

**OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT  
FISCAL YEAR 2015 BUDGET TESTIMONY  
MARCH 31, 2014**

---

**EXECUTIVE SUMMARY**

**DEPARTMENT MISSION AND FUNCTION**

The *Year 40 Proposed Consolidated Plan* will be consistent with the City's priority to serve low- and moderate-income individuals and families and revitalize neighborhoods by preventing homelessness by keeping people in their homes, increasing affordable housing by producing new units, strengthen communities by eliminating blight and promoting neighborhood planning and creating jobs by attracting and retaining businesses.

**PROPOSED BUDGET HIGHLIGHTS/FUNDING REQUEST**

The proposed Operating Budget under the Community Development Fund, Grants Revenue Fund, Housing Trust Fund, and General Fund also will be presented in the spring to the Finance Committee in its hearing on the *Consolidated Plan* ordinance. That hearing will authorize the submission to HUD of the *Consolidated Plan*, which includes the budget for the Community Development Block Grant (CDBG) and other housing programs for Fiscal Year 2015 (CDBG Year 40).

The General Fund supports approximately 1.8% of OHCD's annual budget. The proposed FY 2015 General Fund budget allocates \$3,020,000 to OHCD, which is the same as the FY 2014 budget allocation. This funding includes \$2.39 million to support the vacant land stabilization and maintenance activities of the Philadelphia LandCare program, \$130,000 to support the Settlement Grant and Tangled Title Programs, and \$500,000 for the Child Care Facilities Fund, all consistent with the FY 2014 budget.

The proposed Operating Budget for OHCD totals \$166.27 million in FY 2015, of which \$92.79 million will be in the Grants Revenue Fund, \$49.96 million in the Community Development Fund, \$20.5 million in the Housing Trust Fund, and \$3.02 million in the General Fund. This operating budget represents the costs for all housing programs as well as salaries for all OHCD, Philadelphia Housing Development Corporation (PHDC), and Philadelphia Redevelopment Authority (PRA) staffs, rents, materials and supplies.

There is a decrease of \$271,055 in Class 100 appropriations in FY 2015 due to a decrease in the Community Development Block Grant and Grants Revenue Fund. There is a decrease in employee compensation projected due to budgeted positions at OHCD being reduced from 60 in FY 2014 to 58 in FY 2015. The increase in budget Class 200 is primarily the result of the carry-forward of prior years grant fund balances into FY 2015. The increase in budget class 300 is primarily due to a reserve for any unforeseen costs.

<u>Class</u>	<u>Category</u>	<b>FY 2014 Estimated Obligations</b>	<b>FY 2015 Requested Appropriations</b>	<b>Increase or (Decrease)</b>
100	Employee Compensation	\$5,999,819	\$5,728,764	(\$271,055)
200	Purchase of Services	158,097,231	160,235,438	2,138,207
300	Materials and Supplies	180,000	231,000	51,000
400	Equipment	50,000	50,000	0
800	Payments to Other Funds	30,000	30,000	0
	<b>Total</b>	<u>\$164,357,050</u>	<u>\$166,275,202</u>	<u>\$1,918,152</u>

For FY 2015, the City's Entitlement grants from HUD have yet to be awarded. Therefore, grant funding amounts consistent with FY 2014 amounts were used in compiling this budget. The enclosed budget includes departmental appropriations which may be adjusted when the final entitlement budget figures have been determined.

Due to the nature of its funding, OHCD is required to plan its annual budget to comply with the federal objectives as outlined in the annual *Consolidated Plan*. HUD's mandated goals are the creation of suitable living environments, the provision of decent affordable housing, and the creation of economic opportunities.

OHCD will return to City Council this spring to present the complete Fiscal Year 2015 proposed budget as a part of the *Consolidated Plan* hearing.

**OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT  
BUDGET SUMMARY AND OTHER BUDGET DRIVERS**

**Financial Summary by Class**

	Fiscal 2013 Actual Obligations	Fiscal 2014 Original Appropriations	Fiscal 2014 Estimated Obligations	Fiscal 2015 Proposed Appropriations	Difference FY14 - FY15
Class 100 - Employee Compensation	\$3,728,159	\$5,999,819	\$5,999,819	\$5,728,765	(\$271,054)
Class 200 - Purchase of Services	\$111,221,948	\$158,097,231	\$158,097,231	\$160,235,438	\$2,138,207
Class 300 - Materials and Supplies	\$136,940	\$180,000	\$180,000	\$231,000	\$51,000
Class 400 - Equipment	\$13,508	\$50,000	\$50,000	\$50,000	\$0
Class 500 - Contributions	\$0	\$0	\$0	\$0	\$0
Class 700 - Debt Service	\$0	\$0	\$0	\$0	\$0
Class 800 - Payment to Other Funds	\$340,186	\$30,000	\$30,000	\$30,000	\$0
Class 900 - Advances/Misc. Payments	\$0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$115,440,741</b>	<b>\$164,357,050</b>	<b>\$164,357,050</b>	<b>\$166,275,203</b>	<b>\$1,918,153</b>

**Staff Demographics Summary\***

	Total	Minority	White	Female
Full-Time Staff	58	66%	34%	69%
Executive Staff	3	33%	67%	100%
Average Salary - ES	\$114,117	\$97,375	\$122,488	\$114,117
Median Salary - ES	\$111,725	\$97,375	\$122,488	\$111,275

**Employment Levels\***

	Budgeted	Approved	Filled
Full-Time Positions	58	58	58
Part-Time Positions	0	0	0
Executive Positions	3	3	3

**Contracts Summary\***

	FY09	FY10	FY11	FY12	FY13	FY14*
Total amount of contracts	\$1,525,389	\$232,235	\$270,020	\$207,747	\$372,749	\$204,275
Total amount to M/W/DBE	\$264,000	\$80,000	\$85,000	\$85,000	\$236,500	\$113,375
Participation Rate	17.31%	34.45%	31.48%	40.92%	63.45%	55.50%

\*As of December 2013

**OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT  
PERFORMANCE, CHALLENGES AND INITIATIVES**

DEPARTMENT PERFORMANCE (OPERATIONS)

OHCD will continue its multiyear effort to review the performance of its programs and operations and, where possible, improve efficiency and reduce expenditures. These initiatives combined with prior year’s reduction in federal funding has resulted in a reduction in staff levels of 3% (2 positions) in FY 2015.

Additionally, OHCD tracks the following metrics as reported in the Quarterly City Manager’s Report:

Performance Measure	FY08	FY13	FY13-FY12 Change	FY13 Q1-Q2	FY14 Q1-Q2	FY14-FY13	FY14 Goal	FY15 Goal
						Q1-Q2 Change		
Mortgage foreclosures diverted	0	1,754	23.3%	678	597	-11.9%	1,600	1,600
Owner-occupied homes repaired (BSRP, Weatherization & Heater Hotline)	8,232	5,409	-24.1%	2,557	2,619	2.4%	4,700	4,700
City lots greened & cleaned*	7,130	9,238	8.7%	8,515	8,766	2.9%	8,500	8,500
Clients receiving counseling	11,591	12,463	5.9%	5,214	5,265	1.0%	11,350	11,350
Homebuyer grants awarded**	939	221	10.5%	113	88	-22.1%	200	200

\* This measure is calculated at a point in time at the end of the quarter. For example, Q1 data is as of September 30th.

\*\* This measure is driven by available program funding

DEPARTMENT CHALLENGES

One of the biggest challenges facing OHCD remains the significant reduction of nearly \$40 million in federal and state resources over the last five years. In addition, the new regulatory requirements for the federal HOME program are so restrictive that these funds can no longer be used to support homeownership projects. At the same time HUD has increased the intensity of its monitoring of the City’s federally-funded projects and programs. As a result, the number of staff and the amount of time that staff devotes to HUD monitoring has increased significantly.

STAFFING LEVELS

OHCD has a full-time staff of 58. Of those 58 employees, 40 are women. The 58 employees are comprised of 28 African-American, 20 White, 9 Hispanic, and 1 Asian. OHCD’s executive staff is comprised of 3 employees, of whom 3 are women, of those, 1 is minority. There was one new hire within the last 12 months, one African-American male.

PAST INITIATIVES

See above.

CURRENT INITIATIVES

OHCD is pleased to report the following accomplishments in FY 2014:

- The recent completion of Paseo Verde, a \$48 million mixed-use, mixed-income transit-oriented development at 9<sup>th</sup> and Berks Street near the Temple Regional Rail station in North Philadelphia. Paseo Verde, the nation’s first LEED Neighborhood Development (ND) to receive a Platinum rating.
- OHCD will have saved over 6,700 homes from mortgage foreclosure via diversion or pre-foreclosure counseling action through December 2013.
- OHCD has funded the Basic Systems Repair, Weatherization, Heater Hotline and Adaptive Modification Programs that will result in repairs to 4,700 homeowner properties in Philadelphia by fiscal year end.
- OHCD, in partnership with the Pennsylvania Horticultural Society, will have greened, planted trees, and maintained 8,500 vacant parcels through the Philadelphia LandCare program through fiscal year end.
- OHCD will have completed default & delinquency, foreclosure prevention and home repair counseling for 11,000 residents through fiscal year end.

NEW INITIATIVES

In FY 2015, OHCD will be working with PRA and PHDC to help make the Land Bank operational. The creation of the Land Bank will have an impact on staff, resources and activities in FY 2015.

## **OTHER BUDGETARY IMPACTS**

---

### FEDERAL AND STATE (WHERE APPLICABLE)

OHCD receives approximately 98% of its funding in support of its operating budget from federal and state funding sources, most notably HUD. These funding resources to OHCD have been reduced approximately 50% over the past several years, along the same time with the need for these programs growing. These reductions have impacted our ability to meet the demand for some of our programs.

### OTHER

APPENDIX (DEPARTMENT NAME)

CONTRACTING EXPERIENCE

M/W/DBE Participation on Large Contracts

FY14 Contracts

Vendor	Service Provided	Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DBE Participation Achieved	\$ Value of M/W/DBE Participation	Total % and \$ Value Participation - All DSBEs	Living Wage Compliant?
Tiger Production	To provide assistance with the design and development of a wide range of public information materials.	\$70,000	5/1/10	7/1/13	MBE: WBE: DSBE:	0% 100% 0%	0 \$70,000 0	100% \$70,000	y/n Yes y/n
Heffler, Radetich & Saitta, LLP	To provide audit services as part of project close-out for DCED contracts. <del>To assist with coordination</del>	\$45,000	6/3/13	8/15/13	MBE: WBE: DSBE:	0% 0% 0%	0 0 0	0% \$0	y/n y/n y/n
Carolyn R. Brown	To assist with coordination of selected mortgage foreclosure prevention services.	\$32,275	10/1/12	1/1/13	MBE: WBE: DSBE:	0% 100% 0%	0 \$32,275 0	100% \$32,275	y/n Yes y/n
Robert Lukens	To provide technical assistance/nonprofit capacity building to housing counselors. <del>To provide HIV/AIDS</del>	\$30,000	N/A	7/1/13	MBE: WBE: DSBE:	0% 0% 0%	0 0 0	0% \$0	y/n y/n y/n
Stephen Metraux	To provide needs assessment throughout the Philadelphia Eligible Metro area.	\$17,000	10/1/11	11/1/13	MBE: WBE: DSBE:	0% 0% 0%	0 0 0	0% \$0	y/n y/n y/n

EMPLOYEE DATA

Staff Demographics

Full-Time Staff

Executive Staff

	Male	Female	Male	Female
Total	18	40	0	3
% of Total	31%	69%	0%	100%
	African-American	African-American	African-American	African-American
Total	6	22	0	1
% of Total	10%	38%	0%	33%
	White	White	White	White
Total	10	10	0	2
% of Total	17%	17%	0%	67%
	Hispanic	Hispanic	Hispanic	Hispanic
Total	1	8	0	0
% of Total	2%	14%	0%	0%
	Asian	Asian	Asian	Asian
Total	1	0	0	0
% of Total	2%	0%	0%	0%
	Other	Other	Other	Other
Total	0	0	0	0
% of Total	0%	0%	0%	0%
	Bi-lingual	Bi-lingual	Bi-lingual	Bi-lingual
Total	4	7	0	0
% of Total	7%	12%	0%	0%

**OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT  
(Other Relevant Data and Charts)**

---

The Office of Housing & Community Development is committed to supporting the Administration’s goal of 30% minority, woman, and disabled-owned business (M/W/DSBE) participation in City contracting. OHCD, together with the delegate agencies of PHDC and the PRA who are funded in this budget, awarded \$263.6 million in contracts to non-governmental vendors in FY 2013, the last full fiscal year reported, of which approximately \$60.2 million (22.85%) went to M/W/DSBE firms. In FY13, OHCD directly awarded a total of \$372,749 in contracts, of which \$236,000 was awarded to M/W/DSBE for a participation rate of 63.45%. As of Q2 of FY14, OHCD had awarded contracts worth \$204,275, \$113,375 or 55.5% of which was awarded to M/W/DSBE.