

**DEPARTMENT OF PLANNING AND DEVELOPMENT
FISCAL YEAR 2025 BUDGET TESTIMONY
APRIL 15, 2024**

INTRODUCTION

Good afternoon, Council President Johnson and Members of City Council. I am John Mondlak, Interim Director of the Department of Planning and Development. I am joined today by senior staff in the Department of Planning and Development, as well as leadership for PHDC.

I am pleased to provide testimony on the Department of Planning and Development's Fiscal Year 2025 Operating Budget.

DEPARTMENT MISSION & PLANS

Mission: The Department of Planning and Development (DPD) aligns City agencies whose missions relate to the built environment. DPD works in collaboration with communities to promote, plan, preserve, and develop successful neighborhoods for all. DPD includes the Divisions of Executive Administration; Housing and Community Development (DHCD); Planning and Zoning (DPZ); and Development Services (DS). DPD works closely with the Philadelphia Housing Development Corporation (PHDC), the city's non-profit, full-service community development organization.

Plans for Fiscal Year 2025: In FY25, the Department of Planning and Development will continue to work across our multiple areas of expertise to deliver well-coordinated programs and services, informed by deep and intentional engagement with the public. DPD will:

Remove barriers to affordable housing production, preservation, and program access. Under the mandate of Mayor Parker, DPD's Division of Housing and Community Development and PHDC are leveraging financial investment from the Neighborhood Preservation Initiative (NPI), the Housing Trust Fund, and federal dollars to produce and preserve more homes for Philadelphians. DPD and PHDC will continue keeping residents in their homes through effective repair and renovation programs, building affordable housing for renters and homeowners, helping residents become first-time homebuyers, and supporting tenants at risk of eviction. DHCD and PHDC will reduce the barriers faced by residents by addressing the racial bias in home appraisals and by creating "One Front Door" for city-funded housing repair programs, with the goal of shifting the administrative burden off of those seeking assistance from these programs.

Provide concierge service to create a streamlined, supportive business environment that unlocks economic opportunity for all. In conjunction with the Commerce Department, and the upcoming "PHL Open for Business" initiative, DPD's Development Services Division will reduce the regulatory burden facing local businesses and industries looking to make Philadelphia their operational home. Development Services works to coordinate complex systems, sync up approval processes, and foresee and remove barriers. The division will continue to partner with government, nonprofit, and private economic development partners to see ambitious development projects through to completion.

Champion equity and inclusion through robust community engagement. In collaboration with a diverse steering committee of Philadelphia residents and experts in DEI and community outreach, the Philadelphia City Planning Commission (PCPC) at DPD is developing equitable and inclusive processes for ensuring vigorous public participation as PCPC updates the City’s Comprehensive Plan. At the same time, the DPD Historical Commission will build on a successful pilot of the “Treasure Philly!” program at Broad, Germantown, and Erie and partner with additional historically underrepresented communities to identify their neighborhood cultural resources. The equitable engagement process extends to the entire Department, with DPD reaffirming its commitment to language access via an update to its language access plan and improved implementation efforts.

PROPOSED BUDGET OVERVIEW

General Fund Financial Summary by Class						
	FY23 Original Appropriations	FY23 Actual Obligations	FY24 Original Appropriations	FY24 Estimated Obligations	FY25 Proposed Appropriations	Difference: FY25-FY24
Class 100 - Employee Compensation	\$5,783,913	\$5,252,007	\$7,031,654	\$7,031,654	\$7,031,654	\$0
Class 200 - Purchase of Services	\$21,339,463	\$21,756,463	\$21,756,463	\$21,956,463	\$4,006,463	(\$17,950,000)
Class 300/400 - Materials, Supplies & Equipment	\$89,761	\$131,021	\$116,305	\$116,305	\$116,305	\$0
Class 500 - Contributions	\$3,000,000	\$7,619,825	\$6,500,000	\$6,500,000	\$3,000,000	(\$3,500,000)
Total	\$30,213,137	\$34,759,316	\$35,404,422	\$35,604,422	\$14,154,422	(\$21,450,000)

Grants Fund Financial Summary by Class						
	FY23 Original Appropriations	FY23 Actual Obligations	FY24 Original Appropriations	FY24 Estimated Obligations	FY25 Proposed Appropriations	Difference: FY25-FY24
Class 100 - Employee Compensation	\$90,000	\$349,624	\$90,000	\$90,000	\$90,000	\$0
Class 200 - Purchase of Services	\$112,163,872	\$58,816,141	\$112,081,433	\$112,081,433	\$119,366,537	\$7,285,104
Total	\$112,253,872	\$59,165,765	\$112,171,433	\$112,171,433	\$119,456,537	\$7,285,104

CDBG Fund Financial Summary by Class						
	FY23 Original Appropriations	FY23 Actual Obligations	FY24 Original Appropriations	FY24 Estimated Obligations	FY25 Proposed Appropriations	Difference: FY25-FY24
Class 100 - Employee Compensation	\$5,094,921	\$2,766,469	\$4,968,702	\$4,968,702	\$6,038,193	\$1,069,491
Class 200 - Purchase of Services	\$63,165,601	\$45,920,103	\$223,847,826	\$223,847,826	\$204,729,000	(\$19,118,826)
Class 300/400 - Materials, Supplies & Equipment	\$252,500	\$55,127	\$214,000	\$214,000	\$214,000	\$0
Class 800 - Payment to Other Funds	\$25,000	\$24,278	\$25,000	\$25,000	\$25,000	\$0
Total	\$68,538,022	\$48,765,977	\$229,055,528	\$229,055,528	\$211,006,193	(\$18,049,335)

Department of Planning and Development

Housing Trust Fund Financial Summary by Class						
	FY23 Original Appropriations	FY23 Actual Obligations	FY24 Original Appropriations	FY24 Estimated Obligations	FY25 Proposed Appropriations	Difference: FY25-FY24
Class 100 - Employee Compensation	\$3,250,618	\$2,191,289	\$4,214,568	\$4,214,143	\$5,831,106	\$1,616,963
Class 200 - Purchase of Services	\$77,741,382	\$56,290,449	\$98,589,432	\$48,335,000	\$56,946,652	\$8,611,652
Class 300/400 - Materials, Supplies & Equipment	\$150,000	\$0	\$150,000	\$150,000	\$150,000	\$0
Total	\$81,142,000	\$58,481,738	\$102,954,000	\$52,699,143	\$62,927,758	\$10,228,615

Proposed Funding Request:

The proposed Fiscal Year 2025 General Fund budget totals \$14,154,422, a decrease of \$21,450,000 from Fiscal Year 2024 estimated obligation levels. This decrease is primarily due to the planned end of \$15M in annual General Fund rental assistance after FY24, nonrecurring Same Day Work and Pay funds (\$2,500,000), and nonrecurring funds that were used to purchase liens for community gardens (\$3,500,000 reduction). Discretionary local General Fund dollars are only one source of revenue for the City’s housing and neighborhood quality-of-life programs. Neighborhood Preservation Initiative bond proceeds, Housing Trust Fund allocations, and federal funding from the U.S. Department of Housing and Urban Development (HUD) can also be accessed for such programs.

The proposed General Fund budget includes:

- \$7,031,654 in Class 100, level with FY24. This funding will enable the Department to retain the same level of staffing as in FY24.
- \$4,006,463 in Class 200, a \$17,950,000 decrease from FY24. This funding will support ongoing funding for purchases of services that support DPD’s operations. The decrease is driven by non-recurring funds for General Fund rental assistance funding and for Same Day Work and Pay.
- \$116,305 in Class 300/400, level with FY24. This funding will provide materials and supplies, and equipment in support of DPD’s operations.
- \$3,000,000 in Class 500, a \$3,500,000 decrease from FY24. This funding supports the operations of the Philadelphia Land Bank. The decrease is due to the one-time purchase of bank liens.

The proposed Fiscal Year 2025 Grants Revenue Fund budget totals \$119,456,537, an increase of \$7,285,104 from Fiscal Year 2024 estimated obligation levels. The proposed Fiscal Year 2025 HUD Community Development Block Grant (CDBG) Fund budget totals \$211,006,193, a decrease of \$18,049,335 from Fiscal Year 2024 estimated obligation levels.

Department of Planning and Development

The proposed Fiscal Year 2025 Housing Trust Fund (HTF) budget totals \$62,927,758, an increase of \$10,228,615 from Fiscal Year 2024 estimated obligation levels.

The proposed budget includes:

- \$5,831,106 in Class 100, a \$1,616,538 increase from FY24. This funding is for staff in support of the HTF program.
- \$56,946,652, in Class 200, a \$8,611,652 increase from FY24. This funding will support the HTF program under annual funding requirements and the carry-forward of balances from prior years' HTF funds.
- \$150,000 in Class 300/400, level with FY24. This funding will provide materials and supplies, and equipment in support of the HTF program.

STAFFING LEVELS

DPD is requesting 168 positions in FY25. This is an increase of three positions over FY24, adding two positions to support the implementation of the recommendations of the Home Appraisal Bias Task Force, as well as one position to support the development and implementation of strategies to create affordable luxury inventory.

Employment Levels (as of December 2023)		
	FY25 Budgeted	Filled as of December 2023
Number of Full-Time Positions	168	133
Number of Exempt Positions	45	42
Number of Executive Positions (deputy level and above)	13	14
Average Salary of All Full-Time Positions	\$77,469	\$81,635
Median Salary of All Full-Time Positions	\$78,068	\$78,851

NEW HIRES

New Hires (from 7/1/2023 to December 2023)	
	Total Number of New Hires
White	2
Other	1
Total	3

Department of Planning and Development

PROGRAM BASED BUDGETING:

Program Name: Executive Administration

Program Number: 1

FY25 Proposed General Fund: \$1,976,321

Program Description: The Executive Administrative Team provides leadership and support to the operational areas of the Department to enable the Department to fulfill its mission. It supports the Department’s communications, financial, technological, facilities, and human resource needs. Additionally, the team aids the Department in establishing performance management goals and strengthening external relationships and resources.

FY25 Strategic Goals: The Executive Administrative Team is committed to strengthening and improving the Department and the services it provides. DPD can accomplish these goals through:

- Continued process optimization to eliminate bottlenecks and enhance overall efficiency and quality assurance. Executive Administration will leverage technology solutions to automate manual tasks, improve data management, and enhance communication throughout the Department.
- Promoting staff training, skill development, recruitment, and retention by implementing initiatives to ensure adoption of industry best practices and enhance the capacity of team members.

FY25 Performance Measures:

Measure	FY23 Actual	FY24 Target	FY25 Target
Median payment processing time for subrecipients, vendors, and staff (in days)*	4.5	5.0	5.0
Number of students exposed to careers in housing, planning, and development**	716	200	200

*This captures time for processing payments to vendors and subrecipients, as well as reimbursing staff with payments for expenses such as travel.

**DPD had a one-time opportunity to present to 300 students at Palumbo High School in FY23, accounting for the unusually high year-end number. This measure is variable and depends on opportunities presented in a given fiscal year.

Program Name: Planning and Zoning

Program Number: 2

FY25 Proposed General Fund: \$5,378,313

Department of Planning and Development

Program Description: The DPD Division of Planning and Zoning advances regulatory and legislative goals with public input to create healthy, equitable, desirable, and resilient affordable communities. The Philadelphia City Planning Commission (PCPC), the Zoning Board of Adjustment (ZBA), the Art Commission, and the Historical Commission implement regulations and contribute technical and design expertise to guide public and private investment that preserves and improves the built environment.

FY25 Strategic Goals: During FY25, the Division of Planning and Zoning will work to:

- Dismantle discriminatory barriers in planning, zoning, and historic preservation policy and practices, and center racial equity within all significant DPZ initiatives.
- Maximize revenue and ensure safe, sustainable, and lawful development by completing application and appeal reviews in an accurate and timely manner.
- Identify grant funding opportunities to support DPZ activities and initiatives, ensuring equitable development and increasing revenue for the City.

FY25 Performance Measures:

Measure	FY23 Actual	FY24 Target	FY25 Target
Number of Zoning Board of Adjustment (ZBA) cases that are filed within the reporting period*	1,055	1,200	1,200

*Applications to the Zoning Board of Adjustment (ZBA) are driven by applicants who receive zoning permit refusals from L&I and wish to appeal them to the ZBA. The number of applications the ZBA receives is driven by market demand and roughly reflects the same trends as seen by L&I in zoning permit applications.

Program Name: Development Services

Program Number: 3

FY25 Proposed General Fund: \$439,788

Program Description: The DPD Development Services (DS) group works with City departments and agencies to partner with investors, developers, institutions, and residents in the revitalization of underserved neighborhoods. DS strives to create platforms for connecting and supporting public and private entities, including minority and disadvantaged businesses, with resources that can help simplify and streamline approval processes. DS works to educate the public and private development community on the approval process for City departments, boards, and commissions. DS also works to resolve novel development issues or conflicting directives from different departments, boards, and commissions.

Department of Planning and Development

FY25 Strategic Goals: During FY25, Development Services will work to:

- Streamline and simplify the development review process by coordinating with agencies involved in reviews to make processes more predictable and efficient.
- Become a leading source of credible and timely data on location, progress, and cost of development projects in which the City has an interest or plays a direct role.
- Promote opportunities for inclusive growth by spearheading timely removal of obstacles for significant or complicated projects, including affordable housing, life science labs and offices, and public projects.

FY25 Performance Measures:

Measure	FY23 Actual	FY24 Target	FY25 Target
Percentage of development process inquiries receiving an initial response within one business day*	87%	90%	90%
Development Service Committees (full meetings)	2	4	4
Development process inquiries receiving a response within one business day	475	500	500
Civic engagement: number of community members engaged with/supported to understand processes**	629	400	600

*The Development Services division has experienced recent changes with the departure of team members. These members carried valuable knowledge regarding development practices in Philadelphia, which quickened inquiry response times. The division has added three new members, each with varied knowledge as it relates to the specific development processes in Philadelphia. As a result, newer team members spend more time conducting research and consulting personnel from other departments for proper inquiry answers, which slows down response times. Response time has improved, but the Department still expects performance to improve gradually as members become more familiar with available resources.

**Outreach opportunities for the Development Services Division are currently in flux, and more engagement opportunities are slowly starting to emerge.

Program Name: Community Development

Program Number: 4

FY25 Proposed General Fund: \$6,360,000

Program Description: DPD’s community development activities are carried out through the Division of Housing and Community Development (DHCD) and Philadelphia Housing Development Corporation (PHDC). DHCD’s activities focus on resident engagement and the cleaning and greening of vacant land. PHDC’s Land Management Division returns vacant and tax-delinquent land to productive use and works to consolidate publicly-owned land to make it easier for individuals and organizations to acquire and return land to tax-producing purposes. PHDC’s Development, Finance, and Compliance Department strengthens and improves Philadelphia’s neighborhoods with affordable housing, public art,

Department of Planning and Development

and support for homeowners and renters. This group focuses on approaches to equitable investment in affordable housing and community development, with programs including affordable housing financing, rental assistance, and loans for homeowners and landlords. PHDC’s Design and Construction Group assists in the maintenance of PHDC assets and supports the City in the efficient and cost-effective completion of capital projects. PHDC’s Percent for Art fund expands engagement with public art by ensuring that art remains accessible and connected to the communities where new development is occurring.

FY25 Strategic Goals: During FY25, PHDC and DPD will continue to expedite the disposition of publicly-owned land and work with community organizations to remove blight and improve neighborhoods. Through NPI, it also will explore new ways to improve neighborhood infrastructure and support small commercial businesses.

FY25 Performance Measures:

Measure	FY23 Actual	FY24 Target	FY25 Target
Unique lots stabilized, greened, and maintained	13,708	13,000	13,000
Land Bank: Number of tax foreclosure properties acquired*	0	TBD	TBD
Land Bank: Number of publicly-owned properties disposed of for redevelopment activities within reporting period**	274	325	325
Land Bank: Gross revenue generated from land sales	\$360,660	\$200,000	\$200,000

*There has not been a Municipal Tax Lien Sheriff sale since March 2020, but the Parker Administration is working with the Sheriff’s Office to restart the sales.

**While the number of parcels disposed is short by 51 properties, there are 592 parcels approved by the board that were settled during Summer 2023. Some of the parcels required zoning changes in order for the Land Bank to settle. Of these, 60 are going through the rezoning process.

Program Name: Housing Development

Program Number: 5

FY25 Proposed General Fund: \$0

Program Description: DPD’s housing development programs are carried out through its Division of Housing and Community Development (DHCD) and the Philadelphia Housing Development Corporation (PHDC). Projects and programs include the production of new affordable and special needs housing units, the preservation of existing affordable housing, and housing counseling services to enable low- and moderate-income individuals to remain in their homes, access affordable housing programs and services, and create homeownership opportunities.

FY25 Strategic Goals: During FY25, DHCD and PHDC will:

- Launch the “One Front Door” portal that will enable residents to apply for multiple home repair programs simultaneously.

Department of Planning and Development

- Help residents secure safe, healthy, and affordable homes by preparing them for homeownership, financing affordable units, helping them avoid foreclosure, and assisting with their rent and utility costs.
- Through the Turn the Key and Philly First Home programs, support more residents to become homeowners in FY25.
- Continue to administer the Shallow Rent Program. Funds from the Housing Trust Fund will support approximately 300 households.

FY25 Performance Measures:

Measure	FY23 Actual	FY24 Target	FY25 Target
Mortgage foreclosures diverted*	608	1,100	1,100
Homes repaired (Basic Systems Repair Program, Heater Hotline, Low Income Home Energy Assistance Program, and Adaptive Modifications Program)**	6,020	5,400	5,400
Clients receiving counseling for properties in tax foreclosure***	32	125	125
Homeowners' assistance grants****	1160	900	900
Number of units preserved *****	288	200	200
Number of applicants to home improvement programs*****	13,082	14,000	14,000

*The number of homes saved in FY23 was low due to the introduction of a Pennsylvania Housing Finance Agency fund that assists delinquent homeowners with up to \$50,000 in back mortgages. Hearings continue to be pushed back due to an overwhelming response to access those funds

**In FY23, PHDC received a one-time boost to its base budget, which allowed them to exceed their target goal. FY25 maintains level funding with FY24, and the target is consistent with the initial FY23 target.

***Court activity was limited in FY23, negating the need for tax foreclosure counsel. DPD expects court activity to resume and ramp back up gradually in FY24.

****While the target was exceeded by a significant amount in FY23, high interest rates and lack of housing supply may decrease actuals in FY24.

*****Increases in Neighborhood Preservation Initiative (NPI) funding in FY23 lead to higher numbers for this measure.

*****While the target was not reached in FY23, applications have been steadily increasing.

OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable)

The Department of Planning and Development receives allocations from HUD, including CDBG, CDBG-DR, and HOME ARP. The Department will continue to pursue other federal and state funding resources when available and applicable.