

## Legislation Text

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Amending Chapter 14-500 of The Philadelphia Code, entitled “Overlay Zoning Districts,” by amending Section 14-534, entitled “/AHP, Affordable Housing Preservation Overlay District,” and by making related changes, all under certain terms and conditions.

### *THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. The Council of the City of Philadelphia hereby makes the following legislative findings:

1. The areas identified as within the Affordable Housing Preservation Overlay District are located in amenity rich areas with uniquely easy walkable access to high-quality goods and services such as healthcare, quality education, employment centers, public transit, and grocery stores.
2. There are no other parts of Philadelphia outside of Center City that offer this rare ability to live in safe, affordable housing with such comprehensive access to so many services and amenities by foot, thus why preserving existing affordable housing in these areas is so important.
3. There are over 800 units of project-based affordable housing located within or in the immediate vicinity of the Affordable Housing Preservation Overlay District, containing almost 1150 bedrooms that are priced such that an occupant will never pay more than 30% of their income on housing costs. This is a depth of affordability made possible by private property owners having government contracts and subsidies that preserve affordability far beyond the mechanisms contained within the Philadelphia Zoning Code to encourage the production of new affordable housing.
4. Losing these units and displacing these residents has a variety of negative impacts. A study published by Temple University Beasley School of Law and Community Legal Services finds that the loss of project-based affordable housing disproportionately affects Philadelphians who are low-income and African American.
5. As the study concludes that affordable housing preservation and racial equity are inextricably linked, so is the phenomenon of gentrification intertwined with racial equity.
6. The study concludes that project-based Section 8 housing may be particularly sensitive to gentrification because it involves private owners participating in a government funded system that is contracted for 20-year terms. Not only have neighborhoods experienced significant change in the last 20 years, owners also may be reluctant to renew for long periods of time, as neighborhoods continue to change. The property location within a gentrifying area can indicate whether it may be more profitable for the owner to enter the private market or alternatively harder to sustain the affordable housing situation due to increased property taxes or external pressures.
7. The study concludes that if project-based low-income housing is lost, the populations that already face the highest housing burdens would further disproportionately face increased burdens within the private market.

8. Further, we know anecdotally from organizations that provide tenant-based housing vouchers that between one-third and one-half of recipients cannot find a commensurate unit on the market to use their voucher, which demonstrates that this type of financial assistance is nowhere near enough to combat the high rate of voucher discrimination in Philadelphia and the unavailability of affordable housing in amenity rich areas.

9. Therefore, finding ways to preserve these uniquely affordable, uniquely located housing sites is essential because it eliminates the multi-layered burdens of displacement that fall on the residents, the City, and the community as a whole.

10. Demographic shifts in the broader neighborhood shows that creating new housing alone will not stem this tide of displacement. Median gross rent within the Affordable Housing Preservation Overlay District doubled between 2000 and 2018. In that same time period, the black population decreased in every Census tract in University City east of 52nd Street except the ones that contain similar government-supported low-income housing sites, sometimes by more than 50%. This reinforces that those who need access to affordable housing most are finding it less and less in this section of the City.

11. The Affordable Housing Preservation Overlay District, as most recently amended on September 22, 2022, includes a temporary demolition moratorium until March 13, 2023 for existing residential structures on certain large properties, which Council has no intention of extending any further, in order to allow Council time to continue to carefully develop the zoning policy applicable to the district.

12. For all these reasons, this proposed amendment to the Affordable Housing Preservation Overlay District is an essential act of this Council at this moment in time to encourage the preservation of existing affordable housing units in amenity rich areas where market rates may otherwise displace such housing.

SECTION 2. Chapter 14-500 of The Philadelphia Code, entitled “Overlay Zoning Districts,” is hereby amended to read as follows:

#### CHAPTER 14-500. OVERLAY ZONING DISTRICTS

\* \* \*

§ 14-534. /AHP, Affordable Housing Preservation Overlay District.

(1) Applicability. The Affordable Housing Preservation Overlay District shall apply to [all lots:] *any lot that is, or as of March 23, 2022 was:*

- (a) Located in the area bounded by Filbert Street, 39th Street, Ludlow Street and 40th Street;
- (b) *A lot with* [With] frontage on Market Street, 39th Street, and Filbert Street;
- (c) Located in the area bounded by Market Street, 44th Street, Ludlow Street and 45th Street;
- (d) *A lot with* [With] frontage on Market Street, 45th Street, and Ludlow Street; [and] *or*
- (e) Located in the area bounded by Sansom Street, 45th Street, Walnut Street, and 46th Street.

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(2) *Exceptions to Applicability for Properties with Qualified Low-Income Housing Developments*

(a) *Definition of Qualified Low-Income Housing Development*

*For the purposes of this Section 14-534, a Qualified Low-Income Housing Development is a housing development composed of forty or more dwelling units, all of which are under common ownership, located on the same lot as of March 23, 2022, and are leased or intended to be leased to households for occupancy as their primary residences, where all of the following conditions apply:*

*(.1) More than fifty percent (50%) of the dwelling units are leased to or reserved for households earning up to fifty percent (50%) of the Area Median Income, adjusted for household size, as reported by the U.S. Department of Housing and Urban Development (HUD) for the Philadelphia Metropolitan Statistical Area;*

*(.2) The average monthly costs (including rent and utilities) across the entire housing development at issue does not exceed thirty percent (30%) of gross monthly income for households earning up to sixty percent (60%) of the Area Median Income (AMI), adjusted for average household size, as reported by HUD for the Philadelphia Metropolitan Statistical Area;*

*(.3) The property is deed restricted to maintain the affordability provisions of subsections (2)(a)(.1) and (.2), above, for at least 50 years following any application for zoning permits for the property that include a use that falls within an Office Use Category or Industrial Use Category as certified by affidavit and by submission of a copy of that deed restriction at the time of zoning permit application.*

*(b) For any lot that contains a Qualified Low-Income Housing Development, subsections (3) and (5) of this Section 14-534 do not apply to entirely nonresidential structures, provided that the Qualified Low-Income Housing Development has been maintained with the same number of total bedrooms that were in existence as of March 23, 2022, as certified by affidavit submitted at the time of zoning permit application.*

[(2)](3) Use Regulations. Uses other than residential uses or required off-street parking may only be located on the ground floor of a building.

[(3)](4) Applicability of /MIN, Mixed Income Neighborhoods Overlay District.

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