia's median income was about $60,000, which is less than half of today's Area Median Income which is currently just shy of $124,000, so an increase from what the Chair mentioned at the outset, from 2022 of $114,000 a year.

And so, because Area Median Income does not represent Philadelphia household income or housing programs, which do really important work to preserve and produce critical new affordable homes, are priced too high to serve Philadelphia's most vulnerable households. By not addressing that problem, the City winds up placing people in far more expensive and less-sustainable solutions, temporary shelters, foster care, nursing homes that do not provide the stable and long-term safe, quality, affordable and accessible homes that people need.

So to be clear, we're not suggesting that Philadelphia disassociate from the Area Median Income, a data point that underpins housing programs not just in our region but nationwide. Rather I want to emphasize today that the

City does have the ability to set its own income eligibility targets for its housing programs. In the face of a growing need for house affordable housing, the City has an opportunity to respond to policy changes that make the city a national model for housing equity and, more importantly, will have direct impacts on Philadelphia's most vulnerable households.

As elected officials, you have the power and responsibility not only to learn from the data and to listen to your constituents but to drive change. It is critical that Philadelphia reconsider how it allocates its housing funds to address its housing affordability crisis, and a powerful first step would be to commit to spend half of all housing dollars on households earning less than $30,000 per year, which is roughly equivalent to one quarter, 25 percent, of the Area Median Income.

This would enable families to make repairs and stay in their homes and allow the City and its housing partners to preserve affordability and protect the production of new, truly affordable homes. Our city's housing crisis is urgent. With each passing day, we lose actual ground to private market forces at work and with that, the opportunity to house our citizens in need. Thank you.

COUNCILWOMAN GAUTHIER: Thank you so much.

Ms. Dowdall, please state your name for the record and proceed with your testimony.

MS. DOWDALL: Sure. Emily Dowdall. Good afternoon. I'm Emily Dowdall, President of

Policy Solutions at Reinvestment Fund. Thank you for inviting me here today. We are a community investment nonprofit headquartered here in Philadelphia but operating nationally, and we've been regularly allies in the housing market in Philadelphia for more than 25 years.

Just over a year ago we released a report in conjunction with Pew that described how local officials in Philadelphia receive resources to support housing and how they spend those resources. So today I'll walk through some of the highlights of that report, and it looks like the slides are working so that's exciting -- will be working soon. Great.

So first, I'll start by giving you a quick snapshot of the housing landscape in Philadelphia. And some of these data points I'm just echoing others, but I think they're worth repeating. So our homeownership rate is just over 50 percent. The average household size is just a little more than two people.

We have a lot of older homes in the city. More than two-thirds, about two-thirds were built before 1960 and sale prices and rents have risen in recent years, mostly at the lower end of the market. The median sale price is now $250,000. City median income is about $60,000, which represents about 50 percent of AMI. And that's a little bit different for owners versus renters.

So the typical owner income is about 65 percent of AMI while for renters is closer to 40 percent. That means many households, especially renters, are cost-burdened paying more than 30

percent of their income towards
housing costs.
Next slide. So under
the sources of housing funding, our
report looked at the three most
recent fiscal years at that time,
which was 2021 through 2023. And
you can see here that most of
Philadelphia's housing budget comes
from federal funding. I know a lot
of us are concerned about the
future of that funding, but it has
accounted for about 80 percent of
our housing money. But local
funding has increased substantially
in 2023 as you can see here.
And next slide. And
that trend continued into 2024 and
'25, and that was in part due to
the newly dedicated portion of the
General Fund going to the Housing
Trust Fund. But the bigger driver,
as you can see on this chart, is
NPI. NPI is that blue, those blue

chunks on the bars, that you can see making up a large amount of the local funding, and that increased. So, you know, the increased inflow into the Housing Trust Fund might be sustainable, but we all know NPI is not a long-term funding source.

Next slide. So Philadelphia has about three entities that manage the housing money that comes into the city. And you can see here that PHA, which is the purple on the pie chart, manages the most of that money, about 70 percent of the money. But the vast majority of PHA's funds come directly from the federal government. And PHA, of course, operates largely separately from local government. So when we think about where local officials have the most influence, that takes us to the local dollars that are administered by DHCD and OHS.

Next slide. So here's a look at the local sources that give that greatest local discretion. The local funding that goes to these two local agencies accounts for 14 percent of all housing funding in the city, and DHCD has a slightly larger share of that revenue at about 57 percent. And I'll note that the numbers here on this chart are three year numbers combined.

So across the three fiscal years that we examined the General Fund represented the largest source at about 46 percent followed by the Housing Trust Fund and then NPI, although NPI became a much larger share in Fiscal Year 2022 and subsequently '23.

Next slide. So then we categorized all the uses of housing funds into these six broad categories, of facility operations housing assistance which includes cash assistance for renters as well as homebuyers, and down payment programs that help residents afford the cost of housing.

And so, what we found was that the largest use category among all of the local funds was emergency shelters operated by the Office of Homeless Services. Next came these assistance programs, again which includes rental as well as homebuyer assistance. Then preservation programs which include BSRP and the Restore Repair Renew program, and production which is typically gap financing or subsidies for new rental housing was the fourth largest, followed by nonfinancial services to individuals, and that includes things like housing counseling and right to counsel. And then finally, administrative costs to operate all of those programs.

Next slide. And so, while some sources, including the local sources, do have some use restrictions that encumber restrictions, City Council and the Administration do have a fair amount of discretion when it comes to setting housing priorities and what those income targets might be.

So you can see here that the Housing Trust Fund has income limits ranging from 30 percent of AMI for half of the funds that come out of the recording fee sources up to above 100 percent of AMI, while the enabling legislation for NPI set those targets at 100 percent of AMI. And then you can see that limits for certain federal programs are less at 80 percent of AMI.

Next slide. So many programs have their own income restrictions. Some are due to their funding source but others are a matter of policy. Right to counsel, for example, has a much lower limit at essentially 40 percent of AMI which is 200 percent of poverty, while the Heater Hotline program is at 150 percent and those have all been policy decisions. You can see that Philly First Home is at 100 percent, Eviction Diversion is 80 percent and BSRP, Basic Systems Repair is at 60 percent so there's a wide variety.

Next slide. So there's many different types of housing needs in Philadelphia as you're aware, and there's not enough funding to completely meet all those needs. But one way to think about allocating housing dollars across these different needs is to match the programs to the housing goals. So the most recently articulated goals are back from 2018 from the last housing action plan. And City Council and the Administration may wish to update those goals. But the concept remains the same.

So this is just -- this is a framework that we created that took a sampling of programs and then broadly assessed the degree to which they service each of the housing goals. So for those of you in the back who can't see the screen, the programs are emergency shelters, affordable rental production, Basic Systems Repair and the Philly First Home down payment program.

And then the five housing goals were housing vulnerable residents, preserving affordability, equitable growth without displacement, pathways to ownership and wealth, and promoting housing choice. And you can see that something like emergency shelters is clearly serving vulnerable residents while something like Philly First Home is not doing that but it is providing a pathway to ownership and wealth. So this type of approach can help you as you're ensuring that every program -- that there is a program to advance each goal. Thank you.

COUNCILWOMAN GAUTHIER: Thank you so much for your testimony and for your work. Can we see -- is there any way to see if Mindy is still on?

While we're doing that, we have some questions for you. Emily, first, thank you so much for your testimony and your presentation. TRF has been an invaluable asset to the city for many, many years. I can think of many initiatives and programs that likely would not have been started if not for TRF expert research and analysis.

And when I first came into office, you all were instrumental in creating a report to help me figure out the state of affordable housing in the 3rd District, so thank you. I have a few questions that really are for either of you, but we have to wait to see if Mindy's still on with us.

So first, do you agree that more of the City's housing money should be going to residents at lower-income levels? And if so, what do you think we should be doing differently?

MS. DOWDALL: We do see that the greatest unmet need for housing resources is for Philadelphians earning less than 50 percent of AMI. That's where people are more cost-burdened.

That's where people are more likely to have home repair needs or they're going to have difficulty entering into homeownership or maintaining their homeownership when taxes go up, et cetera.

COUNCILWOMAN GAUTHIER: Okay. Given that your organization does work all over the country, I was wondering if you've seen strategies or funding sources used by other cities to address housing cost burden that you think would be effective if we tried here in Philadelphia?

MS. DOWDALL: Direct assistance is really effective. I mean, we've seen that in Philadelphia as well as in other places looking at some of the research we did around the pandemic era funding. The cash rental assistance was the most effective at preventing evictions.

We do know that it can be expensive to provide housing for people earning the least amount of money in the city. So there are other cities that have tried to knit together specific housing funds that go directly towards subsidizing more deeply affordable units. I think there's also a lot of work that's been done around trying to legalize or make more available shared housing or what might be known as single room occupancy housing. That's something that's not legally allowed in much of Philadelphia right now, but it's a way to provide some of the most affordable housing.

COUNCILWOMAN GAUTHIER: Thank you for that. That definitely resonates, especially on emergency rental assistance. I believe the report that you all did for the 3rd District that used pre-pandemic data showed that the monthly rent gap just in the 3rd District is $16 million a month, and I believe that citywide that's about $900 million a year.

So helping people just afford their rent every month would probably be a worthwhile investment, especially as we consider how much it costs to operate the shelter system.

MS. DOWDALL: That's right.

COUNCILWOMAN GAUTHIER: And lastly, do you think that we should be doing anything differently in light of Trump being in the White House? I know --

MS. DOWDALL: That's a big question.

COUNCILWOMAN GAUTHIER: -- that's a big question.

MS. DOWDALL: I do think

that we are going to have to look to ourselves for funding our most important programs. It gives me a lot of encouragement just looking back at the last few years and seeing all that we've been able to do with local funding. So I think that we're going to have to keep building on that.

COUNCILWOMAN GAUTHIER: Great. Mindy, can you hear us?

MS. WATTS: I can. I'm back.

COUNCILWOMAN GAUTHIER: Wonderful. So first, thank you so much, Mindy, and thanks to the Philadelphia Coalition for Affordable Communities --

(Applause.)

COUNCILWOMAN GAUTHIER: -- for continuing to be such an essential resource for this body as well as the entire city. You show us that the need for more affordable housing is not just a one neighborhood or one demographic issue and your reports digest what can otherwise be complicated technical information in a way that is very easy for everybody to understand. So thank you so much.

I have the same questions for you as I had for Emily. So first, do you agree that more of the City's housing money should be going to residents at lower-income levels? And if so, what do you think we should be doing differently?

MS. WATTS: I do agree. I think the affordable housing crisis is overwhelming. It just can. The numbers are so big. And so, I think that with this fresh data and with an opportunity to potentially re-up some bond financing for affordable housing, I think there's an opportunity to really define the problem that you're trying to solve. And I would suggest, as Emily just mentioned, to really look at where the greatest share and the greatest disproportionate impact of housing cost burden is felt, and I think that is in our extremely low- and very low-income renter households.

And I think that there has been -- I think Mark does mention kind of the share of the dollars that really do go to some of the flagship programs for homeowners, like the Basic Systems Repair and Adaptive Modification. And so, I think that to really in this next realm focus on the very low-income renter community makes a lot of sense.

COUNCILWOMAN GAUTHIER: Thank you. I wanted to ask you too, what strategies or funding sources have you seen used by other cities to address housing cost burden that you think would be effective if we tried here in Philadelphia?

MS. WATTS: Sure. I mean, I think we're certainly seeing an uptick in cities where the private market is growing and booming, to look to bond financing as a really flexible source that allows elected officials and city leaders to really customize the solution in a way that makes sense at the local level.

I think land, to Councilmember Bass' point, is really a critical component as well. We've certainly heard and witnessed up close the cautionary tale of what happens when you lose access to that ground. And so, I think we've done some research for the Philadelphia Coalition for Affordable Communities about dollars in the Land Bank that's going into housing for different income brackets. And so, I think that's a good thing to keep an eye on.

And we are seeing in some cities a new emphasis on housing trust so that we know that the housing that public dollars are being invested in for affordability are preserved and protected really over the long term. And so, I think that that's something to look at again and more deeply in Philadelphia as well.

COUNCILWOMAN GAUTHIER: Thank you. And then lastly, do you think we should be doing anything differently in light of Trump being in the White House?

MS. WATTS: That's the big question of the day. I think there's a lot of unknowns in this policy climate. Certainly the new administration has acknowledged the nation's housing crisis. I think they've framed it as a national priority, really focused as far as I can tell on lowering the cost or increasing the supply of housing. And so, I think -- what I'm reading sort of bends my mind towards homeownership. And I think certainly what we've seen in some of these cities where we've worked is building ourselves out of the problem is impossible. It's really expensive, and we know that the pace at which we're able to create affordable units is -- we're never going to get there.

I think at the rate we're building it'll take 220 years is what our report says to address the current gap in affordable housing in our city. And so, I think that that really does point to some of these other programs like the rental subsidies and ways to get more direct access or assistance to families in need or households in need. It's going to just remain really critical at the local level if we see a greater shift towards housing supply and new construction for homeownership.

COUNCILWOMAN GAUTHIER: Thank you so much.

Vice-Chair Landau.

COUNCILWOMAN LANDAU: Thank you both for your testimony. Appreciate all of this information.

My first question for the Reinvestment Fund: Do you ever release to us the data that you used to create this report to dive into it a little bit more? I don't know if that's the norm or not.

MS. DOWDALL: It was all public so we can share the data with you.

COUNCILWOMAN LANDAU:

Thank you. And then I want to go back following up to what I was speaking to Mark Dodds about you on the page of your report saying that housing funding uses -- both the Chair and I were struck by the amount of money that we are spending on operations at OHS, and it far exceeds the money that we are utilizing for other programs of assistance, preservation, production and services. And, in fact, you have an admin fee section. So this wasn't about administering the operations portion. It's just the operations portion.

So can you just talk a little bit more about how much money we spend on homeless services when we potentially could be using that money to keep people in their homes or to get people into their own homes?

MS. DOWDALL: Right.
And that was one question that had come up from previous Councilmembers as well, what is the effectiveness of spending on operations. And I think it is really important to address immediate needs, and that's why it can be really difficult to think about funding, taking some money out of emergency shelters when you see folks who really need them, but it does seem like there is an opportunity to put more money into something like a rental assistance program that could keep people out of entering those shelters.
Absolutely.

COUNCILWOMAN LANDAU:
That's exactly what I was thinking.
Maybe that's the next hearing, to really just take a deeper dive into how we're spending that money because you're absolutely right,

I'd rather, whether it's Adaptive Mod or Rental Assistance for the housing someone's in. It's so much better than starting to get them into the shelter system. So thank you.

COUNCILWOMAN GAUTHIER: Deputy Whip Bass.

COUNCILWOMAN BASS: Thank you, Madam Chair.

Quick question, Mindy. So I agree with you 1,000 percent we can't build our way out of this problem that we have here. But I do think it requires a multi-prong approach, whether it's building new units but it's also making sure that we lift people out of poverty, that that is the ultimate goal here is to lift people out of poverty and into homeownership. So I'd like for you to expound upon that a little bit, if you could.

MS. WATTS: You're

absolutely right. I certainly didn't mean to suggest that we should stop our affordable homeownership programs.

COUNCILWOMAN GAUTHIER: Yeah. I didn't take it that way.

MS. WATTS: Okay. Good. I mean, I think when we talk about quality affordable housing, part of the issue is that our city's housing stock is old and has deteriorated over time in many neighborhoods. And so, we really do need new construction. And I think really the question is what is in place for people moving into new homeownership as an opportunity to build that wealth, to make sure that they're able to maintain those houses and what is I guess the proportional share that we're committing to those programs versus to the rental programs that really serve kind of the lowest-income households within our city.

And so, I think it's like building a new rec center, right. There's the cost to build it and then there's the cost to maintain and operate it. And I think that's part of what we're talking about here, is that to build the new home is wonderful and there's different programs that help people step into homeownership, and then there's the reality of the challenges of homeownership.

And so, I think that similar with our rental programs that really need to think about, okay, if there's a crisis, what programs do we have in place to support people. It's the same for homeownership. I think in particular for new homeowners or homeowners whose income are still relatively low, like the grand scheme of Philadelphia, is pretty disparate earning power.

COUNCILWOMAN BASS: Thank you.

COUNCILWOMAN GAUTHIER: Thank you so much to both of you for your critical work on this issue.

Will the Clerk please call the next panel witnesses to testify on the resolution.

THE CLERK: Angelita Ellison, Lorraine Mobley and Dominique Howell.

(Applause.)

(Witnesses approached Witness table.)

COUNCILWOMAN GAUTHIER: Hello and thanks to all of you for being with us today. Please state your name for the record and proceed with your testimony.

MS. ELLISON: Hello. My name is Angelita Ellison. I'm a volunteer with WCRP which is a member of the Philadelphia Coalition for Affordable Communities. I currently live near Girard College, but I have lived all over the city. I have seen firsthand how housing has become increasingly unaffordable and neighborhoods have changed.

For about 16 years I lived in South Philly in a house that belonged to my grandparents and then to my mother. It was an old house and we did not have the money to fix it up. My mother eventually applied for the Basic Systems Repair Program but was denied assistance because the cost of the repair was too high.

My mother then attempted to get a loan from her bank and was also denied, so she decided to sell the house. So I lived in that house with my sister, my son and my mother. My mother moved down South after selling the house. The rest of us looked for a place in Philadelphia. Our choices were limited because of how expensive rents are in the city. We moved to the Northeast and then to Frankford, and now we live near Girard College.

With all these moves, our housing costs have steadily increased. When I first started renting, I paid $800 a month but each move since has increased costs. Frankford cost over $1,000 a month and our current rent is over 1200. Rent is a large part of my income, and I can only afford it because I split the cost with my sister.

I got to see and experience what gentrification is doing to neighborhoods. I've seen my former neighbors leave South

Philadelphia. I have seen a rec center, tennis court left unused for years suddenly be fixed up when new people move into the area, not for the benefit of long time residents. Yes, I have seen entire blocks under construction. Most of the changes I've seen in this city do not benefit the people who have always lived here.

Nearly half of our residents are cost-burdened by housing. They are paying more than they can afford. It is a precarious situation. And when they can no longer afford to make it work, where are they going to go. Philadelphia is turning into a place you can work but cannot afford to live. This is why WCRP that I'm a part of and other members of the Philadelphia Coalition for Affordable Communities are calling on City

Council to rethink the way we use our public funds to address Philadelphia's affordable housing crisis. We want the City to commit to spend 50 percent of its housing dollars on the households that need it the most. Thank you.

COUNCILWOMAN GAUTHIER: Thank you so much for being here today and for all of your work and advocacy on this issue.

Please state your name for the record and proceed with your testimony.

MS. MOBLEY: Yes. Good afternoon. My name is Lorraine Mobley and I'm a proud, lifelong Philadelphian. Unfortunately, many of us in the city face housing challenges. Some are homeless. Others are renters who have landlords who do not make repairs on their rental properties and also those who are burdened with high rent and rental fees for applications and credit background searches.

Many homeowners are just house poor and often struggle to make necessary repairs because of financial insecurities, especially seniors. They choose between do you pay the mortgage or utilities or make repairs. I'm a 76-year-old retiree and have faced challenges maintaining my West Philadelphia home. Far too many Philadelphians struggle behind closed doors in unsafe housing. Rebuilding Together Philadelphia, an incredible group of individuals working to keep Philadelphians safe and healthy in their home and prevent displacement and promote generational wealth, encountered and resolved issues of no running water in homes for years, severe mold in the home, severely damaged roofs, no working heaters and even as simple as no handrails, which is really a safety issue for the elderly.

Data shows that citywide 30 percent of households earn less than $30,000. That's almost 1 of every 3 households. But in senior households, 42 percent earn less than $30,000. And the data for seniors earning less than $30,000 in some Council Districts are even higher.

Councilman Gauthier, District 3 is 54 percent. Councilperson Young, District 5 is 49 percent. Councilperson Lozada's District 7 is 53 percent, and Councilwoman Bass' District 8 is 45 percent. Experts estimate that Philadelphia needs between 55,000 to 60,000 units of affordable housing. While affordable housing is felt citywide, low-income communities of people of color have been most severely impacted.

Too many of us have had to leave our communities because we could not make it pass to our home. We are constantly harassed by phone calls, mails, and now I'm receiving email in text, sell your house, we want to buy your house for cash. We want to continue to have city housing programs that are beneficial to individuals earning a range of income, but too many of the programs are not serving Philadelphia's most vulnerable families.

I am a member of the Homeowners Association Council Board of Rebuilding Together Philadelphia and a member of One Pennsylvania Southwest Rising. These organizations and other members of the Philadelphia Coalition for Affordable

Communities are calling on Philadelphia City Council to rethink the way we use our public funds to address Philadelphia's affordable housing crisis. As an active registered voter, I want the City to consider committing to allocate 50 percent of its housing budget on households that need it the most.

(Applause.)

MS. MOBLEY: And I really like what I heard today from your Housing Committee people, but I guess I was going to address this to the whole City Council. And what I was going to say is we have supported you to place you in the position to be able to support us. We need that support now.

COUNCILWOMAN GAUTHIER: We don't mind a little accountability. That's fine. Thank you for coming here and sharing your story. Thank you for your advocacy. Thanks for lifting up the work of Rebuilding Together Philadelphia. They've done so much great work in West Philadelphia and across our city.

Please state your name for the record and proceed with your testimony.

MS. HOWELL: Good afternoon, everyone. My name is Dominique Howell. I'm an independent living specialist at Liberty Resources, a center for independent living for people with disabilities. I'm also a housing advocate. I am also a single mother and a person with a disability who has experienced firsthand the devastating effects of Philadelphia's housing crisis.

A few years ago my then 3-year-old daughter and I were thrust into a housing crisis.

Despite relentless efforts, I could not find an apartment that was affordable and accessible. The lack of accessible housing options was staggering. In our most desperate moment, we had no choice but to go into a shelter. But even shelters lacked accessible spaces, so I literally was placed in an old storage closet.

Living in a storage closet with a young child was not only humiliating, but it was dehumanizing. Every day I worried about the instability that was affecting my daughter and how I could create a safe environment for us to rebuild. We stayed in a housing crisis for almost a year before we finally secured accessible housing.

Today while I am grateful to have a roof over our heads, I am still struggling to make ends meet even with some subsidy. Housing expenses continue to rise and my income has not kept pace. My story is not unique. So many Philadelphians with disabilities and low incomes are left behind in this housing crisis.

The Housing Justice Campaign is crucial because it can help prevent others from enduring the instability and fear my daughter and I face. When I was in crisis, I needed more resources than were available. If this campaign had existed, then targeting those most in need like low-income families, people with disabilities and seniors, I might not have spent a year wondering where my child and I would sleep.

Here in Philadelphia median home values have risen 107 percent since 2000 while incomes have only increased by 9 percent.

Half of renters and one-third of homeowners are paying more than they can afford for housing. 30 percent of households earn less than 30,000 annually. Yet many housing programs are directed at those earning 68,000 and even 100,000.

The impact of broken promises are clear. Rising housing costs have displaced 32 percent of Black residents in neighborhoods like North, West and South Philadelphia. Families are being forced into shelters that cost taxpayers $84,500 per year. Without accessible housing people with disabilities are pushed into nursing homes, costing over 70,000 annually. These are costs we all bear and the human toll is immeasurable.

Philadelphia's housing programs must serve the people who need them most. City Council must rethink the way we use our public funds to address the Philadelphia affordable housing crisis. We want the City to spend 50 percent of its housing dollars on the households that need it most.

We must demand that elected officials keep their promises and ensure their funding prioritize families like mine, families that are struggling to secure basic human rights like safe, affordable, accessible housing. No one, and I mean no one, should endure what my daughter and I experienced. Housing is a human right, and this campaign is a necessary step toward making that right a reality for all Philadelphians. Thank you.

(Applause.)

COUNCILWOMAN GAUTHIER: Thank you. Thank you so much, Dominique, for sharing your story. Even though it was harrowing, it was dehumanizing, thank you for coming to share it. And to all of you because I think it reinforces just how widespread this issue is.

And I also want to give a shout-out to Tom Earle and the whole team at Liberty Resources.

(Applause.)

COUNCILWOMAN GAUTHIER: We appreciate everything that you do to make sure that people have accessible, affordable housing.

So I understand that there is a very clear ask from PCAC that the City spend 50 percent of its housing resources on the people who are most in need in this city. But I wanted to ask if you all have anything else to add about what our city government should be doing differently as it relates to housing? And what ways do you think we should be spending our money that we don't do right now?

MS. MOBLEY: Well, yes. For instance, there's another issue that just came out with the city for homeowners. The water problem, that's going to create a lot of problems for a lot of people and the City needs to try to figure out a program to help us out because that's one of my biggest concerns.

COUNCILWOMAN GAUTHIER: Do you mean water utility bills?

MS. MOBLEY: Yes -- I'm talking about the fact that they're saying that there may be lead in the water and you need to run the water five minutes in the morning or you need to hire a contractor to come in and see what's going on. And then you have to fix the pipes if your pipes have lead in it.

COUNCILWOMAN GAUTHIER: Got it. Thank you so much.

Do the rest of you want
to add anything? What should we be
doing differently and in what ways
should we be using our housing
resources?

MS. ELLISON: I think
most importantly is a change of
attitude, like recognizing that
Philadelphia is one of the poorest
cities in the country. And when
you have these developers building
these homes that are upwards of
$300,000, $500,000, who are they
building those housing for.
Recognize that the City should
serve all of its residents and not
just the folks at the highest
income levels.

(Applause.)

COUNCILWOMAN GAUTHIER:
Thank you so much.

MS. HOWELL: I would
just like to point out some data
that wasn't mentioned here today,

but it's very important. So we are the city across the country that is the largest city of disabled residents which equates to 17 percent, which in numbers that equates to 246,000 residents.

And so, that means that we do not have 246,000 affordable, accessible units. We are only marketing to the 1 percent. It is time to take back our city. It is time to fight for our residents, especially those that are most vulnerable. Thank you.

COUNCILWOMAN GAUTHIER: Thank you for highlighting that.

Any additional questions or comments from members of the Committee?

Vice-Chair Lan --

COUNCILWOMAN BASS: You know, I just wanted to -- really quickly. I just really wanted to let you know that we've also been working with Liberty Resources for quite some time. And I wanted to give a shout-out to Bianca and also to Lisa, who we've met with on numerous occasions to work to make sure that there's more housing for disabled individuals throughout the city, and particularly in the 8th District. So thank you.

(Applause.)

COUNCILWOMAN LANDAU: I want to thank all three of you for sharing your stories and your expertise. We really appreciate and need to hear from you.

And to Ms. Mobley, I just want to take an opportunity to remind everybody listening about an important program that we have in the city that could help people stop the harassment. We have a Do Not Solicit list that you could put your name on to make sure that these wholesale buyers can't

continue to solicit your home.
Because really important, a lot of people don't know how much their home is worth, and these folks will come in with some cash and try to get it from you when it's worth much more.

If you put yourself on the Do Not Solicit list, that along with the fact that the companies need a license, thanks to Council, in order to do this work, will help protect you and that Community Legal Services will likely represent people when this happens. But really spread the word on that because we do want to keep people's houses in their hands. Unless you're ready to sell, you might as well get the best price for it.

COUNCILWOMAN GAUTHIER:
And thank you, Ms. Mobley, for bringing up such an important issue around the water. My staff is

telling me that much of our District got letters saying that there might be lead in your pipes and you should take care of it but we can't help you, right. That's not -- we have to do better with helping people in our city around that issue. So we'd love to talk to you further offline to see what we can do. Thank you so much. Thanks to all of you.

MS. MOBLEY: Thank you.

MS. ELLISON: Thank you.

COUNCILWOMAN GAUTHIER: The Clerk will please call the next panel of witnesses to testify on the resolution.

THE CLERK: Andy Toy, Keyana Johnson, Will Gonzalez, Renee Horst.

(Witnesses approached Witness table.)

COUNCILWOMAN GAUTHIER: Good afternoon. Please state your name for the record and proceed with your testimony. You can go first.

MR. TOY: Okay. Good afternoon, Chairperson Gauthier, Vice-Chair Landau and members of City Council's Committee on Housing, Neighborhood Development and Homeless. Go Birds. My name is Andy Toy and I am the Policy Director for the Philadelphia Association of Community Development Corporations or PACDC. Thank you for the opportunity to offer testimony today on housing affordability.

As background, PACDC is the leading voice of nonprofit community development organizations in Philadelphia. Our 60 CDC members and over 100 additional associate members are responsible for adjusting key affordable housing, social service and community and economic development needs across the city.

The CDCs of Philadelphia see firsthand what the affordable housing crisis looks like to those living in poverty. It is a family living in unacceptable housing conditions that puts them at risk for serious injury or illness. It is a caregiver having to choose between medicine and food or paying the rent. It is a family moving all too often and possibly living in a shelter or on the street. It is a young person cycling between doubling up with friends and relying on the shelter system.

In Philadelphia this reality is far too common. 23 percent of our residents live in poverty, including 32 percent of our children, while 11 percent live in deep poverty. Our poorest neighbors are concentrated in Black and Brown communities that also receive inadequate public investment and have a higher concentration of homes in disrepair.

This poverty is often multigenerational and for the overwhelming majority, inescapable. The lack of safe, affordable housing is a major barrier to breaking the cycle of poverty. Moreover, we want to -- moreover, we pay a terribly high price for denying our neighbors this basic human need.

Housing is a key social determinant of health, and lacking it is associated with higher rates of chronic and acute illness, mental health disorders, substance abuse disorders and serious injury. It is correlated with missed school days, poor educational outcomes and missed days of work and poor employment stability, poor quality of life outcomes and greater likelihood of involvement with the criminal justice system.

The stress of experiencing housing insecurity can be particularly harmful for some vulnerable populations, leading to lifelong impairment for children and lead poisoning can be as well and life-threatening complications for women who are pregnant. Addressing the housing needs of our low-income residents should be an urgent priority in 2023.

PACDC released our equitable development policy platform, which was created with the input of over 100 community leaders and experts. The need for greater resources to preserve and create housing opportunities for those making less than 30 percent AMI was identified as the top housing priority.

As a Low-Income Housing Tax Credit, or LIHTC program, mostly focuses on housing opportunities for those making around 50 percent of AMI or 40, 50 for a single person. We need additional subsidies for those at even lower income ranges. This means using city funds but also leveraging outside resources as well.

Last year we saw several health systems invest in LIHTC rental developments for the first time through PHFA's Health for Housing Investment program, and the City should work with all our anchor institutions to normalize this kind of community investment. A relatively simple and effective step that the City can take quickly would be to expand the Shallow Rent subsidy program that we've been talking about.

As I noted, many of the units of subsidized affordable housing still aren't affordable for those in poverty, so a family might be paying less rent than market rate but are still cost-burdened, paying significantly more than 30 percent of their income on housing costs.

This forces them into the familiar predicament of deciding between basic necessities and rent. This also represents a risk to the viability of LIHTC rental developments should tenants be unable to afford rent. The Shallow Rent subsidy program addresses these issues by providing these households with limited rental assistance of up to $500 per month.

With this simple, straightforward investment, we are able to ensure that our affordable housing is truly affordable and stable for the tenants who live there, while ensuring the longevity of our portfolio of subsidized affordable housing. However, the scope of this program has been limited over time to select the developments of organizations that applied for the initial RFP five years ago rather than the true larger universe of need.

This means that currently thousands of families and individuals that desperately need this assistance and would otherwise be eligible are unable to access the program right now. We strongly recommend that the City increase the funding for the Shallow Rent subsidy program to right now $5.25 million per year, so that an additional 800-plus households in need can be served. And while open eligibility to additional providers does not current -- oh, and at the same time open eligibility to additional providers not currently participating in the program.

And while our focus today is on this very impactful program, we want to acknowledge that there are other important interventions to consider as well. These include continuing PHDC's Rental Improvement Fund program that helps landlords keep their units in good condition and affordable as well, making sure that we are prioritizing the disposition of publicly-owned land to support deeply affordable rental units in addition to homeownership opportunities, and finding ways to build more inclusive communities through permitting and zoning that would encourage more mixed income developments, including gentle density, the density approach of accessory dwelling units, or as you refer to them bonus units, that easily fit into the existing fabric of the community.

And critically, for many of these programs we want to ensure that the progress made through the Neighborhood Preservation Initiative funding continues through new funding streams. While interventions like greater investments in housing for very low-income residents and increasing the Shallow rents of the program are straightforward steps that we can take, we must note that this conversation is occurring in the context of, as we've talked about, extremely disturbing policies and actions being taken at the federal level.

While the full scope of danger and harm is beyond the focus of this hearing, we know that the Trump administration tends to target housing programs in general and those serving at-risk populations in particular. It is imperative that we have strong leadership from City Council and the Parker administration to protect those low-income Philadelphians who are most at risk of harm and a resolve to ensure that any effort to roll back the progress we have made toward the goal of providing safe, affordable housing fails to succeed.

COUNCILWOMAN GAUTHIER: Thank you so much. Thank you for your testimony. Thank you for all of PACDC's vital work on this area. And as it relates to bonus units or ADUs, I might have a bill for y'all.

Please state your name for the record and proceed with your testimony.

MS. JOHNSON: Good afternoon, Councilmembers. Thank you for the opportunity to speak today. My name is Keyana Johnson, and I proudly serve the community in the neighborhood of Mantua located right across the Spring Garden Bridge in West Philadelphia. I'm the Community Development Coordinator for Mt. Vernon Manor CDC, and we are members of the Philadelphia Coalition for Affordable Communities.

Mt. Vernon Manor is dedicated to preserving and creating affordability and to the stabilization of housing. And Mantua Philadelphia is facing a deep housing affordability crisis. As you know, 1 in 3 households earn less than 30,000 a year. Yet most of the city's housing programs are structured to serve those making significantly more.

Families in our community, child care workers, seniors and people with disabilities are being priced out, forced into overcrowded housing and shelters and just straight-up displacement.

In Mantua, nearly one-third of households spend over half of their income on rent, and homeownership opportunities remain out of reach due to rising prices, speculation and limited access to credit. Our data shows that while Mantua has grown by 11 percent in the last decade, Black residents have declined by 7 percent, a clear sign of displacement.

Meanwhile renters now make up 75 percent of the neighborhood, and half of all households are cost-burdened. Without bold action, these trends will only worsen. The CDC is currently in the community review stages of updating our We Are Mantua Neighborhood Plan, actively named We Are Mantua 10 years Later, and the biggest priority behind public safety is housing.

These priorities are directly related considering the fact that Mantua has large swaths of vacant land, which can be a public safety issue when not properly maintained. The community wants to see new construction and the rehabilitation of existing unoccupied properties. Considering the data, these units must be affordable to the existing community.

Let's not be on the wrong side of history in the continuance of the displacement of long-term residents. This is why we urge City Council to ensure that at least half of all housing funds go towards truly affordable housing for those most in need. We need deeper investments in home repair programs designed to educate and keep residents in their homes, and shared equity models like community land trusts that create long-term affordability.

Housing is a human right and we cannot afford to let systemic inequities continue to push our neighbors out. I strongly urge City Council to make decisive action so that Mantua and communities like it remain in places where all residents, regardless of income, can live and thrive. Thank you very much for your time. And I want to say a special thank you to the 3rd District Councilwoman Jamie R. Gauthier who we know is fighting hard for this very issue. Thank you.

(Applause.)

COUNCILWOMAN GAUTHIER: Thank you. Thank you for being here today. Thank you for all of your work to serve Mantua, a community that is near and dear to my heart. Thank you so much.

Please state your name for the record and proceed with your testimony.

MS. HORST: My name is Renee Horst. Dear Chairperson Gauthier, Vice-Chair Landau and members of City Council's Committee on Housing, Neighborhood Development and The Homeless, my name is Renee Horst and I work for New Kensington Community Development Corporation as their Real Estate and Resident Services Manager.

New Kensington Community Development Corp, or as we like to shorten it to NKCDC, has participated in the Shallow Rent Program since its original RFP released by PHDC in January of 2020. Shallow Rent has provided relief to nearly a third of NKCDC's tenants of Low-Income Housing Tax Credit buildings who are rent cost-burdened.

Over the first five-year pilot term, Shallow Rent served 56 households living in NKCDC's affordable LIHTC buildings. In 2024 our residents together were receiving a total of $10,839 in Shallow Rent subsidies per month with an average of about $400 per recipient household.

Though in case NKCDC is LIHTC buildings are targeted to those earning below 20 percent, 30 percent, 40, 50, and 60 percent of AMI caps, approximately one-third of tenants are rent cost-burdened due to reasons including, 1, the average Kensington household falls within the 30 percent AMI bracket, 2, if a housing applicant comes up on the waiting list, when a 60 percent AMI unit becomes available, they often accept the opportunity even if their income is significantly lower than 60 percent AMI, since affordable housing is so scarce. And No. 3, changes in household composition, such as a young adult, income-earner moving out to start their own family or, 4, in the case of the pandemic, mass layoffs and job loss, among other reasons.

The Shallow Rent Program has caused NKCDC eviction rates to be significantly lower than the City's average eviction rates and lower than the national averages. The Shallow Rent Program is effective and efficient, has proven itself during the pilot version and should now be expanded.

It is one example of a program that addresses the greatest need, but it is only a drop in the bucket. Its expansion is just one way to support more low-income tenant households in reducing their housing cost burdens. Housing experts across the country often consider it healthy to pay about 30 percent or less of one's gross household income towards housing.

Renters who are paying more than 30 percent of their income towards housing are considered cost-burdened. Philadelphia's Shallow Rent Program bridges the gaps for renters who are cost-burdened. So if someone is paying more than 30 percent of their income towards housing, Shallow Rent covers that difference.

For example, the average household in Kensington has an income of $29,000 a year. That's about $2,400 per month. A healthy rent for the average Kensington household is approximately $700 a month. But with average rent prices in Kensington currently around 1200 to 1400 a month, the average Kensington resident is cost-burdened.

In that example, Shallow Rent for that average household would cover $500, allowing the residents to pay their healthy $700 rent in a unit that's charging $1,200. Shift that example to Philadelphia as a whole, the average household in Philly has an income of about $55,000 to $60,000 a year, so about $4,500 a month. A healthy rent for that average Philadelphia household is approximately maybe 1200 to 1300 a month. But with average rent prices across Philadelphia currently closer to 1600 and 1700 a month, the average Philadelphian is cost-burdened.

Given income levels in Philadelphia and the percentage of renters who are cost-burdened, Shallow Rent needs to be dramatically expanded beyond affordable housing development buildings. Income across Philadelphia is not keeping pace with rising housing costs.

According to the Philadelphia Coalition for Affordable Communities, there are a record number of housing units being developed in Philadelphia, but the majority are for high-income households. These units are being built and priced with frameworks that use often an 80 percent of the Area Median Income as a baseline for affordable units, which in 2024 was 91,750 for a household of four.

However, according to census data since the average Philadelphian household earns between 55,000 to 60,000 a year, which falls within the Pennsylvania Housing Finance Agency, 50 to 60 percent Area Median Income. Meanwhile, some City of Philadelphia programs have gone to support affordable housing development to incentivize developers who are building for those earning 80 percent of the Philadelphia metro area AMI.

That means public money is being funneled to people wealthier than the average Philadelphian. If these programs are not even reaching the average Philadelphian, they certainly are not reaching the average Kensington family.

NKCDC supports PCAC's advocacy that more funding resources should be allocated to households with incomes under 30,000, representing almost one-third of Philadelphia. NKCDC supports PACDC's advocacy to expand the Shallow Rent program from the current approximate $1.25 million a year to a rate of $5.25 million a year, which would support an additional 800 low-income tenant households that are rent cost-burdened.

NKCDC is eager to see the successes of the Shallow Rent program expanded beyond LIHTC buildings to ease Philadelphia's housing cost burden and mitigate the negative impacts of housing instability.

COUNCILWOMAN GAUTHIER: Thank you so much for your testimony.

(Applause.)

COUNCILWOMAN GAUTHIER: And thanks also for helping us zone in on the effectiveness of the Shallow Rent subsidy program and for all of NKCDC's great housing work.

Please state your name for the record and proceed with your testimony.

MR. GONZALEZ: Buenas tardes. Good afternoon, members of City Council. Thank you for giving us the opportunity to testify on this important matter today. My name is Will Gonzalez. I'm the Executive Director of Ceiba. Ceiba is the backbone to the Latino Equitable Development Collective, a collective of the top 10 Latino community-based organizations in the city.

This includes four of

the City's best CDCs, Community Development Corporations; APM, Esperanza, HACE and Xiente. Any efforts to genuinely fund affordable housing must include adequately supporting and engaging CDCs. This involves not only supporting their housing projects but also their operations.

Today we've heard a lot about the underlying need, the challenges, so I'm going to focus just on these agents of change. They leverage public funding to secure additional private funding for community development. They are community-based and they address challenges of affordable housing in many ways.

Keeping our CDC strong is more important than ever as Washington is no longer a reliable and predictable source of support for CDCs. Also, the imposition of tariffs and increases in the price of insurance are having detrimental effects on the work of CDCs. Tariffs will lead to substantial increases in the price of raw materials for them to build and maintain affordable housing.

Increases in the price of lumber, steel, aluminum and other buildings will dramatically change the performance of all housing developers, but more so for the CDCs who cannot pass on the additional costs by increasing the price, the rent of their affordable housing unit.

The goal of CDCs is always to keep the units affordable. The increasing cost of insurance is emerging as a challenge for CDCs because we in Philadelphia, all of us, are being asked to pay for the climate catastrophes and other parts of the country.

Please note that increases in insurance not only affect new construction but also those affordable housing projects with years left of viability of affordability. CDC's managing already-built affordable housing units can use their built in reserves to meet those increasing costs. However, only up to a point. They again cannot just increase the rent on those units as private entities can. That puts at risk some of those affordable housing units.

Meeting the challenges of insurance costs may be an opportunity for City Council, the Administration, the Commonwealth, to support the CDCs with the exploration of ideas and innovation. One idea is to explore building and supporting a pooled insurance program to support insurance for affordable housing units and projects developed by CDCs in the city.

In Philadelphia our CDCs do not need to worry about too much cost related to earthquakes, forest fires and massive floods. We may be able to find a private partner willing to build a city-pooled insurance program that is tailored for the less catastrophic risks that we face in Philadelphia. Ensuring the viability and effectiveness of CDCs is important because CDCs deliver more than brick-and-mortar development.

They also provide the residents of affordable housing with social services and other supports to help those households increase their income mobility. Key to those social services provided by CDCs is housing counseling. Efforts to genuinely fund affordable housing in Philadelphia must include supporting the housing counseling ecosystem of the city. Philadelphia has a good network of housing counseling agencies, but that strength can be sapped if funding in Washington is reduced.

Also, it can be sapped if the Community Reinvestment Act is weakened. CRA provides a lot of funding for housing counseling because banks are obligated due to their public charter obligations to do public good. Last but not least, the support of the housing bond program ending is also another challenge faced by housing counseling agencies.

The tsunami of the regulation manifested by the disabling and planned destruction of the Consumer Financial

Protection Bureau will generate tons of demand for the services of housing counselors and will put many homeowners on the path to losing their home because we will all be facing more challenges in the realm of consumer protection.

Local support for housing counseling is also very important because local support can ensure that housing counseling services are delivered with cultural competency and language access. Local funding is important for those housing counseling clients who are unauthorized immigrants in Philadelphia. The City of Brotherly Love has more than 12,000 homeowners who are unauthorized immigrants.

Finally, another important thing to do to ensure that Philadelphia generally funds affordable housing is to forge and share as soon as possible a housing strategic plan for the city. That housing strategic plan for Philadelphia is overdue. We hope that this housing strategic plan can be inclusive, transparent, accountable and nimble to address the political wins from Washington.

We respectfully request that central to any housing strategic plan is a focus on affordable housing for those with lower AMIs, public land, public funds, public focus for the most public good and for the people who need it the most. The participation and the development of that plan and implementation of that plan must also include CDCs. They are agents of change, our community base and address many challenges of affordable housing. Thank you for the opportunity to testify today.

(Applause.)

COUNCILWOMAN GAUTHIER:
Thank you so much. Thank you, Will, for those suggestions. Thank you for highlighting the very important work of the CDC and nonprofit developer community. I spent most of my career before Council in community development and know firsthand how important CDCs are.

CDCs were on the scene developing housing when many for-profit developers didn't think it was worth developing housing here in Philadelphia, and you all continue to be mission-aligned and focused on housing for all, so thank you very much.

And thanks to all of you for being here today. We know that service providers like yourselves are invaluable partners in making sure that we are helping people, the people who are most in need. We as a city would not have many of our recent successful housing programs without the work of the CDC community.

And so, my question to all of you would be similar to what I asked the last panel. Are there things that you think that we as city government should be doing differently as it relates to housing, things you haven't mentioned already? And are there ways that you think we should be spending our money that we don't do right now?

MS. JOHNSON: I have a suggestion. I think there needs to be regulation for corporate ownership versus private ownership.

(Applause.)

MS. JOHNSON: There's obviously a supply for housing. And as the Community Development

Coordinator for Mt. Vernon Manor, in my research it's hard to see who owns what in Mantua when everyone's hiding behind LLCs, and I think there just needs to be some research, some investigation into who owns what exactly and some regulations for corporate entities.

MR. TOY: Yeah. If I could follow up on that a little bit. We've advocated for what we are calling a quick-strike acquisition fund that the City would provide funding that could be in a revolving fund so that when a property comes up for sale, an LLC from wherever isn't able to come in and just offer the lowest price because the other issue is that the homeowners often don't know what the value of their property is, the real property value. And so, there's an education side of it.

But there's also this

cash is easy. And if somebody comes in and offers cash, what can the CDCs or others do to sort of counter that to make sure that the properties stay within the ownership of the community either as affordable rental or even to acquire it and then have it be resold to somebody that lives in the community that can now have a home, a more stable place to call home. So, yeah, that's something that we've been promoting that the City could help to support the funding to start it off, leverage that and get some private funds as well, some foundation money that could really make a difference.

COUNCILWOMAN GAUTHIER: Great suggestions. Anything else?

MR. GONZALEZ: That's a very tough question because what we're facing is not an increase in foreign and funding but a substantial decrease and a lot of challenges to it. And that's why I think one of the wisest investments is this plan. And a plan that is inclusive and that brings in as many partners as possible, especially from the community because we're going to have to confront this challenge together. And it's kind of like basic organizing. And unfortunately, there's a feeling that it's not as inclusive or as comprehensive or as nimble as it should be to face the tough weather that's coming.

COUNCILWOMAN GAUTHIER: Thank you.

MS. HORST: I agree with Keyana that there is a shocking number of LLC ownership in our community as well in Kensington. One of our most challenged commercial corridors, it's upwards of 90 percent of the properties are owned by LLCs who have come in, acquired and then are sitting, adding to the disinvestment, adding to the vacancy, adding to the availability of space for the narcotics industry to take over.

So I would agree that that hidden ownership and investment without occupying the space, without activating the space, is also holding a lot of real estate from people to be able to move in and live in and open businesses in because they're holding to sell when the neighborhood flips.

MR. TOY: Lastly, I was just going to say the accessory dwelling units and other kinds of shared housing, as somebody mentioned earlier, are a way for people to share in either ownership or rent, and making it easier for people to basically share in the process of paying for rent. There are zoning issues that come up, and we need to look at our whole code and figure out ways we can make it easier for people to live together.

COUNCILWOMAN GAUTHIER: Thank you. And I hear how much anticipation there is for Mayor Parker's plan and how important it is to solving our housing crisis. And I also just wanted to give another little shout-out to Mark Dodds, who heads our Department of Housing and Community Development.

(Applause.)

COUNCILWOMAN GAUTHIER: Because he has been quietly sitting and listening to all this testimony even though his panel was over a long time ago. And so, that shows that he's prioritizing this and I hope taking in that we all want to be involved in this plan and we want to make sure this plan meets the needs of our most vulnerable residents. So thank you for being here and for staying.

(Applause.)

COUNCILWOMAN GAUTHIER: Thank you to all of you.

MR. TOY: Thank you.

COUNCILWOMAN GAUTHIER: Is there anybody else here to speak on this resolution?

THE CLERK: Gloria Cartagena Hart.

(Witness approached Witness table.)

COUNCILWOMAN GAUTHIER: Hi, Gloria.

MS. CARTAGENA HART: Hi. Smooches. How are you?

COUNCILWOMAN GAUTHIER: It's always good to see you. I'm well. Please state your name for the record and proceed with your testimony.

MS. CARTAGENA HART: My

name is Gloria Maria Cartagena Hart. I am well-known in the community as Smooches. Thank you for having me here to testify.

Well, it was for good morning, but it's good evening. My name is Gloria Maria Cartagena Hart, and I am a long-time resident, 40-plus years of Kensington. I am also a community organizer at the Kensington Corridor Trust, a nonprofit organization committed to fostering community-driven development in Kensington.

As the nation's first neighborhood trust, we currently store 30 assets along Kensington Avenue which has a total of 54 rental units at 30 percent/60 percent AMI. In Philadelphia, 1 of every 3 household earns less than $30,000 a year in the Kensington neighborhood. The average income can be as low as 25,000 a year.

This household incomes mean that residents do not qualify for many City housing programs, including those that help homeowners keep their property safe and sustainable over a long term. For those who are not homeowners and face challenges of aging infrastructure, finding clean and secure affordable housing to rent is becoming increasingly difficult.

Private developers who (inaudible) on communities such as Kensington do not understand what developer -- I'm sorry, do not understand what affordability means or have an incorrect understanding of the citywide Average Median Income.

Even if we follow the correct AMI for the city, people spend more than 30 percent of their income on housing, which does not even account for other essential needs such as utilities, child care, food and other basic necessities. Philadelphia has an affordable housing crisis.

Philadelphia needs to create better policies that clarify what affordable actually means, put safeguards in place to ensure residents can stay in their communities. Every Philadelphian should have the right to remain in their neighborhoods where they have built community without fear their rising costs will soon force them to start all over again.

Stories of displacement are becoming more common. Yet we lack the policies to ensure that does not happen. Furthermore, without policy there is no accountability for developers to promise affordability as a buzz word but do not intend to meet the needs of communities that need it the most.

We are here because we know that this problem will grow if we continue operating under the assumption that everyone understands the true definition of affordability. City Council has the power to create better parameters that protect its constituents and ensure neighborhoods are not torn apart. Let's remove the assumptions and guesswork from affordability and create concrete policies instead.

I want to give props to the CDCs and we need them in our community. Because as of today, I have experienced not being in the shelter but being homeless with my family. At the time, we were a family of nine and we had to live on the street. If it wasn't because I had a motor home, those vans that are used, we was in there for three months until I found a home that I've been in for 13 years that I'm now buying.

(Applause.)

MS. CARTAGENA HART: And I want to thank the CDC and NKCDC for giving me that chance to buy that home, which I am like two months away from purchasing and saying it's mine. I want to thank you for your time and thank you for having me and testifying. I urge you to support the critical gap in this policy space. Thank you.

(Applause.)

COUNCILWOMAN GAUTHIER: Thank you, Gloria. Thank you for your testimony. Thank you for sharing your story and for all of your advocacy and work. We appreciate you so much. And congratulations.

MS. CARTAGENA HART:

Thank you.

COUNCILWOMAN GAUTHIER:
All right. So seeing no one else here to testify on the resolution, this concludes the business of the Committee on Housing, Neighborhood Development and The Homeless for today.

But before we end, I want to give a big thank you to Nora Lichtash and to PCAC.

(Applause.)

COUNCILWOMAN GAUTHIER:
Y'all are the fiercest fighters for housing justice around and I'm so proud to stand with you. Thank you for all of your work, and this concludes our hearing. Thank you so much.

(Committee on Housing, Neighborhood Development and The Homeless concluded at 3:45 p.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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