Legislation Text

File #: 240032, **Version:** 0

Approving the 2023-2024 Neighborhood Preservation Initiative Program Statement and Budget, which addresses the expenditure of $150 million by various agencies in the third year of the Neighborhood Preservation Initiative Program.

WHEREAS, On May 13, 2022 The City Council of Philadelphia approved Bill Number 210203, which established the Neighborhood Preservation Initiative and authorized the City to borrow $400,000,000 dollars to provide affordable housing, commercial corridors improvements, and neighborhood infrastructure programs, including the financing or refinancing of certain costs in order to encourage the provision of healthful homes and a decent living environment, eliminate blight, preserve critical affordable housing, respond to inadequacies in the supply of residential owner-occupied and rental housing in the City, encourage the provision of adequate places for employment, and promote economic activity to improve the health, safety and welfare of residents of the City; and

WHEREAS, The City has prepared a 2023-2024 Neighborhood Preservation Initiative Program Statement and Budget establishing a budget for expenditure of $150 million in funds to be generated by a bond offering in the third year of the program, which funding is to be spent on housing preservation, the production of affordable housing and other related programs and activities, which is attached as Exhibit “A” hereto; now, therefore, be it

RESOLVED, BY THE CITY COUNCIL OF PHILADELPHIA, that the 2023-2024 Neighborhood Preservation Initiative Program Statement and Budget attached hereto as Exhibit “A” is hereby approved.

Exhibit “A”

The Neighborhood Preservation Initiative Program Statement and Budget

BACKGROUND

The Neighborhood Preservation Initiative Program Statement and Budget describes the programs and activities that the City will fund using bond proceeds as further described below.

The Neighborhood Preservation Initiative (NPI) includes programs to be undertaken and/or administered by the Philadelphia Redevelopment Authority (PRA), Philadelphia Housing Development Corporation (PHDC), certain program intermediaries (PIs), and the City, to improve and enhance housing, small business, commercial corridors and neighborhood infrastructure within the City in order to promote the health, welfare and safety of the residents of the City, prevent and eliminate blight, preserve critical affordable housing, respond to inadequacies in the supply of residential owner-occupied and rental housing in the City, encourage the provision of healthful homes, a decent living environment and adequate places of employment for residents of the City and promote economic activity through redevelopment, renewal, rehabilitation, housing, conservation, urban beautification and/or commercial section and neighborhood development activities.

Funding for NPI will come from two primary sources: tax-exempt and taxable bonds that will generate a total of approximately $400 million in program funds over 4 years. These bonds will be issued by the PRA. See Exhibit 1 for details.

Exhibit 1

SOURCES
Year 3 - Date TBD

Taxable	$ 126,700,000
Tax-Exempt	$ 23,300,000
TOTAL	$150,000,000

Note: any interest earned on the bonds carries with it the same restrictions as the original bond proceeds.

Taxable Bonds: Taxable bond proceeds, which can be used for any of the NPI programs as set forth in the NPI ordinance enacted by City Council but are planned to be used for programs other than those financed on a tax-exempt basis.

Tax-Exempt Bonds: Tax-exempt bond proceeds may only be used for purposes that qualify under federal income tax law and will be subject to the various requirements which the PRA and the City agree to comply with at the time of issuance. These bonds will be used to fund the Adaptive Modification and Basic Systems Repair Programs.

Social Impact Bonds: The City plans to designate all or a portion of the NPI program as “Social Bonds”, which would showcase the City’s commitment to addressing the challenges listed above through this financing. Additionally, the Social Bond designation could help the City attract new investors which could broaden the City’s investor base and potentially lead to lower borrowing costs. Social Bonds require ongoing reporting of program spending and/or outcomes, although the City has broad discretion regarding the content of this reporting. The NPI market-facing reports should be consistent with any reports that might be required by City Council or the Administration. This will both lessen the work required for staff and ensure consistency of program information that is provided publicly.

Exhibit 2

PROPOSED YEAR THREE PROGRAM BUDGET - DRAFT

Program/Activity	Year Three
Shallow Rent Assistance	$ 0.00
Basic Systems Repair Program	$ 18,000,000
Adaptive Modification	$ 5,300,000
Tangled Title	$ 1,900,000
Eviction Prevention	$ 2,850,000
Philly First Home	$ 3,000.000

Turn the Key	$ 32,000,000
Housing Preservation Housing Production	$ 40,765,000 $ 22,885,000
Permanent Homeless Housing	$ 3,800,000
Neighborhood Infrastructure	$ 2,000,000
Neighborhood Commercial Corridor Small Landlord Loans and Working Capital	$ 0.00 $ 15,000,000
Administrative Costs	$ 2,500,000
TOTAL	$150,000,000

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