



City of Philadelphia

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

RESOLUTION NO. 160641

Introduced June 9, 2016

Councilmembers Quiñones Sánchez, Greenlee, Gym and Johnson

RESOLUTION

Calling upon the City of Philadelphia to exhaust all reasonably necessary steps to ensure that PMC Property Group ("PMC") re-affirms and satisfies its contractual and moral obligation to set aside on-site units of affordable housing at One Water Street, the expected performance of which conditioned the City's decision to grant PMC a substantial density bonus permitting construction of additional floors and units therein, all under certain conditions set forth by the city's Mixed Income Housing Program; and further calling upon PMC to apologize to the citizens of Philadelphia for evading affordable housing obligations while the City faces an affordable housing crisis.

WHEREAS, Philadelphia's shortage of affordable housing is a crisis of epidemic proportion, such that hundreds of thousands of Philadelphians who work full-time, family-sustaining jobs lack access to safe and affordable housing, at a time when rents and home sale prices continue to rise rapidly despite stagnant wages and deepening poverty; and

WHEREAS, Over the past decade, City Council has vigorously confronted Philadelphia's affordable housing crisis, by studying national best practices for inclusionary housing reform, by legislating reforms particular to Philadelphians' housing needs, and by collaborating with the Nutter and Kenney administrations in order to swiftly implement those reforms; and

WHEREAS, Council's 2012 passage of the Mixed Income Housing Program, by amending Section 14-702-2(7) of the Philadelphia Code, established one of the City's most powerful tools, in the form of a "density bonus," for incentivizing private developers to build housing for low- and moderate- income residents and to grow mixed-income communities across Philadelphia; and

WHEREAS, The Mixed Income Housing Program provides that a developer may obtain special permitting to construct a building in excess of certain zoning limitations on height

City of Philadelphia

RESOLUTION NO. 160641 continued

and density *if and only if* said developer sets aside at least ten (10) percent of that building's rental units for families whose annual income does not exceed eighty (80) percent of Area Median Income, at rates no greater than thirty (30) percent of those families' monthly income, for a period of at least fifteen (15) years, after which the developer may freely set rates on all units; and

WHEREAS, In 2014, the City of Philadelphia granted PMC Property Group ("PMC") a density bonus for a luxury residential housing project overlooking the Delaware River, contingent upon PMC's satisfaction of certain Mixed Income Housing Program conditions, including but not limited to, a requirement that PMC set aside on-site affordable housing units; and,

WHEREAS, By the time PMC completed construction on One Water Street in 2016, the Property company had fully utilized its conditional density bonus, having tacked an additional forty eight (48) feet, five (5) floors, and thirty (30) luxury units onto the sixteen- (16) story building, and having subsequently listed those luxury, panoramic-view units at *starting* monthly rates of \$1,795 for a one-bedroom, \$2,250 for a two-bedroom, and \$5,525 for a three-bedroom; and

WHEREAS, Despite completing construction and utilizing its conditional density bonus, PMC has not satisfied any conditions of the density bonus, including its obligation to set aside at least ten percent of One Water Street's rental units for affordable housing over a period of fifteen years; in fact, PMC has not set aside *any* of the building's *two hundred and fifty (250)* residential units for affordable housing, nor has PMC expressed an intention to full such an obligation; and

WHEREAS, On June 3, 2016, *Philadelphia Inquirer* architecture critic Inga Saffron reported that PMC had indeed pulled a "bait and switch", by informing the City that the Property company no longer intended to set aside any residential units for affordable housing, only after having reaped the full benefit of the City's conditional density bonus by building an extra five floors of waterfront units with panoramic views that would otherwise violate zoning restrictions; and

WHEREAS, On June 8, 2016, the editorial board of the *Philadelphia Daily News* opined that the PMC's refusal to fulfill its obligation to set aside affordable housing units as "wrong", speculated that such failure was motivated by "greed" and "arrogance," and urged Mayor Kenney to "reject any compromise" regarding PMC's outstanding obligations; and

WHEREAS, Council urges Mayor Jim Kenney and the City of Philadelphia to exhaust all legal and administrative actions reasonably necessary to ensuring that PMC immediately fulfills its affordable housing obligation to low-income Philadelphians in need; and

City of Philadelphia

RESOLUTION NO. 160641 continued

further urges the City to refrain from compromising or excusing any of PMC's outstanding obligations relating to its affordable housing obligations in light of PMC's full utilization of its contingent density bonus and the City's steadfast commitment to addressing the its affordable housing crisis; and

WHEREAS, Council demands that PMC immediately re-affirm and fulfill its obligations to the low- and moderate- income citizens of Philadelphia—a duty that is not only contractual, but also one that is also moral—by satisfying, in good faith and with due diligence, each of the modest affordable housing conditions set forth by the City's Mixed Income Housing Program; and

WHEREAS, Council further demands that PMC publically apologize to the citizens of Philadelphia for taking full advantage of a lucrative density bonus yet nevertheless evading its modest affordability conditions at a time when Philadelphia faces a devastating affordable housing crisis; now, therefore, be it

RESOLVED, BY COUNCIL OF THE CITY OF PHILADELPHIA THAT, The Council of the City of Philadelphia hereby calls upon the City of Philadelphia and PMC Property Group to ensure that PMC re-affirms and fulfills its obligations to provide for affordable housing, and further upon PMC to publicly apologize for repudiating its commitment to set aside affordable housing at a time of great need.

City of Philadelphia

RESOLUTION NO. 160641 continued