



# City of Philadelphia

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

## Legislation Text

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Confirming Council's agreement with a proposed budget for expenditures from the Non-Recording Fee Sub-Fund of the Housing Trust Fund, relating to affordable housing.

WHEREAS, City Council, in Bill No. 180739 (approved Oct. 17, 2018), authorized the Director of Finance to establish a Non-Recording Fee Sub-Fund of the Housing Trust Fund; and

WHEREAS, The Director of Finance has chosen to establish a Non-Recording Fee Sub-Fund of the Housing Trust Fund; and

WHEREAS, The Mayor has chosen to direct the Director of Finance to deposit \$19,131,000 into the Non-Recording Fee Sub-Fund, for the purpose of funding various affordable housing initiatives; and

WHEREAS, The Council authorized such deposit by means of a transfer of appropriations in Bill No. 180740 (approved Oct. 17, 2018); and

WHEREAS, The Director of Finance has made the authorized deposit; and

WHEREAS, The Department of Planning and Development would like to begin spending said money for its intended purposes; and

WHEREAS, The Department of Planning and Development, working in conjunction and cooperation with Councilmembers and Council staff, has prepared a proposed budget for said expenditures, attached as Exhibit "A" hereto; and

WHEREAS, The Department now has requested Council's formal input in establishing said budget; now, therefore, be it

RESOLVED, That City Council hereby determines that it is in accord with the proposed budget for expenditures from the Non-Recording Fee Sub-Fund of the Housing Trust Fund, attached as Exhibit "A" hereto.

### Exhibit A

City of Philadelphia Department of Planning and Development:  
Proposed Budget for Expenditures from  
the Non-Recording Fee Sub-Fund of the Housing Trust Fund

Non-Recording Fee Sub-Fund dollars are to be used toward programs and projects that support Equitable Neighborhood Development for the benefit of households whose annual income, adjusted for size, is less than 120 percent of the area median income as defined by the U.S. Department of Housing and Urban Development

(HUD) and that:

- Increase production and preservation of affordable housing for sale or rent;
- Increase access to homeownership through the provision of down payment and closing cost assistance; and
- Stabilize and maintain high levels of homeownership in middle neighborhoods.

The Kenney Administration has allocated for City fiscal year 2019 a total of \$19 million in tax revenue raised by properties with expiring 10-year tax abatements to the Non-Recording Fee Sub-Fund.

The proposed programs outlined in this proposed budget and detailed below are designed to advance several of the recommendations set forth in the City’s recently completed Housing Action Plan and align with the goal of the Sub-Fund to create Equitable Neighborhood Development.

## 1. Proposed Budget

### HOUSING TRUST FUND SUB-FUND PROPOSED BUDGET

<i>USE</i>	<i>AMOUNT</i>
Affordable Housing Production and Preservation	10,000,000
Downpayment/Closing Cost/Seller Assist	3,000,000
Housing Counseling, Financial Literacy/Tangled Title	1,000,000
Shallow Rent Pilot Program	2,000,000
Accelerator Fund	2,000,000
Administration	1,000,000
<b>TOTAL</b>	<b>\$19,000,000</b>

## 2. Proposed Programs

### Affordable Housing Production/Preservation

The proposed \$10 million will be used toward the development and preservation of affordable, mixed-income, and workforce housing developments.

### Down payment/Closing Cost/Seller Assist

The City’s existing homebuyer assistance program will be expanded. This program will provide up to \$10,000 in down payment and closing cost assistance under the following terms. The recipient must:

- be a first-time homebuyer or a buyer who has not owned a home for at least three years
- be a resident of the City of Philadelphia for at least three years
- have a household income at or below 120 percent of area median income
- have completed housing counseling by a City- or HUD-certified housing counseling agency

Financial assistance provided under this program will become an encumbrance on the property subordinated to the first mortgage. During the first 15 years of ownership, this encumbrance will become due and payable upon the sale or lease of the home or the refinancing of the first mortgage to take cash out of the property. Upon completion of 15 years of ownership, the encumbrance shall be forgiven.

#### Housing Counseling/Financial Literacy/Tangled Title

These funds will be used to expand pre- and post-purchase counseling to increase access to homeownership opportunities and to ensure that new homeowners remain in their homes. Expanded services include more intensive financial counseling to assist residents to become new homeowners and to help tenants avoid eviction. New services include connecting first-time homeowners with estate planning services. Proper estate planning mitigates tangled title issues down the road, making the process of probating a homeowner's estate and transferring title to the heirs relatively quick and smooth.

#### Shallow Rent Pilot Program

Many evictions are the result of a renter's inability to afford their rent. A shallow rent subsidy up to \$300/month provides the extra resources to enable a tenant to afford rent to remain in their unit and can be used for tenants to get into a new unit. Criteria to be determined for this pilot program include:

- Target population - income eligibility and subsidy amount
- Duration of subsidy commitment
- Renewal process
- Monitoring process

#### Accelerator Fund

The City has had a history of investing housing dollars as grant funds and not expecting any type of repayment. Although this has often been necessary due to the disparity in the market between cost and revenue, significant loss of resources means the City must respond with innovative funding solutions that go beyond the current mechanisms for leveraging public subsidies.

In an effort to increase leveraging, the City proposes to establish a Housing Accelerator Fund. Other cities like San Francisco, Baltimore and Denver have established similar mechanisms and have been successful in attracting private capital. A total of \$2 million in Sub-Fund dollars is proposed to seed this Fund. Additional public dollars may be identified to provide a one-time infusion of seed capital. The goal is to attract private social impact capital and Program-Related Investment from philanthropic foundations to leverage further this public investment. These funds may be used, among other purposes, to: finance working capital for Low-Income Housing Tax Credit projects; acquire existing affordable housing developments; acquire sites to produce affordable housing; and enable small landlords to rehabilitate affordable rental housing. Other financial products as may be determined to facilitate the preservation and production of affordable housing.

#### Administrative

Staff and operating costs to implement the projects and programs detailed above.