



City  
Council  
PHILADELPHIA

# PUTTING PHILADELPHIANS FIRST: An Equitable Growth Plan for Our City







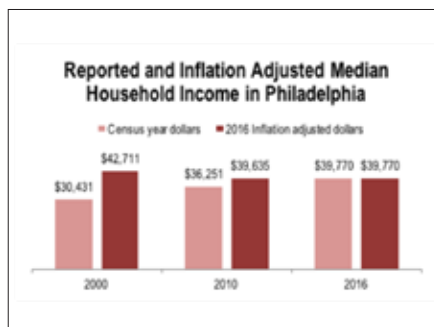


Philadelphia is growing in the right direction – but not everyone is benefiting. City Council is making sure that housing is a source of financial stability, not strain, for Philadelphians.

The **Putting Philadelphians First** legislative package addresses a decline in affordable housing stock and stubborn barriers to homeownership for middle-income Philadelphians, and is part of a comprehensive equitable growth plan for our City.

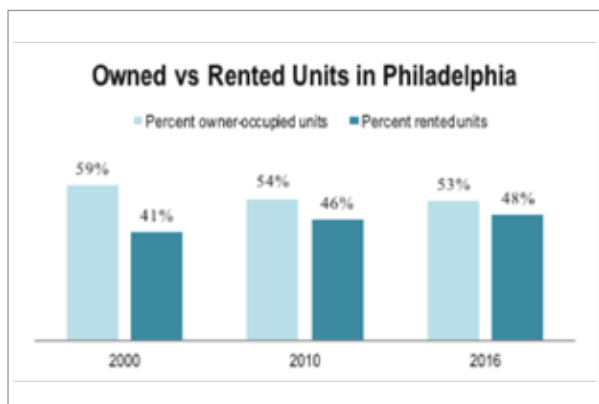


## RENTERS & ASPIRING HOMEOWNERS ARE BEING SQUEEZED



- On average, mortgage payments are more affordable than monthly rental payments.
- Rising rents are putting pressure on young people and limiting their ability to contribute to the economy in both the short and long terms. About 50% of student debt payers report reluctance to take on a mortgage – out of fear of financial instability or belief that they would not qualify for a mortgage, among other reasons.

## HOMEOWNERSHIP DOWN, DEMAND FOR RENTALS UP



Among the leading factors in declining homeownership in Philadelphia are:

- Stricter mortgage underwriting standards following the Great Recession

- Increased mortgage and tax foreclosures
- Prospective buyers squeezed by higher rents, student loan payments, and/or stagnant wages, causing them to struggle to save for down payment and closing costs





# MIXED-INCOME HOUSING BONUS TO BUILD NEW AFFORDABLE UNITS

The **Mixed-Income Housing Bonus** will help strengthen inclusivity in our neighborhoods by creating affordable housing in two ways:

- Permit builders who set aside 10% of new units at affordable rates for 50 years to apply for low-income or moderate-income zoning bonuses, which yield additional height, building units, and gross floor area based on unit affordability or amount of payment
- Affordable rental units would be priced at or below 30% of gross income for households earning up to 60% of area median income, and affordable sales units would be priced at or below 30% of gross income for households earning up to 80% of area median income.
- Permit payments to the Housing Trust Fund, which is used to produce and preserve affordable housing, in lieu of building



affordable units when density bonuses are sought. Payments would range from 1% to 2% of actual construction costs, based on the desired bonus.

# PHILLY 1st: DOWN PAYMENT & CLOSING COST ASSISTANCE TO HELP STRENGTHEN PHILADELPHIA'S WORKING & MIDDLE CLASS

**Philly 1st** will help City residents overcome two of the biggest hurdles to becoming a homeowner by providing up to \$10,000—or 6% of the purchase price, whichever is less—in down payment and closing cost assistance.



Qualifying participants:

- Must be a buyer who has not owned a home for at least three years
- Must be a resident of the City of Philadelphia for at least three years
- Must have a household income no higher than 120% of Area Median Income (AMI)
- Must have completed a housing counseling program administered by a City- or HUD-certified agency

**Philly 1st** financial assistance will become an encumbrance on the home subordinated to the first mortgage that will be forgiven following 15 years of ownership. The encumbrance will become due and payable in the event that the home is sold, leased, or the mortgage refinanced before the first 15 years of ownership are up.

## PUTTING PHILADELPHIANS FIRST: A LEGISLATIVE PACKAGE TO SUPPORT A HOUSING BOOM THAT BENEFITS EVERYONE

The **Putting Philadelphians First** legislative package would authorize two sub-funds within the Housing Trust Fund, which has supported healthy, affordable housing in Philadelphia since its creation in 2005:

- The Recording Fee Sub-Fund, which uses Commonwealth recording fees to increase production, preservation, and accessibility of affordable housing and to prevent homelessness.
- The Construction Tax Sub-Fund, which promotes equitable neighborhood development by producing new affordable housing and supporting the **Philly 1st** homebuyers program. Unlike the Recording Fee Sub-Fund, the Construction Tax Sub-Fund is authorized to make grants or loans to any legal entity authorized to contract with the City of Philadelphia, such as banks and mortgage lenders.



## CONSTRUCTION IMPACT TAX: HOW IT WORKS

- The Construction Impact Tax (CIT) is a 1% levy on construction costs of any structure for human occupancy – whether residential, commercial, or industrial occupancy – where a building permit is required.
- The CIT will cover permits issued for any repairs, construction, or reconstruction, including additions and alterations, which have the effect of rehabilitating a structure so that it becomes habitable or attains a higher degree of housing safety, health, or amenity, or is brought into compliance with the laws, ordinances, or regulations of the City of Philadelphia.
- The CIT will not be imposed for permits related to ordinary upkeep and maintenance which is not deemed an improvement, such as permits to replace water and sewer lines.
- The CIT could raise an additional **\$22 million for the Housing Trust Fund annually.**





**The Philadelphia Housing Preservation Program** through City Council legislation, issued \$100 million in bonds to fund a program that will help residents preserve their homes by offering assistance with much needed home repairs. The program was financed by a .1% increase in the realty transfer tax.

- \$60 million of the bond proceeds are being used to clear a

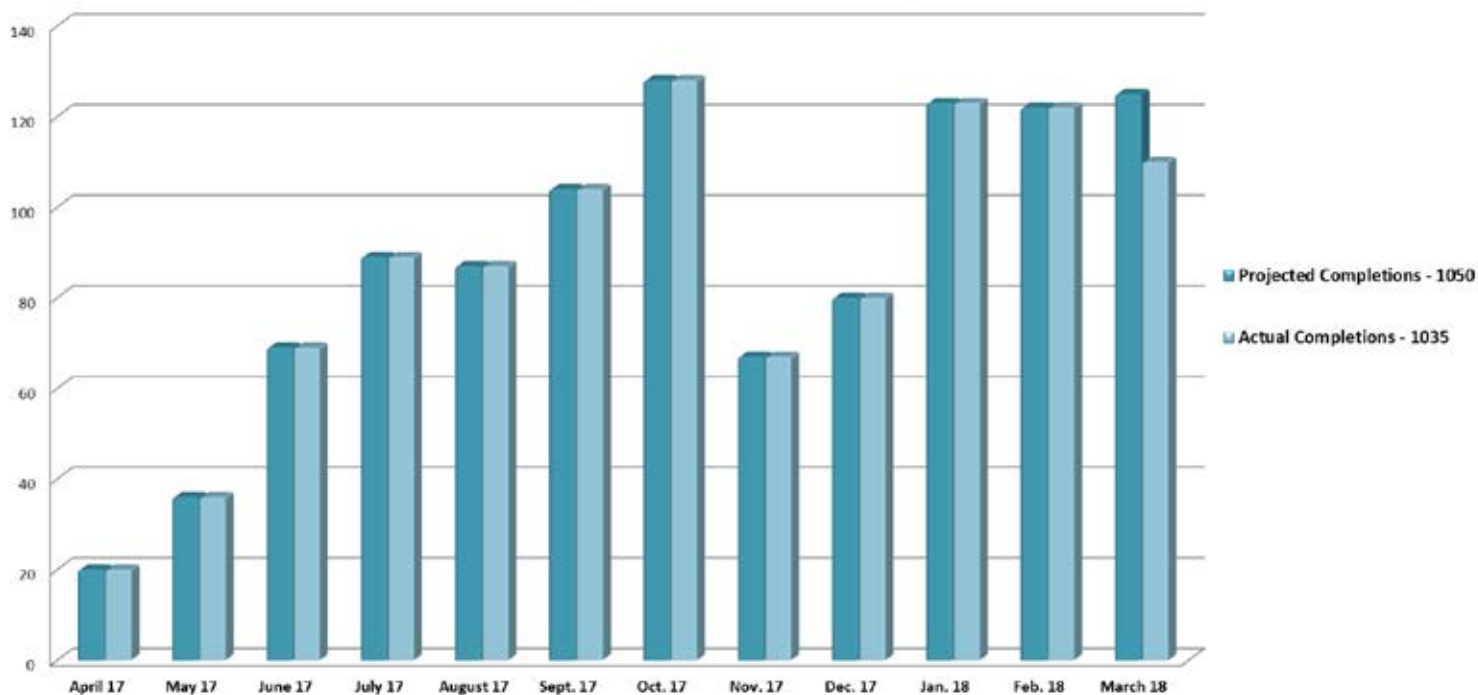
backlog of the City's basic system repair program and the adaptive modification program (ADA accessibility).

- The remaining \$40 million of bond proceeds will be dedicated to a home repair loan program for existing homeowners whose income do not exceed 120% of area median income.

To date, the Philadelphia Housing Development Corporation has completed 1,035 home repairs in the first full year of the program, totaling \$49,566,000 in value.

For additional information on the Housing Preservation Program, please visit [www.phdchousing.org/home-repair/](http://www.phdchousing.org/home-repair/)

**2017/2018 Completions**

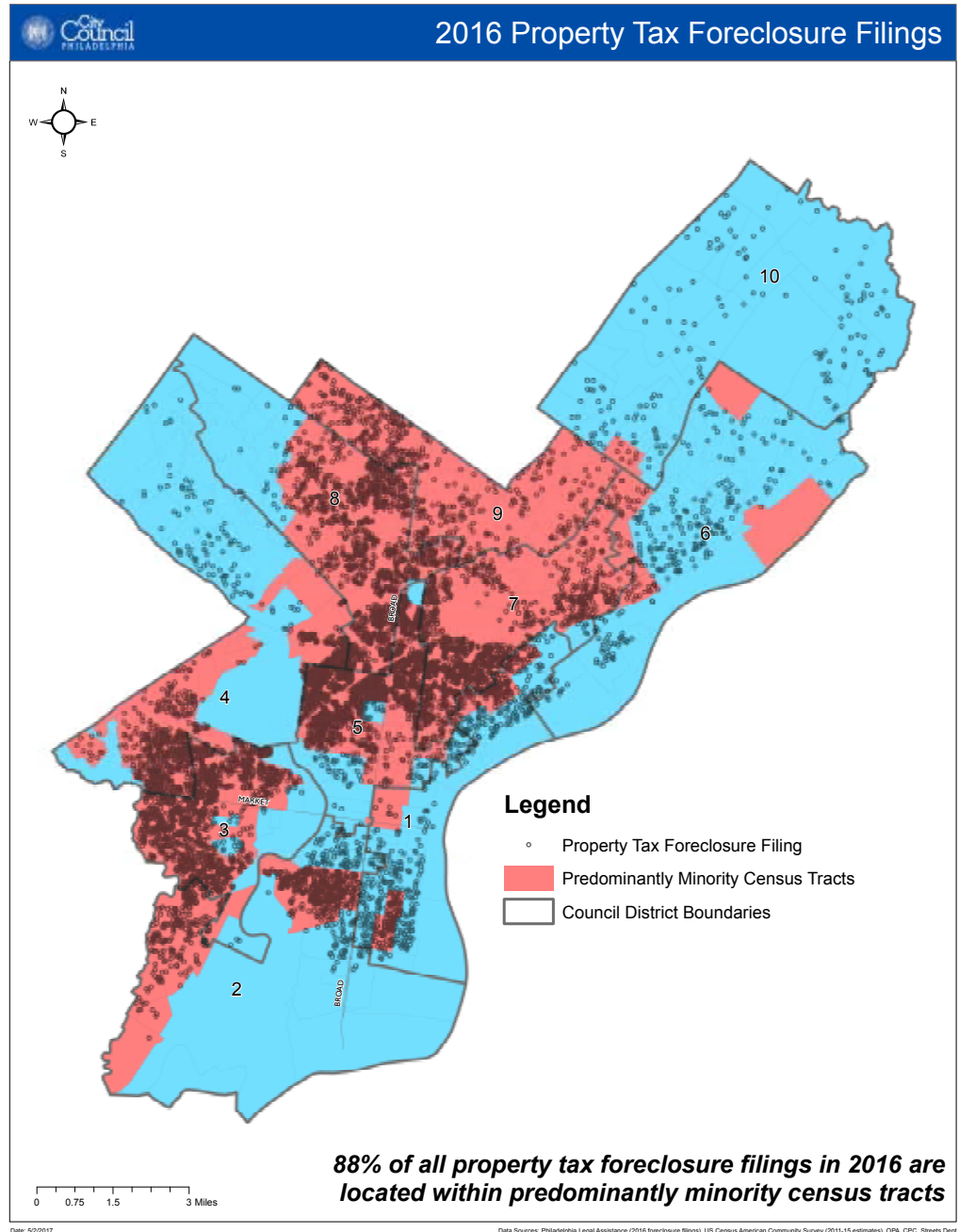


## The Philadelphia Tax Foreclosure Prevention Program

was designed to serve at-risk homeowners who are struggling with delinquent property taxes. In 2017, City Council passed legislation to expand the existing Owner-Occupied Payment Agreement (OOPA) to allow families who are behind on their property taxes to:

- Explore a reasonable payment plan and other affordable homeownership plans with the Department of Revenue and a qualified housing counselor.
- Postpone payment of current and future property taxes owed on a home if the taxpayer can demonstrate financial distress that puts them at risk of tax foreclosure by the City of Philadelphia. A deferred payment option may also be granted if the at-risk homeowner is either living in deep poverty (household income at or below 15% of AMI or below 30% if the homeowner has a disability or is a senior citizen over 65 years of age.)

Eligibility requirements include proof of income, residency, and residents must remain current on future real estate taxes. For more information please visit <https://beta.phila.gov/services/payments-assistance-taxes/payment-plans/owner-occupied-real-estate-tax-payment-agreement/>



The Philadelphia Tax Foreclosure Prevention program was created in collaboration with the Office of the Council President, The Department of Revenue, attorneys from Community Legal Services, Inc., and Philadelphia Legal Assistance.

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