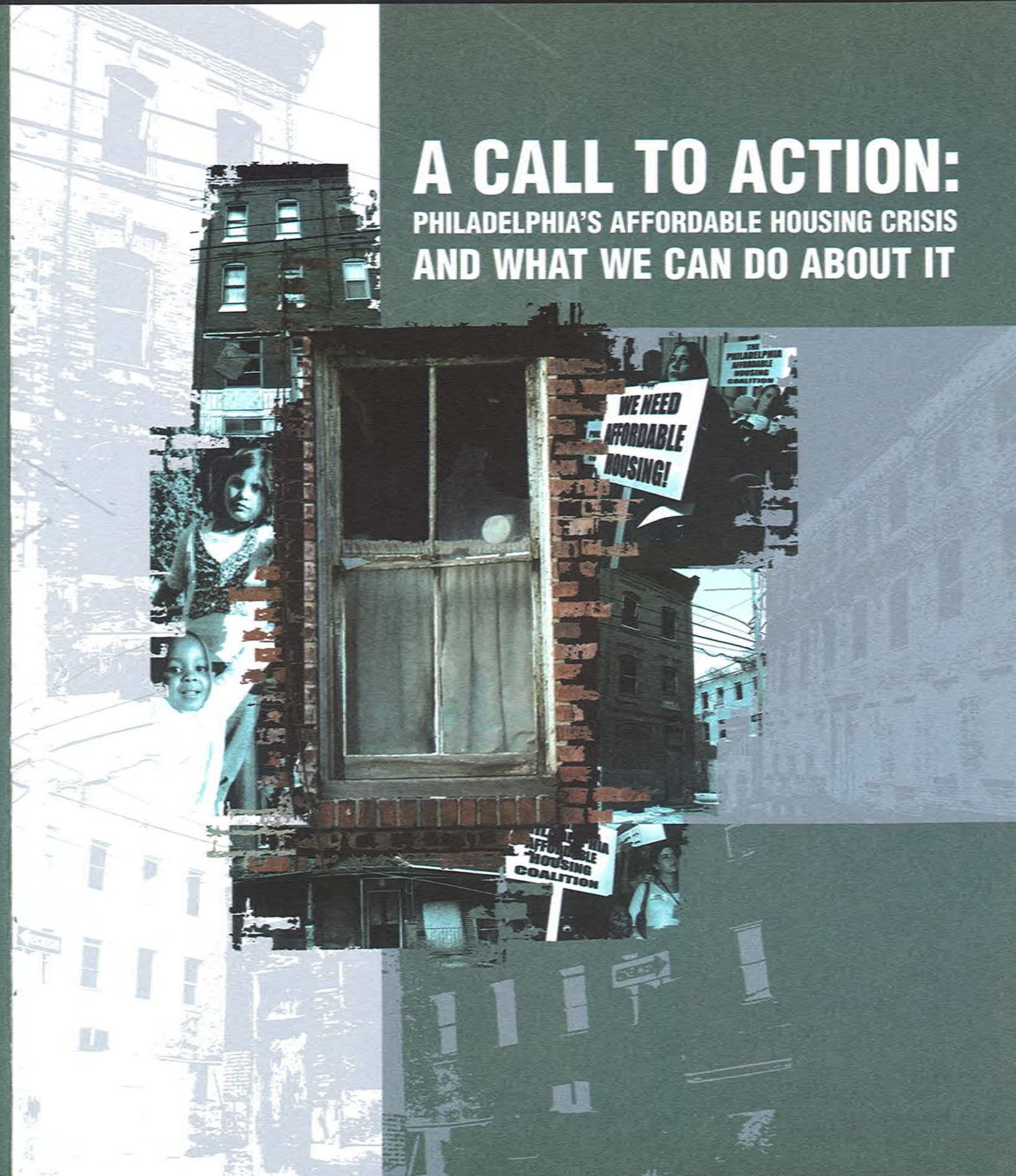


A CALL TO ACTION: PHILADELPHIA'S AFFORDABLE HOUSING CRISIS AND WHAT WE CAN DO ABOUT IT



Philadelphia Affordable
Housing Coalition

For copies of this position paper, contact the Philadelphia Affordable Housing Coalition at (215) 627-5550 or one of the member organizations listed inside. The full research report, "Closing the Gap," can be accessed on the internet at www.cml.upenn.edu.

PHILADELPHIA'S AFFORDABLE HOUSING CRISIS – THE PROBLEM:

- One-third of the city's residents - more than 200,000 households - struggle to live on incomes of less than \$20,000 a year. 130,000 of these households can't afford their housing costs. They pay more than they can afford for housing that is often dangerous, overcrowded, or otherwise substandard.
- A city with so many of its citizens poorly housed cannot prosper. Those of us with these housing issues are your neighbors. We are White, Black, Latino, Asian. We are hospital workers, cashiers, dishwashers, fast food workers, restaurant workers, housekeepers, child-care workers, hotel workers, janitors, security guards as well as people temporarily on public assistance.
- When families' housing needs are not addressed many end up living in over-crowded housing with family or friends (until they overstay their welcome), in housing that they can barely afford that is dilapidated and unsafe, in a shelter, in their car, or on the streets.
- While certain City Council Districts and neighborhoods are hit hardest by this crisis, the problem affects nearly every corner of the city. The private housing market simply does not provide decent, affordable housing for a huge portion of our city's residents. And public resources to help have been systematically decreasing.

PHILADELPHIA'S AFFORDABLE HOUSING CRISIS – THE COSTS:

- Last year, the city approved \$140 million to demolish 14,000 vacant homes over five years. Many of these homes were abandoned because owners could not afford to maintain them. At the same time, there has not been enough funding to help low-income people maintain their homes.
- Because policy makers have not adequately invested in addressing the root of the housing problem, our city spends \$67 million on temporary shelter and emergency services for more than 15,000 homeless people every year - that's 13 times the amount the city spends to create permanent, affordable rental housing.
- In addition to costs of demolition and shelter housing, the consequences of so many of its citizens being ill-housed will continue to cost the city millions a year: foster care for children living in dangerous places; medical costs of asthma and lead poisoning epidemics among poor children; the countless remedial, disciplinary and therapy services for children who miss school because their families are virtually homeless; the fires due to faulty wiring; and the deaths due to lack of heat are just a few of the examples.
- If we do not invest more of our city's resources in affordable housing, we will end up paying an even steeper price later on.

PHILADELPHIA'S AFFORDABLE HOUSING CRISIS – WHAT NEEDS TO BE DONE:

- Based on a recent study completed by the University of Pennsylvania at least 57,000 more affordable units of housing are needed in Philadelphia to end this housing crisis.
- We need to re-think the way that the city uses its funding from federal and state housing sources and to be creative about identifying additional sources of funds to address this crisis.
- A first step in a realistic long range plan to increase investment in the preservation and creation of decent, affordable housing for our citizens could look like this:
 - 1) In 2004-05, increase spending for the city's Neighborhood Based Rental Production Program to \$15 Million a year, to help create 1,000 new affordable rental units each year.
 - 2) In 2004-05, increase the budget for the Emergency Repairs, Preservation and Weatherization Programs to \$20 million a year. This will repair and preserve an additional 7,000 homes for low-income homeowners each year.
 - 3) Establish accessible housing as a priority. Ensure that 15% of all new units built are wheelchair accessible. People with disabilities have been hardest hit by the crisis in affordable housing and their needs must be addressed.

A CALL TO ACTION:

PHILADELPHIA'S AFFORDABLE HOUSING CRISIS

AND WHAT WE CAN DO ABOUT IT

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Appendix 9: Incomes vs. Housing Costs

Income	Housing Costs at 30% of income	What's Left each month	Housing Costs at 50% of income	What's Left each month
Welfare: \$5,000 a year	\$124	\$292	\$208	\$208
SSI: \$6,000 a year	\$150	\$350	\$250	\$250
Minimum wage: \$5.15/hr or \$10,712/yr	\$267	\$493	\$466	\$433
\$6.10/hr or \$12,688/yr	\$317	\$582	\$528	\$371
\$9.62/hr or \$20,000	\$500	\$906	\$833	\$573

Note: The annual incomes assume 52 weeks, 40 hours per week. For the wage earners the "What's Left" column is after housing costs and withholdings for a family of four. This chart does not take into account other possible sources of income or income equivalents, such as food stamps.

Appendix 8

City's Direct Investments (through OHCD) in Permanent, Accessible Housing Production and Repair for Households with Incomes Under \$20,000 a year.

	2002	% of total Budget	2003 % of total Budget	2004 Projected	% of total Budget
Neighborhood-Based Rental Public Housing Production - ML King	5,000,000	3%	4,939,000	5,148,000	2.20%
Financing for Homeless/Special Needs Housing	1,500,000	1%	1,400,000	200,000	<1%
Housing Development Assistance	2,000,000	1%	3,000,000	3,000,000	1.30%
Development Assist for AIDS related housing MEND II	400,000	<1%	400,000	1,000,000	<1%
Emergency Repair Hotline	1,000,000	<1%	1,000,000	1,000,000	<1%
Heater Hotline	250,000	0%	250,000	0	0%
Basic Systems Repair	3,000,000	2%	3,000,000	3,000,000	1.30%
SHARP, Utilities Services, & Rental Repairs	700,000	0%	700,000	700,000	<1%
Adaptive Modifications	7,674,000	5%	7,300,000	7,750,000	3%
Weatherization	1,350,000	0%	1,350,000	1,200,000	<1%
	2,300,000	1%	2,300,000	2,300,000	1%
	2,150,000	1%	2,150,000	2,150,000	<1%
Total	27,324,000	19%	27,789,000	27,448,000	10%
Total OHCD Budget	143,963,000		213,111,000	234,596,000	

Note: These are estimates. OHCD does not document how much money they spend on households with incomes below \$20,000

* 2004 figures include \$106 Million in proposed NTI funds

DEFINING THE CRISIS

The perception is that Philadelphia's housing is affordable. Indeed, for some Philadelphians, housing is reasonably priced. But, for many city residents, housing they can afford is nearly impossible to find. Over the same decades that real incomes of the city's poor families have been declining, several thousand low-cost housing units have been lost to abandonment and demolition, and the cost of repairing what's left has been rising.¹

What does the affordable housing crisis feel like in human terms? The stories of Kevin, Peter and Anna in the box to the right tell us what the crisis in affordable housing is like for two Philadelphia families. Unfortunately, these families are not alone.

Facts about Household Income and Affordability

- Philadelphia has more than 200,000 households with annual incomes below \$20,000. That's 1 out of every 3 households in the city.²
- 130,000 of these households, or greater than 1 out of every 5 households in the city, pay more than they can afford on housing.³

The accepted, federally defined standard states that housing is affordable if it costs no more than 30% of income. For a family with an income below \$20,000, paying more than 30% of income for housing means a kind of deprivation and even squalor that is shocking to encounter in this country in the 21st century. These families are being forced to make painful, sometimes dangerous, choices between the most basic necessities, such as paying for housing rather than heat, electricity, healthcare or food. The number of households forced to make these decisions is disturbing. (See Appendices 1 through 5 for Specific District and Neighborhood Housing Information).

Most people who earn less than \$20,000 a year are renters because it has become very difficult to qualify for a home mortgage at that income level. This has not always been the case, and there are 92,000 homeowners living on less than \$20,000 in Philadelphia.



WANTED: Affordable and Accessible Housing

Kevin is 14 years old, but still wears diapers. That's because he's in a wheelchair and the only bathroom where he lives is on the second floor. Kevin lives in his uncle's house with his mom, grandma, uncle, cousin, and his younger brother and sister, all 7 crammed into a three bedroom row house. They lost their own place when his mom lost her job. Now, between welfare and Kevin's SSI check they have only \$960 a month. The cheapest 2-bedroom apartments his mom can find cost more than \$600, leaving less than \$300 each month for food, transportation, school supplies and clothing for a family of four. Even if they could find something cheaper, most places in Philly have stoops he can't wheel over, and they don't have bathrooms on the first floor.

Like Kevin's family, Peter and Anna and their son could not find any housing they could afford. So they lived with Peter's mother. A fire in Peter's brother's home forced his brother and eight children to move in: five adults and nine kids in a three-bedroom house. The landlord threatened eviction unless one family left. Peter and Anna had no choice but to go to a homeless shelter.

When a Hard Day's Work Doesn't Keep a Roof Over Your Head

Although Amelia is now retired from her Parking Authority job, she works actively to serve her community. She's a committee person, block captain, and Home & School President. Having raised three children on one salary, she now lives on a fixed income in her row house that began to show signs of deterioration years ago. The roof is sagging, electrical work is failing, and windows are rotting. The leaking rainwater from the roof got so bad that she had to move everything to the first floor. She has been on the city's Basic System Repair Program waiting list for 4 years. The cost of the damage has tripled since she filled out her application. As you can imagine, the house is becoming unlivable, but she can't afford to buy a new house or the going rent in her neighborhood. What are her choices?

Maria doesn't have many choices either. She makes \$6.10 an hour, working full-time. Even so, she sleeps on a basement floor with her two-year-old daughter. Upstairs is already crowded with her brother, sister and their families. The landlord says Maria has to go. After taxes, childcare, food, and transportation, her paycheck only leaves her about \$200 each month. The cheapest apartments in the poorest condition are more than twice that amount. Every housing program she applied to had at least a two-year waiting list and/or required her to be in a homeless shelter. She doesn't want to take her baby into a shelter to get a chance at a subsidized apartment. But what are her choices?



Most of them are senior citizens or people who have inherited their homes from family members. Several thousands of these people struggle to afford monthly housing costs and cannot afford needed repairs. Amelia's story in the box to the left is just one example.

Facts about Housing Conditions

- In a 1999 survey, nearly 60,000 households reported substantial physical problems with plumbing, heating and/or electrical systems in their homes or apartments – 19,000 of them severe.⁴
- As of April 2002, there were 64,500 houses with open city code violations.⁵

The most familiar face of Philadelphia's crisis in affordable housing is the city's homeless. Between June 2000 and June 2002, the city's Office of Emergency Shelter and Services (OESS) served 35,900 homeless clients.⁶

There are an unknown, yet certainly much larger, number of people who refuse to enter the shelter system. They prefer to find temporary shelter with family or friends. They often move from situation to situation to avoid wearing out their welcome, doubling and tripling up with other households and families. These are the city's hidden homeless. Maria, who is among them, has told us her story (see left).

Facts about Overcrowding and Homelessness

- As of 2000, over 31,000 Philadelphia households were living in overcrowded conditions, an increase of almost 20% since 1990.⁷
- According to the 2000 Census, in Philadelphia there were 25,585 families forced to double and triple-up with other families.

The housing crisis hits the physically disabled the hardest. Kevin's story is just one example. Typically, if you can find a place you can pay for, it is most likely not fully wheelchair accessible. The disabled tend to be among the city's poorest because they are often excluded from the workplace and because the ever declining real value of their Supplemental Security Income (SSI) checks guarantees that they live in poverty.

Fact about the Need for Affordable Accessible Housing

- The city's Office of Housing and Community Development states that 65,000 of the city's disabled have "high priority housing needs." In contrast, the Pennsylvania Housing Finance Agency reports that only 2,138 subsidized and accessible units exist in the city.⁸

Appendix 7

City (OHCD) Investments in Permanent Housing Development and Repair

	2002	% of Total Budget	2003	% of Total Budget	2004 Projected	% of Total Budget
<i>"Affordable Rental Production"</i>						
Neighborhood-Based Rental Production	5,000,000	3%	4,939,000	2%	5,148,000	2.20%
Public Housing Production - ML King	1,500,000	1%	1,400,000	<1%	200,000	<1%
Financing for Homeless-Special Needs Housing	2,000,000	1%	3,000,000	1%	3,000,000	1.30%
Housing Development Assistance	400,000	<1%	400,000	<1%	1,000,000	<1%
Development Assist. for AIDS related housing	1,000,000	<1%	1,000,000	<1%	1,000,000	<1%
<i>"Home Repair & Preservation"</i>						
MEND II	250,000	<1%	250,000	<1%	0	0%
Emergency Repair Hotline	3,000,000	2%	3,000,000	1%	3,000,000	1.30%
Heater Hotline	700,000	<1%	700,000	<1%	700,000	<1%
Basic Systems Repair	7,674,000	5%	7,300,000	3%	7,750,000	3%
Targeted NTI Basic Systems Repair**	0	0%	2,000,000	1%	3,000,000	1%
PHIL Loans**	5,000,000	3%	7,000,000	3%	7,000,000	3%
SHARP, Utilities Services, & Rental Repairs	1,350,000	<1%	1,350,000	<1%	1,200,000	<1%
Weatherization	2,150,000	1%	2,150,000	1%	2,150,000	1%
Adaptive Modifications	2,300,000	1%	2,300,000	1%	2,300,000	1.00%
Neighborhood Housing Services Loan Program	300,000	0%	300,000	0%	300,000	<1%
Homeownership Rehabilitation Program	2,000,000	1%	4,000,000	2%	4,000,000	2%
<i>"Affordable Homeownership Production"</i>						
Neighborhood-Based Homeownership Production	1,359,000	0%	1,499,000	0%	1,499,000	<1%
Homestart	1,400,000	1%	1,400,000	0%	1,400,000	<1%
New Communities/"New Construction Program"	2,000,000	1%	3,500,000	1%	3,500,000	1.50%
Home in North Philadelphia	1,500,000	1%	0	0%	0	0%
Total	40,883,000	27%	47,488,000	22%	48,147,000	20%
Summary by Broad Category						
Neighborhood-Based Rental Production	5,000,000	3%	4,939,000	2%	5,148,000	2.70%
Other "Affordable Rental Production"	4,900,000	3%	5,800,000	2%	5,200,000	2.70%
Home Repair & Preservation	24,724,000	15%	30,350,000	13%	31,400,000	15%
"Affordable Homeownership Production"	6,259,000	6%	6,399,000	4%	6,399,000	3.50%
Total OHCD Budget	143,963,000		213,111,000		234,596,000	

**Appendix 6
Resources for Housing and Community
Development Budget Available to the
City Each Year (through OHCD)**

Source	2002	2003	2004 (Projected)
Federal Contributions			
CDBG Total	88,924,000	83,773,000	73,559,000
Emergency Shelter	2,436,000	2,436,000	2,379,000
HOPWA	6,224,000	7,125,000	6,774,000
HOME	16,325,000	16,265,000	17,034,000
Section 108 loan*	15,000,000	15,000,000	15,000,000
State Contributions			
State DCED	4,150,000	4,100,000	4,100,000
State Weatherization	2,800,000	2,800,000	2,800,000
State DPW Case Work	709,000	709,000	709,000
TANF Home Repair Funds	0	0	500,000
City Contributions			
RDA Bond	4,000,000	4,000,000	4,000,000
City General Fund	2,145,000	1,867,000	1,741,000
City Capital Fund	1,250,000	6,845,000	0
Neighborhood Transformation Initiative **	0	68,141,000	106,000,000
Total Budget	143,963,000	213,061,000	234,596,000
Federal Contribution	128,909,000	124,599,000	114,746,000
State Contribution	7,659,000	7,659,000	8,109,000
City Contribution**	7,395,000	80,853,000	111,741,000
Total Budget	143,963,000	213,111,000	234,596,000

*Note: This is money borrowed from the federal government, to be paid back with future CDBG money. It is for economic development, not housing.

** NTI Funds have been proposed but not yet approved for fiscal year 2004

THE PHILADELPHIA AFFORDABLE HOUSING COALITION

The Philadelphia Affordable Housing Coalition (PAHC) advocates to increase the amount the city of Philadelphia invests in decent, permanent housing that is affordable and accessible to households like Kevin's, Peter & Anna's, Amelia's and Maria's - households with incomes less than \$20,000 a year.

Why less than \$20,000? Because the private housing market is increasingly unwilling to provide decent, affordable housing for these households. And, at the same time, government investment for low-income housing is being systematically downsized.⁹

Who in Philadelphia has an income of less than \$20,000 a year? Anyone who makes less than \$9.62 an hour. This includes most service workers, in a city increasingly dominated by service industries: In 2000, in the Philadelphia area there were approximately ¹⁰

- 6,000 dishwashers with a median income of \$14,900
- 4,400 fast food workers at \$14,000
- 20,000 restaurant workers at \$16,000
- 14,000 housekeepers and maids at \$18,000
- 16,000 cashiers making \$16,000
- 11,000 security guards making less than \$19,000
- 20,000 janitors making less than \$20,000
- 6,200 child-care workers at \$17,000
- 14,000 hospital workers earning less than \$20,000.

Facts about Housing Costs

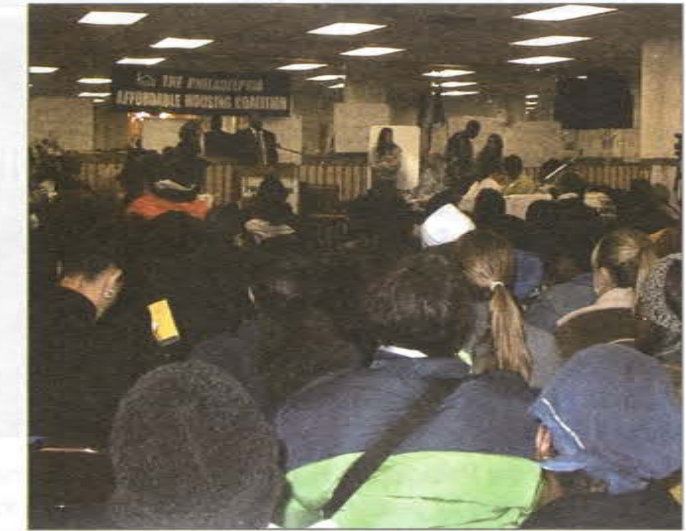
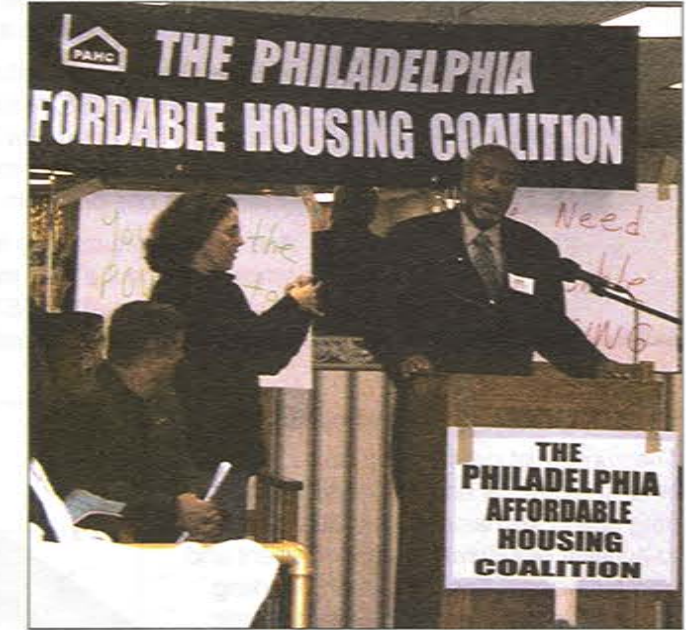
- The US Department of Housing and Urban Development has defined Fair Market Rent in Philadelphia for a one-bedroom apartment as \$704. Fair Market Rent for a two-bedroom apartment is \$871.
- A family of four earning \$9.62/hour (\$20,000/year) can afford no more than \$500/month in housing costs, according to the accepted HUD standard.

(See Appendix 9: Income vs. Housing Costs)

The Philadelphia Affordable Housing Coalition (PAHC) has joined together to work for policy changes that will increase the amount of money available to address the crisis in affordable housing that is documented in this paper.

Fact about the Gap in Affordable Housing

- At least 57,000 more affordable units of rental housing are needed in Philadelphia to end this housing crisis.¹¹



CAUSES OF PHILADELPHIA'S CRISIS IN AFFORDABLE HOUSING

A shrinking supply of quality, affordable housing and declining real incomes of low-income households together have caused Philadelphia's crisis in affordable housing.



Shrinking Household Incomes

In the last 15 years, median housing costs in the city have increased much faster than the median income of poor households.¹² The majority (70%) of people living on incomes of less than \$20,000 per year earn their incomes from hourly wages. Many of these earn the minimum wage of \$5.15/hour, which has lost 32% of its value since the 1970s.¹³ It is necessary to earn \$13.50 per hour, or \$8.00 more per hour than minimum wage, in order to afford the monthly HUD-defined Fair Market Rent on a one-bedroom apartment of \$704 in the Philadelphia area.

Welfare (Temporary Assistance to Needy Families or TANF) and Supplemental Security Income (SSI) have lost 50% of their value since the 1970s due to inflation.¹⁴ The maximum TANF grant for a family of four in Philadelphia is approximately \$500 per month, or \$6,000 per year, making the Fair Market Rent (FMR) for a one-bedroom apartment (\$704) an impossibility.

And while approximately half of Philadelphia's adult disabled persons are employed, about a third must rely on SSI payments. However, the maximum monthly SSI benefit of \$570 would also not be nearly enough to cover the Fair Market Rent for a one-bedroom apartment in Philadelphia.

Shrinking Affordable Housing Supply

The number of quality, affordable housing units in many low and moderately priced neighborhoods has dwindled due primarily to housing deterioration, abandonment and ultimately demolition. And many working class neighborhoods have seen dramatic rises in property values and rents since 1990 including Northern Liberties, Bella Vista, Manayunk, Fairmount, University City and Southwest Center City – making these once affordable neighborhoods now virtually out of reach to households with incomes below \$20,000.

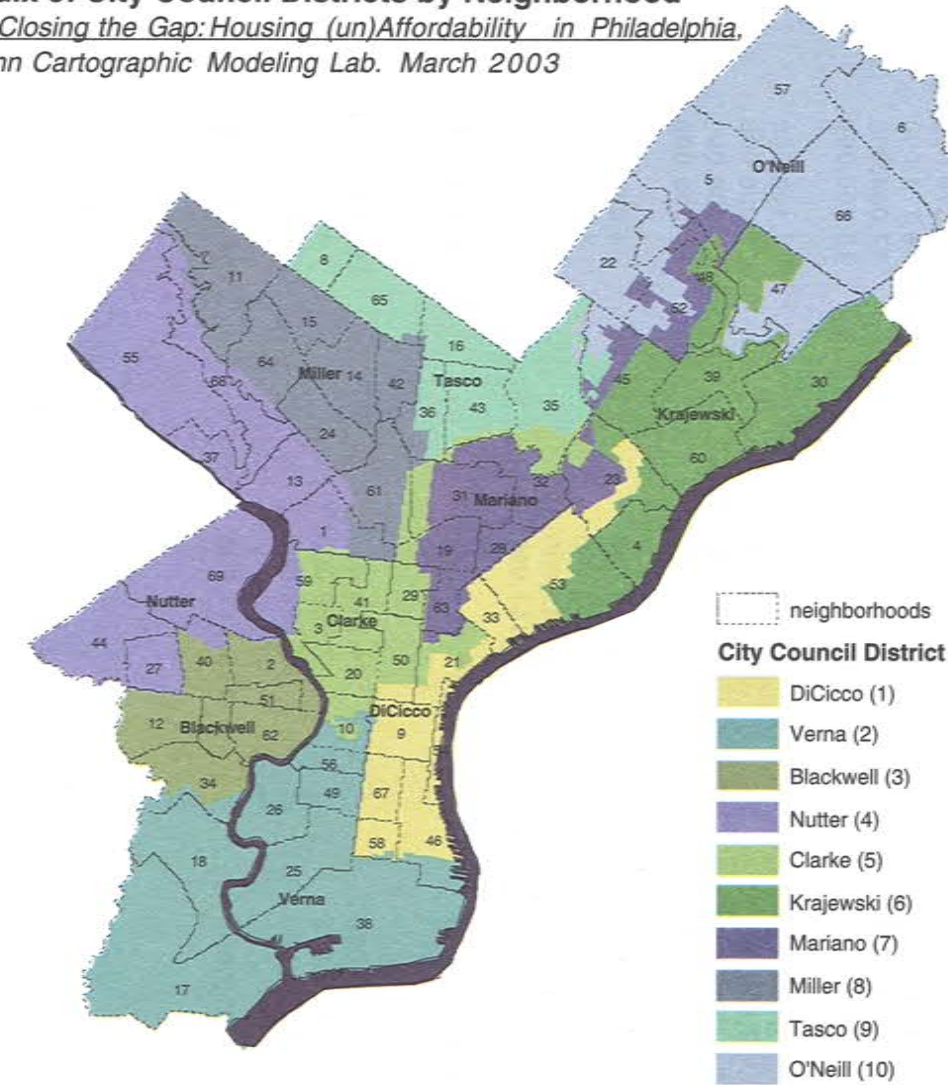
In 2003, the city began to implement the Neighborhood Transformation Initiative (NTI) (See page 6 for more information on NTI). Under this program, demolitions will increase tremendously, with a goal of 14,000 demolished buildings over five years – almost three times the current yearly rate of demolitions.

Furthermore, the Philadelphia Housing Authority (PHA), one of the government agencies whose job is to provide affordable housing for people in Philadelphia (See page 5 for more information on PHA), has decreased the amount of housing it provides to low-income Philadelphians by 15% over the past 10 years, largely through the demolition of 7,500 of its units.



Appendix 5: City Council Districts by Neighborhood

Source: *Closing the Gap: Housing (un)Affordability in Philadelphia*, U. of Penn Cartographic Modeling Lab. March 2003



City Council District	Neighborhoods
1	Allegheny West
2	Belmont/Mantua/E.Park
3	Brewerytown
4	Bridesburg
5	Bustleton
6	Byberry
7	Cedar Park/Walnut Hill
8	Cedarbrook
9	Center City East
10	Center City West
11	Chestnut Hill
12	Cobbs Creek
13	East Falls
14	E Germantown/Morton
15	East Mount Airy
16	East Oak Lane
17	Eastwick
18	Elmwood
19	Fairhill
20	Fairmount/Sp Garden
21	Fishtown/N Liberties
22	Fox Chase/Burholme
23	Frankford
24	Germantown
25	Girard Estates
26	Grays Ferry
27	Haddington-Carroll Park
28	Harrowgate
29	Hartranft
30	Holmesburg/Torresdale
31	Hunting Park
32	Juniata Park/Feltonville
33	Kensington
34	Kingsessing
35	Lawncrest/Summerdale
36	Logan/Fern Rock
37	Manayunk
38	Marconi Plaza/Packer Pk
39	Mayfair
40	Mill Creek/Dunlop
41	North Central
42	Ogontz/Belfield
43	Olney
44	Overbrook/Morris Park
45	Oxford Circle
46	Pennsport/QVillage
47	Pennypack/A Gardens
48	Pennypack Park
49	Point Breeze
50	Poplar/Ludlow/YTown
51	Powelton/W Powelton
52	Rhawnhurst
53	Richmond
54	Riverfront
55	Roxborough
56	Schuylkill-Soutwest
57	Somerton
58	South Philadelphia
59	Strawberry Mansion
60	Tacony/Wissanoming
61	Tioga/Nicetown
62	Univ City/Spruce Hill
63	West Kensington
64	West Mount Airy
65	West Oak Lane
66	West Torresdale
67	Wharton/Hawthorne/BV
68	Wissahickon Park
69	Wynnefield

Appendix 4: NEIGHBORHOODS WITH THE WORST HOUSING AFFORDABILITY PROBLEMS FOR LOW-INCOME HOUSEHOLDS

Renter Households

Neighborhood	Council District	% of all renter households who live on less than \$20,000 a year and pay 30% or more of their income on housing
1. Fairhill	7,5	54.8%
2. Harrowgate	7	51.7%
3. West Kensington	7	47.8%
4. Port Richmond	1,6	45.6%
5. Belmont, Mantua, East Parkside	3	45.5%
6. Hunting Park	7,5	45.0%
7. Strawberry Mansion	5	43.9%
8. Kensington	1	43.6%
9. University City	3	43.4%
10. North Central	5	43.3%

Owner-occupied Households

Neighborhood	Council District	% of all owner-occupied households who live on less than \$20,000 a year and pay 30% or more of their income on housing
1. Harrowgate	7	32.4%
2. Hartranft	5	27.2%
3. Fairhill	7,5	26.7%
4. West Kensington	7	23.8%
5. Point Breeze	2	22.8%
6. Hunting Park	7,5	22.6%
7. Mill Creek	3,4	21.9%
8. North Central	5	21.1%
9. Strawberry Mansion	5	21.0%
10. Belmont, Mantua, East Parkside	3	20.9%

Source: *Closing the Gap: Housing (un)Affordability in Philadelphia*, U. Penn Cartographic Modeling Lab. 3-03

WHAT PHILADELPHIA DOES WITH ITS HOUSING MONEY

Because the private market no longer provides decent housing that is affordable for the third of the city's households with incomes below \$20,000 a year, government investment is needed.

There are two government agencies in Philadelphia that make decisions about how to spend public money to house the city's low and moderate income citizens -- the Office of Housing and Community Development (OHCD) and the Philadelphia Housing Authority. In 2003-04, the OHCD projected budget is approximately \$228 million, while PHA's budget is projected to be \$206.5 million.

The Philadelphia Housing Authority (PHA)

Combining all of its programs, PHA houses around 32,000 households. While this makes PHA the city's largest landlord, the agency shelters only a fraction of the estimated 200,000 households who live on incomes of less than \$20,000 per year.

The city states that "the activities of the Philadelphia Housing Authority are the single most important strategy for meeting the needs of low income households."¹⁵ PHA's annual budget comes almost entirely from Washington with very little Philadelphia money added.

The focus on PHA for handling Philadelphia's crisis in affordable housing might be acceptable if there were plans to actually expand the number of PHA units and to provide more housing for the tens of thousands who need affordable housing. But since the early 1990s PHA has pursued an aggressive demolition strategy under a federal mandate known as the HOPE VI program. Although there has been some redevelopment, PHA is only replacing one unit for every two units demolished. Many of these new units are not affordable for low-income households.

Over the past 10 years, PHA has demolished 7,500 of its housing units.

There are currently more than 17,000 households -- that's 54,000 individuals -- on a waiting list for a Section 8 housing voucher, a program that helps low and moderate income people to afford their rent payments.¹⁶ There are individuals and families on this list who have been waiting for as long as 10 years for help. Last year, one of every six Section 8 voucher holders was not able to find an adequate housing unit and a landlord that would accept their voucher.

Starting April 1, 2003, PHA enforced a seven-year time limit on Section 8 voucher holders who are not disabled or elderly. This will mean that once you have reached your seven-year time limit, no matter what your income or circumstances, you will no longer be eligible for this support.

The Office of Housing and Community Development (OHCD)

Every year the city receives funding from federal and state programs to invest in housing and community development for low and moderate income Philadelphians. The Office of Housing and Community Development (OHCD) manages these resources. The bulk of this money comes from the federal HOME and Community Development Block Grant (CDBG) programs that are given to local areas based on population and poverty levels.

(See Appendices 6, 7 and 8 for a break down of the OHCD budget for 2003-04).

To ensure that these funds are spent to serve the needs of low-income families, in 1982, City Council passed an ordinance requiring that CDBG funds received from the federal government must "primarily benefit and give priority to very low- and low-income residents."¹⁷ Furthermore, each year OHCD's *Consolidated Plan*, which outlines the department's plans for spending its funds, names decent, affordable housing for very low- and low-income households as its highest priority.¹⁸ However, a simple analysis of OHCD's budget shows that this is not in fact a very high priority.

If you add up every investment in permanent housing stated in the Consolidated Plan, less than 15% of the projected \$188 million OHCD budget for year 2003-04 will directly benefit households with incomes less than \$20,000.

Neighborhood Transformation Initiative (NTI)

Beginning last year the city's budget for housing and community development was increased by nearly half with money from bond proceeds under the Neighborhood Transformation Initiative. This \$295 million, 5-year program is intended to demolish 16,000 abandoned houses and commercial buildings and clear parcels of land in blighted neighborhoods. The hope of NTI is that 12,500 market-rate units of housing could be built on this land to attract higher-income residents back into the city, thus increasing the tax base.

Under NTI, the city has also promised to create 3,500 affordable units of housing. But based on our analysis, we believe that these affordable units would have been created with or without NTI funding, under the city's regular annual production program.

The question needs to be asked: will the Neighborhood Transformation Initiative (NTI) ease Philadelphia's crisis in affordable housing? Will any of this massive influx of cash build housing for the city's most needy households? The answer is no. Unless there is a shift in current policy, none of the NTI bond proceeds will directly finance the construction of affordable housing for low-income households.

At an average of \$60 million each year for five years, NTI activity is the single largest expenditure in the OHCD budget (nearly one-third). The majority of this money will be spent on demolition. And only a very small amount of the new money NTI will add to the city's existing home repair programs will be available for households with incomes under \$20,000.

WHAT WE KNOW WORKS

OHCD and other city departments do operate a number of programs that address the needs of the low-income homeowners and renters most directly affected by Philadelphia's housing crisis. These programs help finance the creation of affordable housing, and assist low and moderate income Philadelphians with home maintenance, key repairs and modifications that make homes wheelchair accessible. They include:

Neighborhood Based Rental Production Program (NBR)

This is the most important city housing program for increasing the supply of permanent housing for Philadelphia's poorest households. It is one of the best tools for making progress against our crisis in affordable housing. This program finances the construction of new affordable rental units. Yet this program receives only \$5 million in 2003-04, or less than 3% of the total budget, to help finance the creation of, at most, 334 new affordable rental properties.

Home Repair Grant Programs

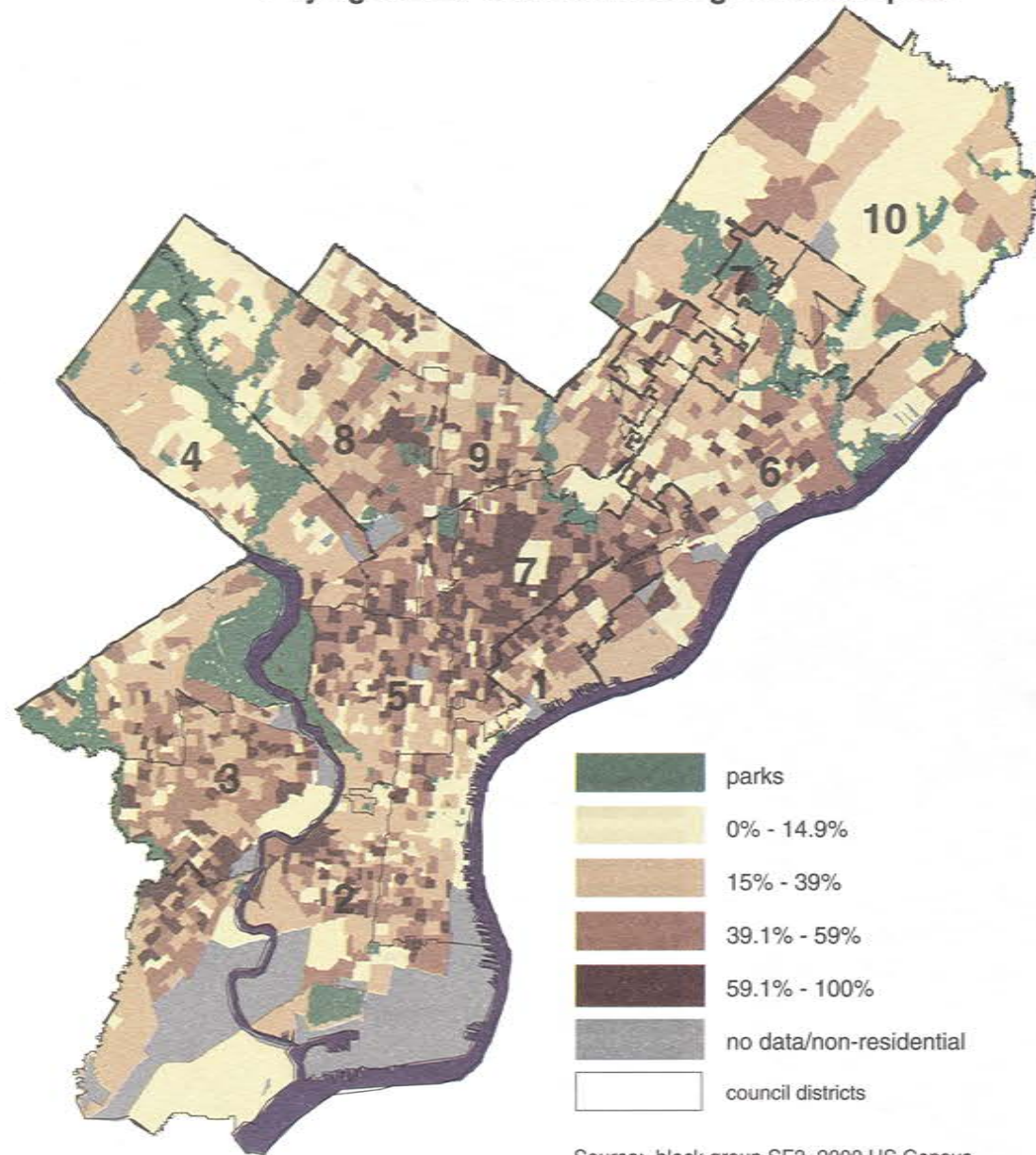
Home Repair Grant Programs are critical for homeowners with incomes below \$20,000. Home repair programs preserve precious affordable housing. In doing so, they are the most effective approach to stemming abandonment and blight. The city's Basic Systems Repair Program (BSRP), Emergency Repair & Heater Hotlines and Weatherization Programs pay for repairs to electrical, plumbing, heating and roof systems. Yet with only \$13.6 million in funding in 2003-04, these grants to low-income homeowners are less than 7.1% of the total budget as the waiting list for these programs continues to grow.

Appendix 3: The Affordable Housing Problem, Council District by Council District

Council District	1	2	3	4	5	6	7	8	9	10
Councilperson										
Number of Households with Incomes Below \$20,000	23,955	23,935	26,321	18,937	26,641	16,140	23,620	20,379	14,091	12,223
Percent Households w/Incomes Below \$20K	36.7	38.6%	47.2%	30.7%	44.3%	26.9%	44.8%	35%	26%	20.4%
Total households with incomes Below \$20K and paying 30% or More of their income for Housing	14,480	14,588	16,595	11,694	15,338	9,949	15,470	13,324	9,449	8,302
Percent of All Households in District with Incomes below \$20K and pay 30% or more of their income for Housing.	25%	25%	28%	20%	26%	17%	27%	23%	16%	14%
Homeowners										
Owner Households with Incomes Below \$20,000	11,563	11,057	9,228	8,482	9,589	9,259	11,006	8,042	8,015	5,981
Percent Owner Households w/Incomes Below \$20K	30.9%	31.5%	34.9%	23.4%	34.4%	21.6%	35.9%	24.9%	20.8%	14.1%
Total Owner Households with Income Below \$20K Paying 30% or More of their income for Housing	5,834	5,809	4,922	4,458	4,223	4,778	6,040	4,599	4,777	3,376
Percent of Owner Households with Incomes Below \$20K Who Pay 30% or More of their income for Housing	50.5%	52.5%	53.3%	52.6%	44.0%	51.6%	54.9%	57.2%	59.6%	56.4%
Renter Households										
Renter Households w/Incomes Below \$20,000	12,392	12,878	17,093	10,455	17,052	6,881	12,622	12,337	6,076	6,242
Percent Renter Households w/Incomes Below \$20K	44.4%	47.7%	58.4%	41.0%	53.0%	40.1%	57.0%	47.5%	38.8%	35.4%
Total Renter Households with Incomes Below \$20K Paying 30% or More of income for Housing	8,646	8,779	11,673	7,236	11,114	5,171	9,430	8,644	4,672	4,926
Percent of Renter Households With Incomes Below 20K Who Pay 30% or More for Housing	69.8%	68.2%	68.3%	69.2%	65.2%	75.1%	74.7%	70.1%	76.9%	78.9%

bold indicates worst council district in that category
Source: Closing the Gap: Housing (un)Affordability in Philadelphia, U of Penn Cartographic Modeling Lab. 3-03

Appendix 2: Percent Rental Households with Incomes Below \$20,000 and Paying 30% or More on Housing in Philadelphia



Source: block group SF3, 2000 US Census

The neighborhoods of Fairhill, Harrowgate, West Kensington, Richmond, Hunting Park, and Belmont have the highest percent of renter households with incomes under \$20,000 paying 30 percent or more of their income on housing.

Number and Percent of All Rental Households with Incomes Under \$20,000 and Paying 30% or More on Housing, by Council District

1 DiCicco	2 Verna	3 Blackwell	4 Nutter	5 Clarke	6 Krawjewski	7 Mariano	8 Reed Miller	9 Tasco	10 O'Neill
8,646	8,779	11,673	7,236	11,114	5,171	9,430	8,644	4,672	4,926
31.0%	32.5%	39.9%	28.4%	34.5%	30.2%	42.6%	33.3%	29.8%	27.9%

Source: *Closing the Gap: Housing (un)Affordability in Philadelphia*, U. of Penn Cartographic Modeling Lab. March 2003

Adaptive Modification Program

The city's Adaptive Modification Program provides low-income, disabled renters and homeowners with grants to help make key alterations that make their homes wheelchair accessible. It is a crucial program for helping low-income disabled persons remain in their homes and avoid costly institutional care. With a budget of \$2.3 million in 2002-03, the program only served 120 households, and there are approximately 800 people currently on the waiting list. This program is again budgeted for \$2.3 million in 2003-04.

Development Financing for Homeless and Special Needs Housing

The \$3 million the city is dedicating in 2003-04 to finance the development of affordable housing specifically for homeless persons and others with special needs is another critical investment the city makes in affordable housing.



Solving the crisis in affordable housing that affects almost a quarter of the city's population must take the spotlight. Two things are clear from this analysis of the housing resources and funding available from the city:

1. Philadelphians with incomes below \$20,000 are not being adequately served by city housing programs at the current funding levels; and
2. Our city's leaders have not aligned resources with stated priorities.

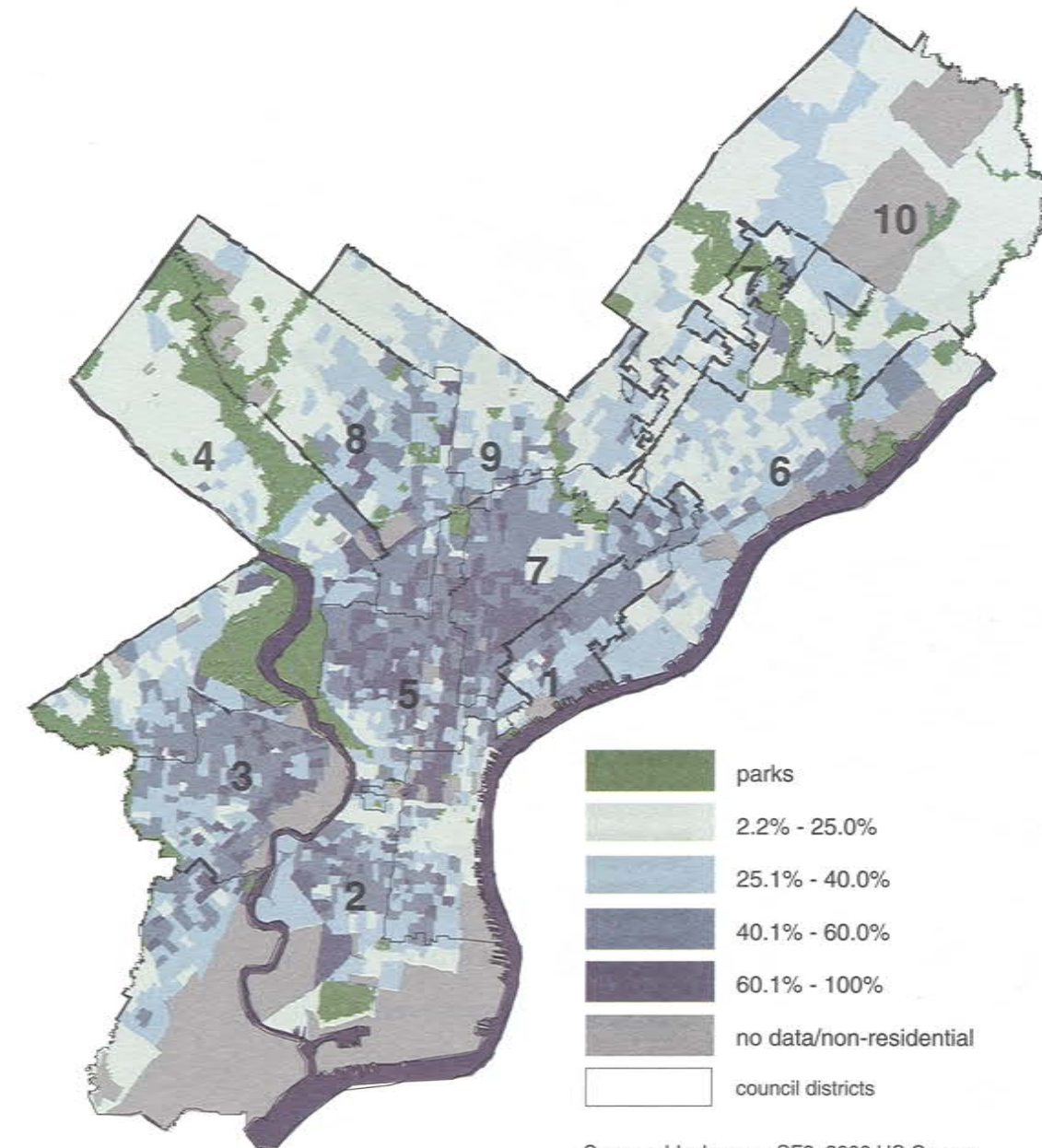
We need a housing policy that says that all people facing a hostile housing market deserve help. Solving this problem demands the development and preservation of affordable housing that is accessible to all who need it.

THE COSTS OF NOT ADDRESSING THE CRISIS IN AFFORDABLE HOUSING

Not enough of the city's funding is targeted to those most in need of affordable housing. The human and financial costs of operating this way are significant. And, the housing and neighborhood transformation that we would all like to see will continue to be difficult to reach unless we are prepared to make investments that address the housing needs of more than one-fifth of Philadelphia's residents.

We must consider the following costs:

- **The costs of managing, not solving, homelessness.** The city spends about \$67 million annually on temporary shelter and emergency services for approximately 15,000 persons in the official homeless system.¹⁹ Compare this to the \$5 million spent annually to help create 334 new units of permanent affordable rental housing for the 95,000 renter households living on less than \$20,000 a year and who can't afford their current housing costs.
- **The costs of unnecessary institutionalization.** When disabled persons can no longer live in their homes because they are not wheelchair accessible, they are forced into very costly institutional care, at great expense to tax payers.
- **The costs of breaking-up of families and family instability.** Families who cannot find affordable housing live chaotic lives, moving from relative to friend, from apartment to shelter, and back again. This strains families until they come apart, often requiring the intervention of the city's Department of Human Services (DHS), again, at great cost to tax payers.
- **The costs of chronic health problems in children.** The children of families who lack permanent housing are more likely to lack good health care, suffer chronic illness, visit emergency rooms, go hungry, suffer emotional and psychological problems and have serious learning and discipline problems in school.²⁰
- **The costs of blight.** The inability of low-income homeowners to maintain their older homes is a major cause of blight. Their houses can deteriorate until they have no choice but to walk away. Failure of the city to invest in the repair and preservation of the aging homes of low-income homeowners today means spending tens of millions of dollars to demolish these homes tomorrow.
- **The costs of continuing to lose the city's tax base.** Philadelphia will continue to have a hard time attracting and retaining middle class residents that are so important to our city's tax base while so many of its current citizens are living in squalor. Other cities that have invested significant resources in affordable housing have recognized that there must be a dual strategy in order to maintain and improve their economy.²¹



Source: block group SF3, 2000 US Census

The neighborhoods of Fairhill, Hartranft, University City, North Central, West Kensington, Strawberry Mansion, Poplar, Harrowgate, and Belmont have the highest percent of households under \$20,000.

Number and Percent of Households with Incomes Under \$20,000, by Council District

1 DiCicco	2 Verna	3 Blackwell	4 Nutter	5 Clarke	6 Krawjewski	7 Mariano	8 Reed Miller	9 Tasco	10 O'Neill
23,955	23,935	26,321	18,937	26,641	16,140	23,620	20,379	14,091	12,223
36.7	38.6%	47.2%	30.7%	44.3%	26.9%	44.8%	35%	26%	20.4%

Source: Closing the Gap: Housing (un)Affordability in Philadelphia, U. of Penn Cartographic Modeling Lab. March 2003

A CALL TO ACTION

More than one-fifth of Philadelphia's citizens cannot afford safe, adequate housing. The cost to all of us is steep, and growing. And while more money from state and federal sources is necessary, city leaders can no longer afford to point the finger at dwindling allocations from Harrisburg or Washington as our excuse. In Philadelphia we have people of intelligence and creativity at all levels of government who must exercise their leadership to expand existing affordable housing solutions.

Therefore, we call upon our elected officials to take action to commit a more just share of our public resources to put a safe, affordable roof over the head of every citizen in Philadelphia. Here's how:

Increase Affordable and Accessible Housing Resources

1. Enforce City Ordinance 1029-AA so that at least fifty percent (50%) of the OHCD budget is spent on households living on incomes below \$20,000.
2. Increase yearly spending for the Neighborhood Based Rental Production Program to \$15 million, to create approximately 1,000 new units of affordable rental housing each year.
3. Increase the budget for the "Emergency Repairs, Preservation and Weatherization Programs" by \$20 million a year, including the restoration of the L&I emergency rental repair line item, to preserve an additional 7,000 units each year for low-income homeowners.
4. Increase the budget for the Adaptive Modification Program to \$6.9 million, to increase the number of disabled persons who are able to remain in their homes each year from 120 to 360.
5. Dedicate at least \$5 million of the growing revenue from the Real Property Transfer Tax (RPTT) to affordable housing production and preservation each year.
6. Dedicate 25% of the expected \$8 million or more in new revenue from increased parking ticket fees recently approved by City Council to affordable housing.
7. Dedicate 50% of all projected revenue from new racetracks to be built in Philadelphia to affordable housing production.
8. Ensure that the Neighborhood Transformation Initiative delivers the promised 3,500 new units of affordable rental housing by 2007.
9. Pass Bill #010742, introduced in December of 2001, which would require that all new construction within the City be "visitable" by persons in wheelchairs to the extent possible and require that 15% of all new units of housing built in Philadelphia be fully accessible.
10. Repeal the recent decision by the Philadelphia Housing Authority to set a 7-year time limit on use of Section 8 housing vouchers.

PURPOSE OF THIS PAPER

This position paper describes Philadelphia's crisis in affordable housing and what our local political leaders can do to address it. It is a companion to a larger research report, *Closing the Gap: Housing (Un)Affordability in Philadelphia*, written by Dennis Culhane and Amy Hillier from the University of Pennsylvania's Cartographic Modeling Lab. This paper summarizes:

- The human impact of Philadelphia's affordable housing crisis
- The research data behind this crisis
- The costs to the city if we fail to address this crisis, and
- The steps our city's political leaders can take, now, to address this crisis.

Our goal is that this paper will spark a new discussion about affordable housing, build a broader constituency for strategies and solutions, and spur elected officials to commit themselves to ending this crisis. It was funded by the **Philadelphia Affordable Housing Coalition (PAHC)**. The PAHC was formed in 2001 by organizations who see Philadelphia's affordable housing crisis up close, every day, from the front lines. The main goal of the PAHC is to build power to increase the amount of housing resources our city spends on households living on less than \$20,000 a year – one-third of our city. To achieve this goal, the PAHC engages in community organizing, advocacy, leadership development, research, education and strategic relationship building with elected officials. The PAHC has purposefully brought together a diversity of organizations and welcomes other organizations that want more housing resources for low-income Philadelphians to join our struggle. Contact any one of our member, ally, or endorsing organizations:

- * *Liberty Resources* (215) 634-2000
- * *Women's Community Revitalization Project* (215) 627-5550
- * *Kensington Welfare Rights Union* (215) 203-1945
- * *Disabled In Action* (215) 627-7255
- * *Tenants Action Group* (215) 575-0700
- * *Congreso de Latinos Unidos* (215) 763-8870
- * *ActionAIDS* (215) 981-3339
- * *Raise Of Hope* (215) 424-2118
- * *Lutheran Settlement House* (215) 426-8610
- * *Friends Neighborhood Guild* (215) 923-1544
- * *The Lighthouse* (215) 425-7800
- * *Greater Philadelphia Federation of Settlements* (215) 568-5860
- * *Drueding Center/Project Rainbow* (215) 769-1830
- * *United Communities of Southeast Philadelphia* (215) 468-6111
- * *Women's Christian Alliance* (215) 236-9911

Joining us in sending out this message are some of the low-income families in Philadelphia who are immersed in this crisis day-in and day-out, but who demand that they and others like them be seen, heard, and supported. We appreciate the willingness of the following individuals and their families to share their stories with us: To Kevin, Peter, Anna, Amelia and Maria, thank-you.

For copies of this position paper, contact the Philadelphia Affordable Housing Coalition at (215) 627-5550 or one of the member organizations listed above. The full research report, "Closing the Gap," can be accessed on the internet at www.cml.upenn.edu.

¹ Closing the Gap, University of Pennsylvania Cartographic Modeling Lab, March 2003. This includes a considerable number of subsidized units. The Philadelphia Housing Authority (PHA) currently has over 6,000 vacant units according to the Office of Housing and Community Development's (OHCD) Year 28 Consolidated Plan.

² 2000 U.S. Census

³ 2000 U.S. Census. This paper uses the accepted, HUD-defined measure of affordability, that is, that housing should not cost more than 30% of income.

⁴ 1999 American Housing Survey

⁵ Closing the Gap, University of Pennsylvania Cartographic Modeling Lab, March 2003.

⁶ Telephone interview with OESS staff. March 3, 2003

⁷ 2000 U.S. Census

⁸ PHFA maintains this list on its website: <http://www.phfa.org/apts/index.htm>.

⁹ It is universally recognized that the nation's stock of low-cost housing has been in steady decline the last 20 years or more. Rising construction, maintenance, operating, and energy costs coupled with changes in the federal tax structure and new financing practices have made production of new, low-cost housing unprofitable nationwide. Abandonment, demolition, speculation, conversion, arson, and gentrification have reduced the stock of existing inexpensive housing. In addition, housing costs simply outpace gains in income, especially incomes at lower end of the scale. For example: during the period between 1970-1989 alone, the incomes in constant 1995 dollars of very low income renters dropped 30%, while median rents increased 31%. (Dolbeare 1996. Jim Baumohl, M. Audrey Burman, and Paul Koegel: "The Causes of Homelessness," in Baumohl's "Homelessness in America," 1996, Oryx Press.)

¹⁰ United States Department of Labor, Bureau of Labor Statistics, 2000 Metropolitan Area Occupational Employment and Wage Estimates for Philadelphia, PA-NJ PMSA. This can be found on BLS's web site: http://www.bls.gov/oes/2000/Oes_6160.htm.-- Social Security Administration: http://www.ssa.gov/statistics/ssi_st_cty/2001/index.html.

¹¹ Closing the Gap, University of Pennsylvania Cartographic Modeling Lab, March 2003. & 2000 U.S. Census

¹² 1999 American Housing Survey

¹³ Baumohl, Koegel and Burnam, page 28.

¹⁴ Baumohl, Koegel and Burnam, page 28.

¹⁵ City of Philadelphia: Year 28 Consolidated Plan, page 12.

¹⁶ Philadelphia Inquirer, "Housing Squeeze", editorial, page A14, March 4, 2003

¹⁷ "The project or activities funded by the CDBG Program shall give priority to very low, and low income residents given the nature and relative severity of their needs." Chapter 21-1102(1) page 1004.1, March 4, 1982: "Very Low, Low and Moderate Income Beneficiaries. 1029-AA also requires that at least 50% of CDBG funds be spent on housing.

¹⁸ Year 28 Consolidated Plan, page 11.

¹⁹ Year 28 Consolidated Plan, page 17. This figure includes funding for a number of city departments, including the Office of Emergency Shelter and Services, OHCD, and the Department of Public Health.

²⁰ The Better Homes FUND, "Homeless Children: America's New Outcasts," 1999 and Task Force on Community Preventive Services, "Community Interventions to Promote Health Social Environments: Early Childhood Development and Family Housing," Center for Disease Control Morbidity and Mortality Weekly Report, 51 (RR-1), February 1, 2002.

²¹ "Mayor Bloomberg Brings Housing Home" New York Times, December 27, 2002. Editorial

²² City of Philadelphia Five-Year Plan, January 2003