

Legislation Text

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Authorizing the Philadelphia City Council Committee on Housing, Neighborhood Development and the Homeless to conduct public hearings to explore the crisis of expiring affordable housing subsidies and the impact of those expirations on the availability of affordable housing units in the City of Philadelphia.

WHEREAS, In 1937, Congress established a public housing program that created and authorized local public housing authorities to produce affordable housing units for households with low-incomes; and

WHEREAS, Congress passed The Housing Act of 1949 authorizing the construction of 810,000 low-income housing units; and

WHEREAS, While these investments in the creation of affordable housing were historic, the implementation of this program was fraught with racial discrimination, local opposition to affordable housing, and underfunding, among other issues; and

WHEREAS, In 1965, Congress established the Department of Housing and Urban Development (HUD) as the federal agency responsible for addressing the country's affordable housing needs; and

WHEREAS, Starting in the 1970s, with the Section 8 New Construction and Substantial Rehabilitation Program, Congress began to privatize the production of affordable housing; and

WHEREAS, At the same time, localities like Philadelphia began to see a substantial decrease in federal funding to support the maintenance of and production of affordable housing; and

WHEREAS, To make the creation of affordable housing more financially sustainable, the federal government began providing tax subsidies to private business owners to create and maintain affordable housing units; and

WHEREAS, In 1986, the Low Income Housing Tax Credit (LIHTC) was created by the Tax Reform Act as an indirect federal subsidy that allowed investors to claim dollar-for-dollar tax reduction on federal income tax returns for a percentage of the costs incurred in developing affordable housing; and

WHEREAS, The Low Income Housing Tax Credit did produce approximately 13,000 units of affordable housing in Philadelphia, but property owners who provided affordable housing through this and other subsidy programs were only required to do so for a set number of years, putting residents of these units at risk for displacement once the term of the subsidies ended; and

WHEREAS, Extensive study has found that access to safe, quality affordable housing promotes economic stability, improved mental and physical health, and mobility for lower-and-moderate income households; and

WHEREAS, The City's Housing Action Plan, entitled "Housing for Equity" published and signed by Mayor Kenney in October 2018, recommends strengthening expiring use regulations to protect existing subsidized rental housing, including expanding notification of expirations to tenants and housing advocates, and

establishing a Right of First Refusal for qualified nonprofit developers, government agencies, and tenant associations; and

WHEREAS, Nationally, nearly 5 million rental homes were supported by federal project-based assistance in 2020, which comprises 10% of the rental housing stock in the United States; and

WHEREAS, For-profit organization owned half of the federally assisted rental homes in 2020; and

WHEREAS, Affordability and income restrictions on almost 312,500 homes are set to expire by the end of 2025; and

WHEREAS, Almost 3600 units in the city of Philadelphia have subsidies set to expire by the end of 2025; and

WHEREAS, About 670 units located within the 3rd Council District have subsidies set to expire by the end of 2025; and

WHEREAS, No comprehensive plan has been created on the federal, state, or local level to replace these units as the subsidies on these properties expire, and property owners opt out of renewing subsidized rental assistance in favor of converting their properties to market-rate housing; and

WHEREAS, the City's Division of Housing and Community Development report that there are 70,000 "naturally occurring affordable housing" rental properties in Philadelphia serving households earning between 25-80% Area Median Income, over half of which are vulnerable due to deferred maintenance needs, displacement risk, or market value; and

WHEREAS, according to the Federal Reserve of Philadelphia, there is an unmet need for 66,000 affordable housing units for Philadelphia's lowest-income residents; and

WHEREAS, a "scattered site" approach is sometime used by developing multiple smaller affordable housing buildings in more than one physical location, as opposed to producing a similar number of units on a single site; and

WHEREAS, These expiring subsidies have the potential to displace thousands of Philadelphians as not enough affordable housing is being built in the City to meet the demand for units in the face of expiring subsidies; now, therefore, be it

RESOLVED BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That it hereby authorizes the Philadelphia City Council Committee on Housing, Neighborhood Development and the Homeless to hold public hearings to explore the crisis of expiring affordable housing subsidies and the impact of those expirations on the availability of affordable housing units in the City of Philadelphia.