



# City of Philadelphia

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

## **RESOLUTION NO. 080552**

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**Introduced June 5, 2008**

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**Councilmember Tasco  
for  
Council President Verna  
(By Request)\***

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**Referred to the  
Committee on Finance**

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## **RESOLUTION**

Approving the annual Program Statement and Budget for the expenditure of the Neighborhood Transformation Initiative (NTI) Bond Proceeds for Fiscal Year 2009.

WHEREAS, Pursuant to Bill No. 010694, as amended by Bill No. 020036, Council must approve, by resolution, an annual Program Statement and Budget for the expenditure of proceeds of Neighborhood Transformation Initiative (NTI) bonds; and

WHEREAS, The Administration has transmitted to Council a proposed annual NTI Program Statement and Budget for Fiscal Year 2009; and

WHEREAS, The Administration has advised Council of its concern that not all NTI expenditures in previous fiscal years were charged to appropriate categories, and it has commenced an audit to determine whether appropriate accounting procedures were followed. The Administration further advises Council that once the audit has been completed, it may be determined that there are not sufficient available funds to support all categories of the proposed Fiscal Year 2009 NTI budget, in which case the Administration will need to prepare a revised Fiscal Year 2009 NTI budget and submit it to Council for approval; and

WHEREAS, Council wishes to approve the annual Program Statement and Budget for Fiscal Year 2009 as submitted to it, with the understanding that if the Administration needs to revise the Program Statement and Budget after completion of the audit, further Council approval will be necessary before any NTI bond proceeds may be spent pursuant to such a revised Budget; now, therefore,

\*Information on file in Room 402 City Hall

# City of Philadelphia

*RESOLUTION NO. 080552 continued*

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, THAT The annual Program Statement and Budget for the expenditure of the Neighborhood Transformation Initiative (NTI) Bond Proceeds for Fiscal Year 2009, attached hereto as "Exhibit A," is hereby approved.

FURTHER RESOLVED, THAT The Chief Clerk of the Council shall keep on file and make available to the public for inspection during regular office hours the exhibit referenced in this Resolution.



**Commerce Department:  
Neighborhood Transformation Initiative  
Program Statement and Budget FY2009**

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Program Statement and Budget for FY2009**

**EXECUTIVE SUMMARY**

During FY 2009, Mayor Nutter will engage City departments, neighborhoods, the business community and everyday citizens in new and exciting ways designed to improve quality of life, stimulate business investment and restore faith in government. To create new partnerships, fresh strategies and effective operations, City government is reorganized to aggressively tackle opportunities for increased public safety; community and economic development; and improved customer service and ethics.

Changing how the City does business and deploys its services will create safer neighborhoods, a city where business and industry choose to invest, and lives full of educational and employment opportunities. New efficiencies will brand Philadelphia as one of the most consumer friendly governments in the country.

The Administration has identified six core service areas:

- Public Safety goals create a Philadelphia that becomes the safest large city in the country;
- Educational opportunity will define Philadelphia as the country's premier education city;
- Job and Economic Development goals will grow Philadelphia as a green city;
- Healthy and Sustainable Communities will make Philadelphia neighborhoods vibrant and livable;
- Philadelphia will demonstrate the highest standards for ethics and accountability and;
- Philadelphia will become a national customer service leader.

More than \$306 million of NTI bond proceeds have been invested in recent years to stimulate the economy in Philadelphia's neighborhoods and downtown, addressing the quality of life of its citizens and creating a foundation for growth. The focus of FY09 will be to institutionalize key learnings from the NTI process, while consolidating and spending remaining funds.

**The FY09 Program Statement and Budget** describes the programs and activities that the City will fund using NTI bond proceeds and the interest earned on the bond proceeds. As of the FY09 Program Statement and Budget, all NTI bond proceeds are fully budgeted. **During FY09, the budget for remaining NTI spending is projected at \$5,460,944.** The Administration anticipates that this is the final year of NTI spending.

**Proposed FY09 NTI Program Budget**

Program Activity	Total NTI Funding	Proposed Reallocation FY09	Cumulative Bond Spending	Proposed NTI Spending FY09
<b>New Programs and Initiatives</b>				
Foreclosure Prevention		2,000,000		2,000,000
<b>Existing Programs</b>				
Vacancy Prevention	50,000	50,000	50,000	50,000
Adaptive Modification Program	10,100,000	800,000	10,100,000	800,000
Settlement Grant Assistance	3,700,000	600,000	3,700,000	600,000
HomeBuy Now: Employer Assistance Program	1,850,000	710,944	1,850,000	710,944
Vacant Property Management Information System	5,700,000	1,300,000	5,700,000	1,300,000
<b>Past Allocations</b>				
Demolition/Vacant Property Stabilization	147,264,192		147,264,192	
Land Acquisition	72,076,418		72,076,418	
Retaining Wall Reconstruction	2,670,000		2,670,000	
Expanded Home Rehabilitation Program	6,000,000		6,000,000	
Philadelphia Home Improvement Loan	3,800,000		3,800,000	
Equitable Development Strategy	5,710,944	(3,810,944)	1,900,000	
Affordable Rental Development	1,900,000	(1,650,000)	250,000	
Anti-Predatory Loan Program	1,500,000		1,500,000	
Targeted Basic System Repair Program	3,300,000		3,300,000	
Basic Systems Repair Program	30,775,000		30,775,000	
SHARP	525,000		525,000	
Preservation Development Initiative /Historic Property Repair Program	1,457,500		1,457,500	
Commercial Corridor Support Initiative	1,953,861		1,953,861	
Housing Trust Fund	1,500,000		1,500,000	
Homelessness Prevention Program	1,600,000		1,600,000	
Unified Land Records System	3,225,000		3,225,000	
<b>Total</b>	<b>306,657,915</b>		<b>301,196,971</b>	<b>5,460,944</b>

## FY09: NEW PROGRAMS AND INITIATIVES

### Foreclosure Prevention

#### *Objective*

To address the impact of the foreclosure crisis on Philadelphia homeowners and neighborhoods, the Administration proposes utilizing NTI funds and other programs to assist homeowners facing foreclosure and to prevent others from reaching that point. Among other activities, the City will implement the new **HERO Loan and Philadelphia Renovate and Repair Programs** as a coordinated approach to foreclosure prevention. These programs will be **augmented by additional funding provided to Community Legal Services and housing counseling agencies**. \$2.0 million in unallocated funds and \$500,000 in past reallocated NTI bond proceeds will fund foreclosure prevention.

In line with national trends, Philadelphia's real estate market recently experienced dramatic growth, including the potential for new wealth creation in many communities as a result of appreciating housing values. Yet concerns about rising real estate speculation and displacement have been superseded by the national housing crisis, resulting from the collapse of the sub-prime lending market. We must protect newly found homeowner equity so that neighborhoods that have suffered from decades of disinvestment may sustain the benefits of this recent growth.

In 2007 there were over 6,200 foreclosures filed in the City of Philadelphia. This number is expected to grow dramatically over the next year. The challenges presented by displacement concerns and the foreclosure crisis are ultimately about protecting the assets of vulnerable homeowners. Without access to reasonable financing, homeowners will continue to fall prey to the impact of predatory lenders and speculators.

Predatory lending is a significant problem that leads to foreclosure for many of its victims. Outreach and education will be achieved through the marketing of the City's "Save Your Home" hotline and the funding of 31 housing counseling agencies. Through this additional funding, Community Legal Services will augment legal support to victims of predatory lending identified by the housing counseling agencies.

#### *Program Description*

##### **Homeowner's Equity Recovery Opportunity (HERO) (Foreclosure Prevention)**

Homeowner's Equity Recovery Opportunity (HERO) is a new loan program designed to improve the financial situation of Philadelphians unable to afford their current mortgage payments and in danger of losing their homes to foreclosure. These vulnerable populations must have the terms of their mortgages modified in order to afford monthly payment obligations.

The HERO program will be implemented in partnership with the Pennsylvania Housing Financing Agency (PHFA) for borrowers not eligible for PHFA's REAL program

Commerce Department: Neighborhood Transformation Initiative  
Program Statement and Budget for FY2009

(REfinance to an Affordable Loan) or another mortgage refinance product available in the general market due to credit issues or owing more than their home's current appraised value. The funding will leverage over \$10M in state loans for City homeowners facing foreclosure.

**Philadelphia Renovate & Repair Program (Foreclosure Prevention)**

The Philadelphia Renovate & Repair Program will provide low-fee home improvement loans at reasonable interest rates of up to \$35,000. Housing counseling will guide prioritization of home improvements and how to best spend funds. Administered by Pennsylvania Housing Financing Agency (PHFA), the program will provide financing for home repairs. PHFA will accept up to a third lien position.

*FY09 Budget*

In FY09, Commerce proposes \$2.0 million for Foreclosure Prevention

## **FY09: EXISTING PROGRAMS**

### **Vacancy Prevention (Tangled Title)**

#### *Objective*

One half of the houses in Philadelphia are owned by people over 55. Data shows that 45 percent of older people have made no plans to either sell or transfer titles in their homes. Thus over the next 15 – 20 years, nearly half of the houses in the City are at risk of abandonment as no plans have been made for their maintenance or ultimate disposition. The Vacancy Prevention Program addresses these issues. Although emphasis is on the elderly, all ages are eligible for grants up to \$2,000.

#### *Program Description*

The City has developed the HomeSTART (Start Managing Assets, Repairs, and Titles) Program. Its activities include:

- A training program for housing counselors and senior service providers to help older homeowners understand the value of estate planning to them and the community;
- The establishment of a tangled title fund to help resolve title problems which prevent occupants from obtaining loans and grants for repairs or the smooth transfer of title of residence.

#### *FY09 Budget*

The City has allocated \$50,000 of CDBG funds to Vacancy Prevention in the Preliminary Year 34 Consolidated Plan. In FY 09, Commerce proposes an additional \$50,000 in NTI funds for Vacancy Prevention.

### **Adaptive Modification Program**

#### *Objective*

The Adaptive Modification Program (AMP) provides low-income Philadelphia residents with permanent physical disabilities with increased mobility within their homes, as well as access to their homes.

#### *Program Description*

The Adaptive Modification Program is available for homeowner-occupied and renter-occupied houses which need to be made accessible for people with disabilities with income up to 80 percent of median income requirements. Adaptive modifications must meet one or more of the following objectives:

- Improve the consumer's ability to enter and exit the home;



RESOLUTION NO. 080552 continued

Commerce Department: Neighborhood Transformation Initiative  
Program Statement and Budget for FY2009

- Increase the consumer's ability to perform activities of daily living; and/or,
- Enable the consumer to remain in the home and/or prevent institutionalization.

*FY09 Budget*

The City has allocated \$350,000 of CDBG funds to Adaptive Modification in the Preliminary Year 34 Consolidated Plan. In FY 09, Commerce proposes to commit an additional \$800,000 for the Adaptive Modification Program.

**Settlement Grant Assistance**

*Objective*

Helping families become homeowners has a stabilizing effect on neighborhoods. The aim of the settlement grant program is to lower the barriers to homeownership for low- and moderate-income families.

*Program Description*

The City's Settlement Assistance Grant Program provided 915 settlement grants to low- and moderate- income first time homebuyers in FY 2007. The \$800 grants are available to homebuyers that earn 80 percent or less of the area median income. Recipients of settlement grants complete pre-purchase housing counseling at an OHCD-funded housing counseling agency. Requirements are:

- Homebuyer household income cannot exceed 80 percent of the Area Median Income (AMI) and must be designated as a first-time homeowner as defined by HUD;
- Homebuyer must be a participant in an OHCD-funded counseling program;
- Homebuyer must qualify for a mortgage.

The City also manages the American Dream Down-Payment Initiative (ADDI), which will provide settlement and down payment assistance to new low-and moderate-income homeowners purchasing a home in a City-sponsored new homeownership development. The ADDI program utilizes funds made available by the U.S. Department of Housing and Urban Development (HUD).

*FY09 Budget*

In FY09, Commerce proposes \$600,000 for the Settlement Assistance Grant Program.

**HomeBuy Now – Employer Assisted Housing**

*Objective*

One way to stimulate investment in neighborhoods and aid community economic development is to involve local employers in providing new homeownership opportunities for their employees. HomeBuy Now, an Employer Assisted Housing (EAH) program,

**Commerce Department: Neighborhood Transformation Initiative  
Program Statement and Budget for FY2009**

encourages businesses to become active investors in Philadelphia neighborhoods by offering a City match of housing benefits that participating businesses provide to their employees.

HomeBuy Now benefits take many forms including settlement assistance, housing counseling, and home improvement loans. HomeBuy Now can also be used in conjunction with the Pennsylvania Housing Finance Agency's (PHFA) Employer Assisted Housing program which will match up to \$2,000 of an employer's contribution. To date, 35 employers have enrolled in the program and 130 houses have been purchased in Philadelphia by their employees.

*Program Description*

The City of Philadelphia markets the program and works with the Greater Philadelphia Urban Affairs coalition to support participating businesses. HomeBuy Now benefits take many forms including settlement assistance, housing counseling, and home improvement loans. The City has matched employers' settlement grants or closing cost assistance between \$3,000-\$5,000 per employee. As of December 2007, 130 homes were purchased in Philadelphia neighborhoods by employees through this program.

*FY09 Budget*

In FY09, Commerce proposes \$710,944 million for HomeBuy Now.

**Vacant Property Management Information System**

*Objective*

The Vacant Property Management Information System (VPMIS) provides an efficient mechanism for acquiring, assembling and disposing of property. The City has historically lacked the ability to track individual or assembled parcels as they wind their way through the multitude of City agencies involved in these processes. Various City agencies often research and document the same information on a property because a unified information storage system they could reference was not available. The result was duplication of effort, incomplete documentation, delay, and inefficiency in the processing of property transactions.

VPMIS seeks to address these problems, increasing timeliness and decreasing the cost of the City's land acquisition and disposition processes. The system also will increase capacity and speed for property disposition, positively impacting the General Fund and affordable housing and other redevelopment activities.

*Program Description*

VPMIS is designed as a series of technology components supporting the RDA's business processes of acquisition, assembly and disposition of parcels. The system allows users to create a project and track information regarding a project status through all phases. VPMIS allows for multiple end-user interfaces and reporting for City agencies,

RESOLUTION NO. 080552 continued

**Commerce Department: Neighborhood Transformation Initiative  
Program Statement and Budget for FY2009**

departments and elected officials.

The Virtual Property Management Information System (VPMIS) was tested and rolled-out in FY07 under the name, "Building Uniformity in Land Development," or "BUILD." The final VPMIS applications include the capability to submit property or project requests online; a component to allow housing staff to better review and evaluate submitted requests; and an automated workflow for the RDA's disposition process.

*FY09 Budget*

In FY09, Commerce proposes \$1,300,000 for VPMIS.

RESOLUTION NO. 080552 continued

Commerce Department: Neighborhood Transformation Initiative  
Program Statement and Budget for FY2009

	2000	2001	2002	2003	2004	2005	2006	2007	1 <sup>st</sup> -2 <sup>nd</sup> Quarters 2008	Total
<b>Quality of Life Programs</b>										
Abandoned Cars Removed	62,762	53,033	53,813	38,540	27,403	21,626	17,835	14,088	2,365	291,465
Graffiti Abated	34,464	54,533	74,720	90,876	91,100	92,375	93,272	110,028	22,458	663,826
Vacant Lots Cleaned			35,787	12,186	11,270	9,367	10,014	9,468	5,701	93,793
Buildings Demolished			1,040	573	1,380	984	1,037	643	447	6,104
Cleaned and Sealed			1,769	1,475	1,515	1,456				6,215
<b>Affordable Housing Programs</b>										
Special Needs Rental Units		71	122	136	74	115	20	95	14	647
Rental Units		781	324	143	302	492	241	340	55	2,678
Homeownership Units		192	166	125	116	92	28	204	129	1,052
Total Affordable Housing		1,044	612	404	492	699	289	639	198	4,377
<b>Housing Preservation Programs</b>										
Basic Systems Repairs					14,673	7,503	3,364	3,053	1,417	30,010
Adaptive Modifications					168	181	245	173	325	1,092
HRP					154	37	18	53	7	269
Settlement Grants					750	954	995	915	597	4,211
HELPP Loans					13	7	1			21
Phil-Plus and Mini -Phil					70	41	48	75	41	275
PHIL-Loans closed			77	80	207	168	141	193	61	927
PHIL-Loans (\$ millions)			\$1.3	\$1.6	\$4.1	\$3.5	\$2.9	\$3.9	\$12.5	\$18.9