

**DEPARTMENT OF PLANNING AND DEVELOPMENT
FISCAL YEAR 2019 BUDGET TESTIMONY
APRIL 10, 2018**

INTRODUCTION

Good morning, President Clarke and Members of City Council. I am Anne Fadullon, Director of Planning & Development. Joining me today are Cathy Califano, First Deputy for Planning & Development; Eleanor Sharpe, Deputy Director, Division of Planning & Zoning; Paul Cesario, Deputy Director for Finance; Melissa Long, Director of Housing and Community Development Programs; and John Mondlak, Deputy Director of Development Services. I am pleased to provide testimony on Planning & Development's Fiscal Year 2019 Operating Budget.

DEPARTMENT MISSION & PLANS

Mission: The Department of Planning and Development (P&D) coordinates the City's planning, zoning, preservation, and housing functions to promote the economic health of all neighborhoods and the city. P&D includes the Divisions of: Housing and Community Development; Planning and Zoning; and Development Services. The Department seeks to achieve its mission by:

- Guiding the orderly growth and development of the city through the preparation and maintenance of the Comprehensive Plan;
- Preparing the City's annual Capital Program and Budget, in partnership with the Office of the Director of Finance;
- Leading the City's federal and local housing and community development investment activities, including ensuring the provision of new affordable housing opportunities;
- Preserving and promoting Philadelphia's cultural and historic assets;
- Engaging and informing residents and the development community on development processes;
- Creating forums to establish clear, citywide guidelines related to development requirements and, where possible, streamline development processes, City policies, and code amendments;
- Collaborating with other City departments and quasi-governmental entities to develop publicly-owned or public spaces throughout the city; and
- Proactively identifying and promoting strategic and catalytic development opportunities that advance equitable growth throughout the city.

Plans for Fiscal Year 2019:

FY18 marked the official launch of the Department of Planning and Development (P&D). P&D includes three divisions: Housing and Community Development, Planning and Zoning, and Development Services. As part of the merger in FY18, P&D began to centralize its administrative functions. The administrative team provides information technology, human resources, financial management, and communications support to all divisions within the department. The FY19 budget seeks to further align the divisions and support these teams as they achieve the department's mission.

Division of Housing and Community Development (DHCD): DHCD collaborates closely with three non-city agencies: Philadelphia Redevelopment Authority (PRA), Philadelphia Housing Development Corporation (PHDC) and the Philadelphia Land Bank, to ensure it leverages resources, and coordinates

policies and programs. In FY19, the DHCD will continue to support housing and neighborhood stability improvements for Philadelphians by: providing education services (financial/housing counseling and outreach); producing and preserving affordable units for low income and special needs populations and land maintenance, assembly and development (through the LandCare Program, operated in partnership with Philadelphia Horticultural Society, the Philadelphia Land Bank and PRA).

- Our education services include: the foreclosure prevention program, housing counseling services, and support to organizations that provide legal and emergency relief services. In FY18 and FY19, DHCD anticipates providing 11,350 households with education services and assisting 1,210 homeowners avoid tax or mortgage foreclosure. The FY19 budget also includes new funding to increase housing counseling and outreach services to meet the requirements of Bill 170519 and increase the number of households enrolled in tax-relief programs and affordable payment arrangements. Households that enter affordable tax payment plans provide increased tax revenues to the city.

- Our preservation and production efforts include: creating an anticipated 300 new affordable housing units annually in FY18 and FY19. This complements our home improvement programs to residents delivered by PHDC through the Basic Systems Repair Program (BSRP), Adaptive Modification Program (AMP), Weatherization Assistance Program (WAP), and Emergency Heater Repair Program. In FY18, DHCD anticipates that 7,395 households will be served by the home improvement programs and an additional 7,400 households in FY19.

- Under the LandCare program 12,592 lots are being cleaned, greened, and maintained in FY18 and in FY19. Since the program started in 2003, over 1,300 treated lots have developed into locations for new housing units and businesses. The lots are maintained with support from professional contractors and community groups. The program also helps returning citizens secure employment and training. Thirty-five returning citizens were hired in the first half of FY18 and another cohort of 20-25 returning citizens is anticipated to be hired in the second half of the fiscal year. An additional 40 Philadelphians will be served in FY19.

- Lastly, in the fall of 2017, the Land Bank executed a Memorandum of Understanding with the City, School Reform Commission and Philadelphia Gas Works that defined the terms for acquiring tax-delinquent properties. The Land Bank currently has 1,977 properties in its inventory and, by June 30, 2018, the Land Bank anticipates owning an estimated 2,300 properties. The FY19 budget supports the LandBank to acquire an additional 1,700 (tax delinquent and interagency transfer) properties. Together the LandBank and PRA continue to support the development of vacant land, underutilized properties and critical commercial development sites throughout Philadelphia. In FY18 and FY19, PRA will continue to be a resource to Public Property and Parks and Recreation to manage public facility construction projects.

Division of Planning and Zoning (P&Z): The consolidated Division includes the City Planning Commission (PCPC), Art Commission, Historical Commission (PHC), and Zoning Board of Adjustment (ZBA). In FY19, P&Z will continue to work to align the operations within the Division and ensure that municipal, private, institutional, and civic resources progress toward common physical development goals. Specifically:

- PCPC will complete the 18th and final District Plan as part of the Philadelphia2035 Comprehensive Plan and continue to complete zoning remapping efforts resulting from the district plans. PCPC's Citizen Planning Institute (CPI) will continue to seek increased citizen engagement in the comprehensive planning

process through education and training classes, public meeting participation, and social media outreach. As our District plans are complete, CPI will serve as the education and outreach arm of PCPC.

- **Art Commission:** The Commission expects to see an increase in the number of applications that it processes with the implementation of the City's Rebuilding Community Infrastructure (Rebuild) Initiative, as all alterations of City property that require a building permit are referred to the Commission for review and approval.
- **Historical Commission (HC):** As the next step of the Mayor's Historic Preservation Task Force, the HC anticipates assisting in the implementation of the recommendations of the group in FY19. The Task Force is looking at four aspects of increasing preservation: a strategy to survey the city's buildings and neighborhoods to increase designations, proposing a range of incentives to spur preservation, changes to current regulations to better guide preservation, and improved outreach and education to build a stronger preservation constituency.
- **Zoning Board of Adjustment (ZBA):** The ZBA will coordinate with L&I to better track variances and special exceptions using L&I's new eCLIPSE system. The system will allow the ZBA to track the number of variances and special exceptions requested by each appeal to the ZBA, along with the zoning code provision causing each variance or special exception. Implementation of eCLIPSE will also improve the efficiency of creating and tracking notices for neighbors and Registered Community Organizations (RCOs).

Division of Development Services: The Division of Development Services supports public, private and institutional developments move through the various public approval processes. In FY18 it tracked 279 large development projects comprising 24,000 residential units and 35 million nonresidential square feet. It helped 20 projects navigate through the approval process, which produced 4,700 residential units and 4 million non-residential square feet, and 15,000 construction jobs. In FY19, it will continue these services, and with additional staff, expand its efforts to educate the public, private and institutional development community on the approval process for City Departments, Boards, and Commissions. It will also seek to understand and communicate data on the state of Philadelphia's real estate environment to ensure public and elected officials are able to respond to the changing needs of the market. Development Services will continue its work with other City Departments and elected officials by developing recommendations for code and regulatory changes or ways to streamline review processes by government agencies to ensure consistent handling of projects.

BUDGET SUMMARY & OTHER BUDGET DRIVERS

Staff Demographics Summary (as of December 2017)				
	Total	Minority	White	Female
Number of Full-Time Staff	95	44	51	56
Number of Exempt Staff	10	3	7	6
Number of Executive Staff (deputy level and above)	8	2	6	5
Average Salary, Full-Time Staff	\$71,637	\$60,977	\$79,266	\$67,360
Average Salary, Exempt Staff	\$119,174	\$108,017	\$107,727	\$124,633
Average Salary, Executive Staff	\$126,651	\$124,785	\$127,273	\$136,041
Median Salary, Full-Time Staff	\$58,971	\$58,791	\$72,027	\$61,269
Median Salary, Exempt Staff	\$115,000	\$104,569	\$115,000	\$130,318
Median Salary, Executive Staff	\$115,318	\$124,785	\$115,318	\$145,000

Employment Levels (as of December 2017)		
	Budgeted	Filled
Number of Full-Time Positions	104	95
Number of Exempt Positions	12	10
Number of Executive Positions (deputy level and above)	10	8
Average Salary of All Full-Time Positions	\$70,692	\$71,637
Median Salary of All Full-Time Positions	\$68,901	\$58,971

General Fund Financial Summary by Class						
	FY17 Original Appropriations	FY17 Actual Obligations	FY18 Original Appropriations	FY18 Estimated Obligations	FY19 Proposed Appropriations	Difference: FY19-FY18
Class 100 - Employee Compensation	\$3,553,176	\$3,523,629	\$3,899,308	\$4,050,650	\$4,676,095	\$625,445
Class 200 - Purchase of Services	\$3,069,913	\$3,535,748	\$3,345,113	\$3,201,113	\$3,366,113	\$165,000
Class 300/400 - Materials, Supplies & Equipment	\$101,461	\$91,738	\$101,461	\$167,543	\$101,461	(\$66,082)
Class 500 - Contributions	\$500,000	\$458,000	\$850,000	\$1,350,000	\$4,168,000	\$2,818,000
	\$7,224,500	\$7,609,115	\$8,195,882	\$8,769,306	\$12,311,669	\$3,542,363

Contracts Summary (Professional Services only)						
	FY13	FY14	FY15	FY16	FY17	FY18 YTD (Q1 & Q2)
Total amount of contracts	\$690,239	\$377,115	\$112,500	\$558,493	\$159,800	\$142,000
Total amount to M/W/DSBE	\$303,335	\$134,015	\$72,500	\$288,743	\$72,500	\$72,500
Participation Rate	44%	36%	64%	52%	45%	51%

Total M/W/DSBE Contract Participation Goal (Public Works; Services, Supplies & Equipment; and Professional Services combined)			
	FY17	FY18	FY19
M/W/DSBE Contract Participation Goal	25%	35%	35%

PROPOSED BUDGET OVERVIEW

Proposed Funding Request:

The proposed Fiscal Year 2019 General Fund budget totals \$12,311,669, an increase of \$3,542,363 from Fiscal Year 2018 estimated obligation levels.

The proposed General Fund budget includes:

- \$4,676,095 in Class 100, a \$625,445 increase from FY18. The increase is the result of the full staffing of our Executive Administration division, Development Services division, and GIS unit, now budgeted as part of the Department of Planning & Development in FY19.
- \$3,366,113 in Class 200, a \$165,000 increase from FY18. This funding includes \$2.39 million to support the vacant land stabilization and maintenance activities of the Philadelphia LandCare program; \$95,000 to support North Central Choice neighborhood; \$470,000 to support Tax Delinquency/Foreclosure Prevention program; and \$250,000 to develop a housing action plan. The remainder of the funds will be used to cover telephone, postal, transportation and software licenses to support and maintain the economic and community development of the City.
- \$48,961 in Class 300, a \$2,140 increase from FY18. This funding will be used to support industry-related books and publications, materials and supplies and printing costs associated with the Department.
- \$52,500 in Class 400, a \$68,222 decrease from FY18. This decrease is the result of a reduced need for furniture and furnishings as part of the creation of the new department.
- \$4,168,000 in Class 500, a \$2,818,000 increase from FY18. This funding will fund operations of the Land Bank. The increase is for real estate acquisitions and the maintenance of structures.

The proposed Fiscal Year 2019 Community Development Block Grant (CDBG) budget totals \$61,665,177, an increase of \$3,559,920 from Fiscal Year 2018 estimated obligation levels.

The proposed CDBG budget includes:

- \$4,708,736 in Class 100, a \$17,546 decrease from FY18. This funding will primarily be used to support the staffing of the Division of Housing & Community Development (DHCD).
- \$56,675,441 in Class 200, a \$3,582,466 increase from FY18. However, the amount of FY19 CDBG funding is currently not available, therefore the budget was prepared using the same grant funding amount as FY18. The increase is the result of an increase of carry forward funds from prior years.
- \$201,000 in Class 300, a \$5,000 decrease from FY18. This funding will be used to support industry-related books and publications, materials and supplies and printing costs associated with DHCD.
- \$55,000 in Class 400, the same budget amount as FY18. This funding will be used to support the equipment needs associated with DHCD.

The proposed Fiscal Year 2019 Grants budget totals \$56,258,222, a decrease of \$32,318,000 from Fiscal Year 2018 estimated obligation levels.

The proposed Grants budget includes:

- \$90,000 in Class 100, the same budget amount as FY18. This amount represents the funding from our annual Short Range Planning grant.
- \$56,168,222 in Class 200, a \$32,318,000 decrease from FY18. However, the amount of FY19 HOME and HOPWA funding is currently not available therefore the budget was prepared using the same grant funding amounts as FY18. The decrease is mainly the result of a decrease in requested appropriations for the Section 108 Loan program (\$10,500,000) and the Interim Construction Assistance Loan program (\$20,000,000), as we do not anticipate the need for them in FY19.

The proposed Fiscal Year 2019 Housing Trust Fund (HTF) budget totals \$40,000,000, an increase of \$12,500,000 from Fiscal Year 2018 estimated obligation levels.

The proposed HTF budget includes:

- \$1,250,000 in Class 100, the same budget amount as FY18. This amount allows for the transfer of administrative costs associated with HTF supported activities in FY19.
- \$38,750,000 in Class 200, a \$12,500,000 increase from FY18. However, the amount of FY19 HTF budget is the same as FY18. The increase is the result of an increase of carry forward funds from prior years.

STAFFING LEVELS

The department is requesting 114 budgeted positions for FY19, an increase of 10 positions over FY18.

The increase is attributed to the transfer of staff now budgeted as part of the Department of Planning & Development in FY19.

NEW HIRES

New Hires (from 7/1/2017 to December 2017)	
	Total Number of New Hires
White	1
Total	1

PERFORMANCE, CHALLENGES, AND INITIATIVES

FY19 Performance Measures				
Measure	FY17 Actual	FY18 YTD (Q1 + Q2)	FY18 Target	FY19 Target
<i>Division of Housing and Community Development</i>				
Mortgage foreclosures diverted ¹	1,210	571	1,200	1,200
Owner-occupied homes repaired (BSRP, Weatherization and Heater Hotline) ²	5,621	3,461	7,395	7,400
Unique City lots greened and cleaned ³	12,592	12,592	12,000	12,000
Clients receiving counseling ⁴	12,191	N/A	11,350	11,350
Number of new returning citizens trained, hired and supported	40	35	40	40
Number of affordable housing units created	340	144	300	300
<i>Zoning Board of Adjustment</i>				
Number of ZBA appeal cases	1,608	654	1,200	1,200
<i>Division of Development Services</i>				
Development services meetings (full committee)	10	4	10	10
Development-related meetings	36	18	36	36
Civic engagement meetings with community	2	3	6	6

¹ Output is driven by available program funding. To prevent homeowners from becoming homeless due to foreclosure, the program links a Court of Common Pleas order requiring that homeowners facing foreclosure have an opportunity to meet with their lenders to negotiate an alternative to foreclosure with City-funded housing counseling, outreach, a hotline, and legal assistance. Foreclosures are a function of the market; therefore, the number of mortgage foreclosures diverted is subject to fluctuation. There has been an overall decrease in property foreclosures in the Philadelphia area in the last few years, resulting in fewer mortgage foreclosures diverted.

² Output is driven by available program funding. The Basic System Repair Program (BSRP) is a grant-assisted program that allows the Philadelphia Housing Development Corporation to make repairs to the basic systems (plumbing, heating, roofing, electrical and structural repairs) of homes owned and occupied by low-income Philadelphia residents. Grant repairs can be completed up to a limit of \$18,000 per property.

³ This measure is calculated as a point in time at the end of the quarter. The number of unique lots greened and cleaned includes land stabilization programs (such as initial cleaning, soil treatment, tree planting and fencing of up to 300 new selected blighted lots) and land maintenance.

⁴ Housing counselors 1) serve as advocates for homeowners as they face the challenges of homeownership; and 2) prepare prospective homeowners to meet those challenges. DHCD is unable to report Q1 and Q2 housing counseling data due to issues with switching from one case management system to another. DHCD anticipates that these issues will be resolved by the end of FY18 and plans to provide data at that time.

OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable)

Last month, Congress approved a federal fiscal year 2018 budget that included increases in Community Development Block Grant (CDBG), HOME Investment Partnership and Housing Opportunities for Persons with AIDS funding. However, the U.S. Department of Housing and Urban Development has not yet informed Philadelphia of our allocations from those programs.

In addition, President Trump's proposed federal fiscal year 2019 budget zeroes out CDBG and HOME funding. Philadelphia uses these funds to save more than 1,000 homes a year from foreclosure; to help small businesses create jobs through loans, grants and technical assistance; to provide rental assistance to people facing homelessness; and to leverage private investment to develop affordable housing.

CONTRACTING EXPERIENCE

M/W/DSBE Participation on Large Professional Services Contracts											
Top Largest Contracts, FY18											
Vendor Name	Service Provided	Dollar Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DSBE Participation Achieved	\$ Value of M/W/DSBE Participation	Total % Participation - All DSBEs	Total \$ Value Participation - All DSBEs	Local Business (principal place of business located within City limits) [yes / no]	Waiver for Living Wage Compliance? [yes / no]
Tiger Productions	To provide assistance with the design and development of a wide range of public information materials.	\$72,500	3/5/14	7/1/17	MBE: Best Efforts	0%	\$0	100%	\$72,500	No	No
					WBE: Best Efforts	100%	\$72,500				
					DSBE: Best Efforts	0%	\$0				

EMPLOYEE DATA

Staff Demographics (as of December 2017)					
Full-Time Staff			Executive Staff		
	Male	Female		Male	Female
	African-American	African-American		African-American	African-American
<i>Total</i>	7	25	<i>Total</i>	0	2
<i>% of Total</i>	8%	29%	<i>% of Total</i>	0%	25%
<i>Average Salary</i>	\$66,658	\$55,171	<i>Average Salary</i>	N/A	\$124,785
<i>Median Salary</i>	\$70,898	\$51,682	<i>Median Salary</i>	N/A	\$124,785
	White	White		White	White
<i>Total</i>	26	19	<i>Total</i>	3	3
<i>% of Total</i>	30%	22%	<i>% of Total</i>	38%	38%
<i>Average Salary</i>	\$74,649	\$69,669	<i>Average Salary</i>	\$111,000	\$143,545
<i>Median Salary</i>	\$69,626	\$68,901	<i>Median Salary</i>	\$115,000	\$145,000
	Hispanic	Hispanic		Hispanic	Hispanic
<i>Total</i>	2	5	<i>Total</i>	0	0
<i>% of Total</i>	2%	6%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$68,749	\$51,182	<i>Average Salary</i>	N/A	N/A
<i>Median Salary</i>	\$68,749	\$55,748	<i>Median Salary</i>	N/A	N/A
	Asian	Asian		Asian	Asian
<i>Total</i>	0	1	<i>Total</i>	0	0
<i>% of Total</i>	0%	1%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	N/A	\$81,482	<i>Average Salary</i>	N/A	N/A
<i>Median Salary</i>	N/A	\$81,482	<i>Median Salary</i>	N/A	N/A
	Other	Other		Other	Other
<i>Total</i>	1	1	<i>Total</i>	0	0
<i>% of Total</i>	1%	1%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	\$61,088	\$51,553	<i>Average Salary</i>	N/A	N/A
<i>Median Salary</i>	\$61,088	\$51,553	<i>Median Salary</i>	N/A	N/A
	Bilingual	Bilingual		Bilingual	Bilingual
<i>Total</i>	0	0	<i>Total</i>	0	0
<i>% of Total</i>	0%	0%	<i>% of Total</i>	0%	0%
<i>Average Salary</i>	N/A	N/A	<i>Average Salary</i>	N/A	N/A
<i>Median Salary</i>	N/A	N/A	<i>Median Salary</i>	N/A	N/A
	Male	Female		Male	Female
<i>Total</i>	36	51	<i>Total</i>	3	5
<i>% of Total</i>	41%	59%	<i>% of Total</i>	38%	63%
<i>Average Salary</i>	\$72,390	\$60,626	<i>Average Salary</i>	\$111,000	\$136,041
<i>Median Salary</i>	\$69,626	\$60,688	<i>Median Salary</i>	\$115,000	\$145,000

LANGUAGE ACCESS

1) Has your leadership received language access training?

Yes, Executive Leadership has received Language Access Training including Anne Fadullon, Catherine Califano, Eleanor Sharpe and Greg Heller.

2) Do you currently have a language access coordinator?

Yes, Paul Chrystie.

3) Has your department written a language access plan and is it posted online?

Yes, and it is posted at <http://ohcdphila.org/wp-content/uploads/2017/06/planning-and-development-language-access-plan-2016.pdf>.

4) Explain what your department has done to improve language access services over the past year.

DPD has taken the following steps to improve language access:

Used bilingual temps at DHCD while waiting to hire a bilingual service representative for receptionist position.

Stationed bilingual receptionist for PRA and Land Bank.

Translated North District Plan into Spanish and used Spanish language interpreters at North District Plan community meetings.

Launched DHCD Spanish language website.

Translated PHDC RFP page into Spanish.

Met with Chinatown community activists and offered to participate in community meeting at which Chinese-speaking residents would be assisted with applying for PHDC programs.

Provided interpretation services when necessary at ZBA hearings.