



City of Philadelphia

City Council
Chief Clerk's Office
402 City Hall
Philadelphia, PA 19107

BILL NO. 040594

Introduced May 25, 2004

Councilmembers Blackwell and Reynolds Brown

**Referred to the
Committee on Housing, Neighborhood Development and The Homeless**

AN ORDINANCE

Creating the Philadelphia Housing Trust Fund; all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

Section 1. Legislative Findings.

Council finds that:

- (1) There is a critical shortage of affordable and accessible housing in the City of Philadelphia.
- (2) 130,000 households in Philadelphia have annual incomes below \$20,000 and pay more than 30% of their income on housing. Researchers estimate that at least 60,000 more affordable housing units are needed to meet this need.
- (3) Since the 1970's, rents have increased significantly faster than wages, resulting in households having increased difficulty affording housing in Philadelphia.
- (4) Creating more affordable housing will improve the well-being of Philadelphia's children. Children who are homeless or do not have stable, safe, affordable housing are significantly more likely to have health problems, go hungry, and fall behind in school.
- (5) In 2003, the Office of Housing and Community Development estimated that there are 65,300 disabled people with housing needs in Philadelphia.

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(6) A lack of accessible housing options in the communities of their choice has often forced people with disabilities to live in segregated housing, nursing homes or other institutional settings. The average cost to keep a person in a nursing home in Pennsylvania is over \$66,100, whereas the cost to provide the person with the same personal care services in their homes in the community is \$41,732.

(7) In 2003, the shelter and street count of homeless persons rose by 13% compared to the previous year. The average cost of providing emergency shelter for a family of three was \$21,600. The average homelessness prevention grant is \$750.

(8) Many of our communities need assistance in order to begin or continue the process of neighborhood revitalization.

(9) Philadelphia has almost 60,000 abandoned buildings and vacant lots, more per capita than any other city in America.

(10) Housing prices in many Philadelphia neighborhoods have been stagnant or decreasing, limiting the value of homeownership as a vehicle to create wealth.

(11) Many of our communities are becoming increasingly income-segregated and need help to attract middle-income families in order to become more economically diverse and strengthen neighborhood property values.

(12) The City's existing housing stock is in need of repair.

(13) Half of the housing in Philadelphia was built before 1956. Thirty percent of homeownership units are owned by people 65 or older, many of whom are low-income.

(14) In 1999, 18,600 households in Philadelphia reported having severe physical problems with their plumbing, heating, kitchen, or hallways, and 40,100 reporting having moderate problems. As of April 2002, Philadelphia had 64,500 residential properties with open code violations.

(15) City programs that assist homeowners to repair their homes have a proven effect of reducing abandonment and blight. Programs that

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target home repairs to a specific area or to reinforce other investment can be particularly effective.

(16) The vast majority of the City's existing housing units were constructed many years ago and are inaccessible to people with disabilities who use wheelchairs. The City's Adaptive Modification Program, which helps residents with disabilities make their homes or apartments accessible, has a waiting list of approximately 4 years with more than 700 people on the waiting list.

(17) Additional housing production and preservation resources will strengthen the Neighborhood Transformation Initiative and enable it to more effectively meet its goals.

(18) Significant outside housing resources are available that could be leveraged by initial City investment. These resources are not currently coming to Philadelphia.

(19) There are more than 275 other cities, counties, and states around the country that have created Housing Trust Funds to resolve similar problems.

(20) Therefore, the City Council finds that creating a Philadelphia Housing Trust Fund is sound public policy that will provide needed resources to support affordable housing development, housing preservation, and neighborhood revitalization, strengthen the Neighborhood Transformation Initiative, and leverage outside funding to the City of Philadelphia.

Section 2. Definitions.

For the purposes of this act, the term

- (1) "Adaptive modification" shall mean modification of existing owner- or renter-occupied housing for accessibility by physically disabled occupants.
- (2) "Affordable housing" shall mean rental or homeownership housing developed to be affordable to households earning less than 115% of the Area Median Income, as defined by the federal Department of Housing and Urban Development. Housing is considered to be affordable to a

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household if they spend no more than 30% of their gross income on housing related expenses.

- (3) “Basic systems repair” shall mean repairs to basic systems, such as structural repairs and repairs to electrical systems, plumbing and sewer lines, heating systems, or roofs of owner-occupied single family homes.
- (4) “Community based organization” shall mean a community based non profit corporation formed under the laws of the Commonwealth of Pennsylvania or another state of the United States, which has been determined to be an organization described in section 501(c)(3) of the Internal Revenue Code of the United States, and that has a demonstrated capacity to carry out proposed housing activities.
- (5) “Community development organization” shall mean a community based organization whose mission includes providing housing and/or revitalizing a community or communities.
- (6) “Eligible development project” shall mean a development by a community development organization, either alone or in partnership with a private developer, of new construction or substantial or moderate rehabilitation of affordable housing either rental or for sale for use by qualified tenants or purchasers, located in the City of Philadelphia, that is consistent with a neighborhood plan.
- (7) “Homelessness prevention” shall mean emergency assistance to prevent and/or end homelessness or near homelessness by maintaining households in their own residences when eviction is imminent through rent and mortgage arrearage assistance, or for security deposits, utility assistance if ineligible for LIHEAP, and long-term hotel, motel, or boarding home rental assistance.
- (8) “Housing preservation” shall mean a grant for basic systems repair or improvement of an owner-occupied home, or for the targeted improvement of façades and streetscapes on a block or blocks.
- (9) “OESS” shall mean the City of Philadelphia Office of Emergency Shelter and Services or its successor agency.
- (10) “Office” shall mean the City of Philadelphia Office of Housing and Community Development or its successor agency.

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- (11) “Oversight Board” shall mean the Philadelphia Housing Trust Fund Oversight Board, as described in section 5.
- (12) “RDA” shall mean the Redevelopment Authority of the City of Philadelphia or its successor agency.
- (13) “Trust Fund” shall mean the Philadelphia Housing Trust Fund created under this ordinance.
- (14) “Visitable” shall mean the following amenities in a dwelling unit:
 - (a) One zero step entrance to the dwelling that will permit a visitor using a wheelchair to enter the main level floor of the dwelling through a doorway entrance that has a minimum 32” opening.
 - (b) A usable path of travel throughout the interior main level floor that is no narrower than 36” at any point except for interior doorway openings with a minimum 32” opening.
 - (c) A powder room on the main level floor that has a doorway entrance with a minimum 32” doorway opening providing, sufficient space to close the door while inside the powder room, a minimum 30” x 48” floor space clearance, and reinforced walls for future installation of grab bars to provide access to the toilet if necessary.

Section 3. Statement of Purpose.

The purposes of the Philadelphia Housing Trust Fund are:

- (1) To increase resources available for affordable housing and neighborhood revitalization;
- (2) To create and preserve affordable and accessible housing to meet the needs of low and moderate income Philadelphians;
- (3) To provide housing investment to revitalize distressed neighborhoods; and
- (4) To leverage additional outside resources.

Section 4. Establishment of the Philadelphia Housing Trust Fund

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- (1) The Philadelphia Housing Trust Fund (“Trust Fund”) is hereby established as a separate segregated account under the name of the Philadelphia Housing Trust Fund, held by the City of Philadelphia in trust to address the purposes set forth in this Ordinance.
- (2) Into this account shall be deposited revenue collected under section 8 of this ordinance.
- (3) It is the intention of the City Council that the Trust Fund be a dedicated fund for the purposes set out in section 3.
- (4) Therefore, any assets remaining in the Trust Fund at the end of any fiscal year shall be carried into the next fiscal year, including all interest and income earned, as well as any repayments or forfeitures of loans and/or grants.

Section 5. Philadelphia Housing Trust Fund Oversight Board.

- (1) There is hereby established an Oversight Board which will be established per regulation promulgated by the Office of Housing and Community Development.
- (2) Board members shall be appointed by the Mayor.
- (3) Each member of the Oversight Board shall be a resident of the City of Philadelphia.
- (4) A full term of office for a member of the Oversight Board shall begin on the first day of the calendar year following their appointment and shall expire on the last day of the calendar year three years later.
- (5) Members of the Oversight Board shall serve without compensation.
- (6) Meetings of the Oversight Board shall be open to the public.
- (7) The Members of the Oversight Board shall elect a Chair by a majority vote of the total voting Members of the Oversight Board.
- (8) The Office and RDA shall provide administrative support to the Oversight Board as necessary.

Section 6. Powers and Duties of the Oversight Board.

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- (1) The Oversight Board shall set standards, policies, and goals for the Trust Fund, consistent with the purposes and policies set forth in this ordinance, including without limitation criteria for eligible projects, number and type of units funded, and scoring of applications for funding. The Oversight Board shall not have any authority or control over the policies of or distribution of funds under any programs other than the Trust Fund.
- (2) The Oversight Board will have the duty of annually reviewing Trust Fund grant awards to ensure that Trust Fund moneys are expended in a manner that conforms with this Ordinance and with Oversight Board directives, and shall revise Trust Fund policies as needed to ensure this conformity. The Oversight Board will not have the duty of reviewing and scoring individual proposals for funding.
- (3) By December 31 of each year, the Oversight Board shall issue an Annual Report on the activities and accomplishments of the Trust Fund in the previous fiscal year. This report shall:
 - (a) Provide total numbers of housing units produced, homes preserved, and households prevented from becoming homeless with Trust Fund support.
 - (b) List projects funded through the Trust Fund.
 - (c) Report on funds expended and dollars leveraged by Trust Fund funds.
 - (d) Report in aggregate form the number of households benefiting from the Trust Fund by income level, geographic distribution, family size, and other criteria as selected by the Oversight Board.
 - (e) Report in aggregate form rents and sale prices of units produced, the number of accessible units built, the number of such units occupied by disabled individuals, and the number of visitable units built.
 - (f) Each year the Trust Fund shall be audited in accordance with generally accepted accounting standards, and a copy of the audit report shall be made part of the annual report.

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(4) The Oversight Board shall seek out contributions from non-City sources to supplement City funding of the Trust Fund. These contributions shall be deposited in the Trust Fund in accordance with subsection 8(5).

Section 7. Distribution and Use of the Trust Fund's Assets.

(1) The Trust Fund's assets shall be distributed in conformance with the following guidelines:

- (a) The Trust Fund will support production and preservation of housing affordable to and for occupancy by households earning less than 115% of Area Median Income.
- (b) Within this overall mission, 50% of Trust Fund dollars shall be used to produce and preserve housing affordable to and for occupancy by households with incomes at or below 30% of Area Median Income, and 50% of Trust Fund dollars shall be used to produce and preserve housing affordable to and for occupancy by households with incomes between 30% of Area Median Income and 115% of Area Median Income.
- (c) The Trust Fund shall, to the extent feasible, on an annual basis distribute approximately but no less than 65% of the money available to produce new and rehabilitated affordable housing.
 - (i) The Trust Fund shall support rental and homeownership housing development.
 - (ii) It is the intent of Council that the Trust Fund be used to support housing production affordable to a range of incomes, to enable lower income residents to obtain quality affordable housing, and to support mixed-income communities.
 - (iii) It is the intent of Council to promote increased housing access for individuals with disabilities, including increasing the availability of integrated and accessible housing options for individuals with disabilities in the community.

Therefore:

 - (.1) In each development supported through the Housing Trust Fund, a minimum of 5% of new construction units shall be accessible to individuals with mobility

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impairments, and a minimum of 2% of new construction units shall be accessible to individuals with sensory impairments.

(.2) New construction units supported by the Housing Trust Fund must be visitable, subject to the following conditions:

(.a) Average per unit cost for visitability will be capped at \$3,000 per new construction unit in a project. This cost cap will be adjusted for inflation on an annual basis.

(.b) Visitability requirements will be waived for a project to the extent necessary if site conditions are unsuitable such is the case with in-fill housing. If site conditions make a zero step entrance impractical, it is not required to implement other visitability requirements.

(.3) Visitability and/or accessibility requirements will be waived for a project if the developer can not secure additional resources. This section shall not be construed to exempt any project from other applicable requirements or regulations regarding visitability and/or accessibility.

(.4) The staff of the Office and of the RDA are directed to prepare regulations implementing these requirements and waiver procedures, in consultation with the Oversight Board.

- (d) The Trust Fund shall, to the extent feasible, on an annual basis distribute approximately but not to exceed 30% of the money available to support grants for housing preservation and for adaptive modification.
- (2) All distribution of Trust Fund assets shall be made in furtherance of the purposes of the Trust Fund as set forth in section 3 and subsection 7(1), and the standards, policies, and goals promulgated by the Oversight Board.
- (3) Trust Fund resources may be distributed to any community based organization that is in compliance with Federal, State, and City laws, ordinances, and resolutions and can demonstrate capacity to complete and/or implement a Trust Fund-supported project or program.

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- (4) Eligible uses of Trust Fund resources include, but are not limited to, affordable housing projects consisting of new construction rental and homeownership housing, substantial or moderate rehabilitation of rental or homeownership housing, housing preservation, including home repair grants and grants to make homes accessible to individuals with disabilities, and homelessness prevention activities. These funds may be used for administrative costs of the City, the Office, OESS, THE RDA, or any other public agency for the purpose of administering the Fund, however not to exceed 10%.
- (5) Trust Fund resources may be distributed as grants and/or loans, and in conformance with the directives of the Oversight Board.
- (6) All rental housing development projects receiving awards from the Trust Fund shall remain affordable for a period of at least fifteen (15) years and all homeownership housing development projects shall remain affordable for a period of at least five (5) years, which agreement shall be memorialized in writing and recorded with the recorder of deeds office of the City of Philadelphia. Failure of a project to maintain such affordability for the above period shall result in the acceleration of any loan or the repayment of any grant made from the Trust Fund.

Section 8. Sources of Revenue

(1) Upon adoption by the General Assembly of the Commonwealth of Pennsylvania of authorizing legislation, and in accordance with the terms of such legislation,

(a) the fees charged for recording deeds and mortgages under the Philadelphia City-County Consolidation Act (Act of August 26, 1953, P.L. 1476, No. 433) shall be increased by 100% of the amounts charged on June 30, 2004, for recording deeds and mortgages, including the base fee, certification fee and writ tax; and

(b) the additional money collected as a result of such increase may be deposited into the Philadelphia Housing Trust Fund. In the event that Record Department has an increase in cost, a proportion of the fee increased can fund the increase.

(4) In fiscal year 2005, \$1.5 million from the Neighborhood Transformation Initiative shall be deposited into the Philadelphia Housing Trust Fund.

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(5) Any funds collected by the Trust Fund in the ordinary course of its business, including other sources that may be identified, interest and income earned, repayments, or forfeitures under any loan or grant agreements shall be deposited into the Trust Fund.

(6) At the direction of the Oversight Board, the Trust Fund shall receive contributions from outside sources.

Section 9. Effective Date

(1) This Ordinance shall be effective immediately, provided that those provisions which rely on action by the General Assembly of the Commonwealth of Pennsylvania shall become effective upon enactment of such legislation.

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