

## Legislation Text

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Calling on the United States Congress and the Pennsylvania General Assembly to take immediate action to provide municipalities a comprehensive relief package to stabilize the local rental housing market and support property owners.

WHEREAS, The emergence of COVID-19 has caused significant financial instability for renters, landlords, homeowners, and business owners across the City of Philadelphia; and

WHEREAS, Forty-six percent of all licensed units in Philadelphia are owned by small landlords, and therefore especially may experience financial strain as a result of COVID-19. Many of these small landlords are responsible for providing acutely-needed affordable rental units; and

WHEREAS, A robust and comprehensive response to this looming housing crisis must ensure that landlords can afford fluctuations in rent and that homeowners and business owners can avoid default and foreclosure, with the goal of stabilizing the City's rental housing markets and protecting an important source of local, state, and federal revenue; and

WHEREAS, Without intervention, a crisis in our rental housing markets could lead to significant displacement of families, human suffering on the part of both renters and property owners, and the widespread destabilization of neighborhoods as properties become vacant or are subject to speculative trading; and

WHEREAS, The City of Philadelphia's ability to stabilize its housing markets and preserve recent economic and revenue growth will hinge on substantial assistance from the United States government and Pennsylvania General Assembly. Programs from the federal and state governments that provide tax assistance, offer universal mortgage relief, and expand low-interest or forgivable loan programs will enable the City of Philadelphia to support landlords and homeowners while preserving local funding that is necessary to maintain other essential services; and

WHEREAS, The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) included \$12 billion in resources related to housing and homelessness, and mortgage relief has been extended by the Federal Housing Association (FHA), Fannie Mae, and Freddie Mac to their borrowers. Nevertheless, more financial assistance is urgently necessary. On April 7, 2020, thirteen national associations representing for-profit and non-profit owners, developers, managers, lenders, housing cooperatives and housing agencies called on Congress "to ensure the financial viability and stability of the rental housing industry and its residents, as millions of people shelter in place"; and

WHEREAS, Additional stimulus funding would allow Philadelphia to provide rental subsidies at a scale that better approaches landlords' projected cash-flow needs as tenants struggle to pay their rent during these turbulent times. Emergency federal funding should be authorized for use as ongoing rental assistance, dispersed directly by the City of Philadelphia to landlords, and increased funds should also be routed through programs such as Emergency Solutions Grants and the Disaster Housing Assistance Program. HUD should release an increased supply of Housing Choice Vouchers, which provide landlords with direct rental payments from the

Philadelphia Housing Authority, in order to provide stable cash flow to landlords and allow individuals who are low-income, elderly, or living with a disability to continue to afford housing on the private market; and

WHEREAS, Direct financial relief from Congress to state and local governments to make up for revenue shortfalls would allow Philadelphia to extend additional crucially-needed assistance to small landlords, ranging from relief on property taxes and utility service to unexpected maintenance costs. Moreover, the Small Business Administration's Paycheck Protection Program should also be offered to rental housing firms and student housing operators in order to protect employees and their operations, and funding for this program should be increased to ensure access for all who are eligible; and

WHEREAS, State and federal mortgage relief efforts have so far had limited reach and are not accessible to many Philadelphia landlords. Landlords with privately held mortgages have been subject to widely divergent terms, including balloon payments, or offered no assistance at all. Additional action at both the state and federal levels is needed to ensure that landlords are given consistent, sustainable relief from mortgage lenders, including the forgiveness of payments due or forbearance that simply extends the term of a loan to the extent needed, along with limitations on interest and fees; and

WHEREAS, Providing financial institutions with support to offer mortgage payment assistance should be prioritized as part of the \$4.9 billion in federal relief money the Commonwealth of Pennsylvania has received to date. The Office of the Pennsylvania Attorney General has spurred the "PA CARE Package," which works with banks and financial institutions to both comply with the federal CARES Act and to implement grace periods for mortgage payments and to issue more loans to small and medium sized businesses; and

WHEREAS, The Commonwealth of Pennsylvania has already demonstrated success in supporting property owners facing foreclosure. The Pennsylvania Homeowners' Emergency Mortgage Assistance Program (HEMAP), which provides loans and counseling to homeowners facing foreclosure, has supported thousands of Pennsylvania families. According to the Reinvestment Fund, "HEMAP continues to have an impact across the Commonwealth that exceeds many times its cost." Expanding HEMAP to include borrowers who are not owner-occupants should be considered to help prevent rising foreclosures and strains on the housing and mortgage markets; and

WHEREAS, Foreclosure and eviction diversion programs can play a crucial role in helping to manage an unprecedented surge of cases stemming from this economic crisis, by minimizing the time and expense of litigation, reducing burdens on the courts, and achieving sustainable mediated resolutions. State support for these programs, including through the Administrative Office of Pennsylvania Courts, will help ensure Philadelphia can benefit from these important and cost-effective tools; and

WHEREAS, In these uncertain times, our housing goal is simple: to prevent renters from being evicted, to prevent homeowners from losing their homes, and to prevent business owners from losing their businesses. Property owners, and especially small landlords, serve as a backbone of our local housing and general economy, and the ability of the City of Philadelphia to continue on a path of equitable growth depends in part on their stability. While the City of Philadelphia has supported renters, landlords, businesses owners, and homeowners alike through its programs before the emergence of COVID-19, its ability to continue to develop and implement these stabilizing programs and to meet the demands of the current crisis depends on federal and state action; now, therefore, be it

RESOLVED, THAT THE COUNCIL OF THE CITY OF PHILADELPHIA, Calls on the United States Congress and the Pennsylvania General Assembly to take immediate action to assist the City of Philadelphia in

providing a comprehensive relief package to stabilize the local rental housing market and support property owners.