

HABITAT FOR HUMANITY OF PHILADELPHIA

Preventing and reviving vacant properties

Over the past few years, Habitat Philadelphia in Pennsylvania has helped propel equitable neighborhood revitalization through two important policies. In 2016, Habitat helped bring about a major expansion of Philadelphia's home repair programs. Through petition gathering, testimony and expert advice, Habitat helped support a \$100 million bond and subsequent legislation that significantly boosted repair assistance to very-low- and extremely low-income homeowners and established a new affordable repair loan program for moderate-income homeowners. Together these programs are helping Philadelphia homeowners make critical repairs to homes that are unsafe, unhealthy and on the verge of being lost. In 2017, Habitat Philadelphia helped persuade the city to set affordable housing targets for its new municipal land bank, so that properties already lost to abandonment can be repurposed not just for market-rate housing but also for homes with lasting affordability.

Background

Despite the arrival of gentrification to a handful of its neighborhoods, Philadelphia still struggles with extensive blight, substandard housing and housing instability. The city has more than 40,000 vacant lots and abandoned homes that are deterring investment, aiding crime and exacting a huge fiscal cost to the city in the form of high maintenance costs, lower property values, and uncollected delinquent taxes.

Although Philadelphia has a relatively high homeownership rate (55 percent in 2016), it also struggles with extreme poverty. More than 60,000 of the city's homeowners have very low incomes or are impoverished. Most homeowners occupy homes built before 1945. Older, low-income homeowners often struggle to maintain these homes. The homeownership rate has been dropping steadily since the Great Recession, and foreclosure remains a risk.

Philadelphia Land Bank

Until recently, Philadelphia lacked an effective, centralized tool for managing the city's abandoned properties and returning them to productive use. Enter the Philadelphia Land Bank.

Responding to city housing and green space advocates, the City Council created a land bank in 2013 to acquire abandoned and tax-delinquent properties, and streamline their transfer to partners who can put them to better use. The Philadelphia Land Bank has the power to consolidate adjacent properties, remove city debts and unpaid back-taxes, and provide clear title before selling or leasing properties to private partners. The land bank is also centralizing the city's current public land holdings, most of which are divided among various city agencies with separate property management systems and competing agendas.

A distinctive feature of the Philadelphia Land Bank is its portfolio-wide affordable housing targets. In 2017, the City Council adopted a guideline that half of all land bank parcels that are made available for residential uses need to support long-term affordability for low- and extremely low-income households. The rest can support market-rate or higher-income housing. In setting these targets, the land bank keeps an eye on both present and future housing needs.

Needs-based repair assistance

In 2016, the Philadelphia City Council raised its real estate transfer tax (a surcharge on the sale of property) from 3 percent to 3.1 percent in order to support a new \$100 million bond for expanded home repair assistance. The bond will raise \$60 million to expand three existing repair programs aimed at very low-income households: the Basic Systems

Repair Program, the Adaptive Modifications Program and the Weatherization Assistance Program. The major funding boost helps all three work down waiting lists of three to five years. The Basic Systems program provides free electrical, plumbing and heating repairs for homeowners below 150 percent of the federal poverty level. The Adaptive Modifications Program provides free home adaptations to help very low-income individuals with permanent physical disabilities live more independently. The Weatherization Assistance Program provides free weatherization and energy efficiency improvements to homeowners and tenants who earn less than 200 percent of the federal poverty level.

The remaining \$40 million in bond proceeds will support a new Housing Preservation Loan Program for moderate-income households that earn too much to qualify for the city's existing repair programs. The loan program will offer very-low-interest repair and maintenance loans for homeowners earning 80 to 120 percent of area median income.

Collectively, the four programs help restore the safety and health of homes while keeping properties from being abandoned in the first place.

Advocacy

Habitat Philadelphia is just starting to stretch its advocacy wings. It only recently adopted a 10-year strategic plan that makes advocacy a core tenet. Before this plan, Habitat played an active role in developing the \$100 million bond to support home repairs for low- and moderate-income residents, and a smaller, supportive role in testifying on behalf of the Philadelphia Land Bank and its recent affordability targets. Each initiative was driven by a pair of coalitions in which Habitat Philadelphia participates: The Philadelphia Association of Community Development Corporations, or PACDC, and a broad coalition of advocacy groups called the Philadelphia Coalition for Affordable Communities, or PCAC.

\$100 MILLION FOR HOME REPAIRS

Habitat staff members played a significant role in developing and supporting the legislation to expand home repair assistance. Carrie Rathmann, director of strategic partnerships for Habitat Philadelphia, testified in support of the legislation and was on the working group that advised the City Council on how to allocate the bond proceeds and design the new Housing Preservation Loan Program. Rathmann was a sought-after resource, given Habitat's unique perspective on designing successful loan repayment programs and its knowledge of how to effectively market these programs.

In the lead-up to the council's passage of the home repair legislation, Rathmann also helped PCAC collect 3,000 signatures in each of three consecutive summers to encourage council members to support home repair funding, along with other housing assistance for very-low-income Philadelphia residents.

A health-related ally, the Healthy Rowhouse Project, helped crystalize the legislation and educate council members about the health saving opportunities it presented. Rathmann sits on the project's advisory board.

Habitat advocated for the Housing Preservation Loan Program, in addition to the city's existing repair programs, because it has seen in its neighborhood revitalization efforts how the need for affordable repairs extends to neighbors who earn more than 80 percent of the area median income. Habitat remains most concerned, though, about preserving the city's natural affordable housing where low-income homeowners currently live at the expense of their health and safety, and under the threat of imminent displacement.

In 2016, City Council President Darrell Clarke picked up the mantle of home repair and committed to passing the \$100 million bond. The bond was authorized later that year, and the Housing Preservation Loan Program was established separately in 2017.

LAND BANK AFFORDABILITY TARGETS

In early 2017, dozens of PCAC and PACDC representatives spoke at land bank public hearings about the importance of enabling residents to stay in redeveloping communities. They called on land bank officials and City Council members to

commit to using the land bank to support affordable properties in these neighborhoods. The Women's Community Revitalization Project, the convener of PCAC, was a leading force behind the campaign. Habitat also testified.

Habitat's advocacy for the land bank was rooted in the belief that "it's a moral imperative to match up our huge amount of abandoned and vacant public land with our tremendous need for safe, affordable homes," Rathmann says.

Land bank officials and the City Council responded in 2017 with a strategic plan that sets affordability goals for the land bank's disposition and acquisition processes. Rathmann wishes the affordability targets were firmer still, but she believes the advocacy helped the land bank become more intentional and accountable in support of affordable housing.

Impact

With the help of bond proceeds that starting flowing in 2017, city officials have reached out to half of the 8,000 residents on the wait list for the Basic Systems Repair Program, and productivity has "tripled," according to Dave Thomas, executive vice president of the Division of Housing and Community Development. The Housing Preservation Loan Program is still coming together as the city identifies a private administrative partner.

In 2017, city officials reported that the land bank had cleared approximately 6,000 titles for transfer, acquired 2,000 properties from other public agencies, and sold over 130 parcels of land. It does not appear, however, that any have been made available for affordable housing. A 2018 council memo found that only 66 properties had been obtained using the land bank's power to acquire tax-delinquent vacant properties.

One issue that has hindered the land bank since launching in 2015 is a lack of dedicated staff. The land bank only recently brought on an executive director. In addition, City Council members are still discouraging prized properties from being consolidated into the land bank. Some still do not trust the land bank to move properties efficiently into private hands or to route land to private entities that will undertake the kind of development that council members are seeking in their districts. This is to be expected, says Beth McConnell, policy director at PACDC, given the land bank's slowness in becoming fully staffed, and the myriad administrative and procedural issues that had to be resolved to consolidate properties. But she's optimistic that the land bank will win more trust from council members.

Lessons

- 1. Land banks help, but you still need funding to build affordable homes.** Land banks can play an important role in making abandoned properties available for housing, but they are not necessarily set up to offer land at a discount. Recognizing this, affordable housing advocates in Philadelphia have turned their attention to supporting a 1 percent construction excise tax to raise additional funds for affordable housing providers citywide.
- 2. Housing preservation can earn strong political support.** Council members who supported the city's \$100 million bond for home repairs responded positively to the opportunity to cost-effectively safeguard health, prevent displacement, and create safe, affordable living options.
- 3. It helps when participating in coalitions to be clear about what the affiliate wants and what can and cannot be compromised.** This can be especially true when pursuing legislation, as bills can change quickly as compromises are worked out. It can also be true in large coalitions with members holding different views on the importance of serving immediate needs versus advancing long-term equity.
- 4. Consistent action helps maintain a coalition's cohesion and energy.** Rathmann has been impressed with how the convener of the PCAC coalition keeps members involved in small actions, and reminds members of what the coalition has achieved, even when the City Council is out of session. "These are actions that may not move the needle, but help keep us together," Rathmann says.

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Resources

- Carrie Rathmann, Director of Strategic Partnerships, Habitat Philadelphia, (215) 765-6000, ext. 28, CarrieR@habitatphiladelphia.org.
- Philadelphia Land Bank 2017 Strategic Plan and Performance Report: wp.philadelphialandbank.org/wordpress/wp-content/uploads/2015/01/philadelphia-land-bank-strategic-plan-february-2017.pdf.
- Basic Systems Repair Program: ohcdphila.org/home-repair/bsrp/.
- Legislation for the new Home Preservation Loan Program: phlcouncil.com/wp-content/uploads/2017/10/101217-Clarke-Parker-PRA-Housing-Preservation-Loan-Program.pdf.



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