

**Written Testimony submitted to the
Office of Housing and Community Development
City of Philadelphia**

December 9, 2002

I appreciate the opportunity to submit this written testimony to the City's Office of Housing and Community Development (OHCD) as part of its public participation process for development of the Year 29 Preliminary Consolidated Plan.

Background:

I am providing this testimony as the Executive Director of two affiliated organizations. The first is People's Emergency Center (PEC), the state's oldest service agency for homeless families which offers a comprehensive "continuum of care" to address the housing, employment and social service needs of homeless families in Philadelphia. PEC has served over 6,000 homeless women and children and been remarkably successful in helping these families achieve permanent self-sufficiency.

The second is the People's Emergency Center Community Development Corporation (PECCDC). Since its inception in 1992, PECCDC has transformed 78 blighted properties into 100 units of housing, 4 social service facilities, and a Tot Lot for a total of \$19 million in public and private investments in the West Powelton neighborhood. Our housing projects include emergency shelter, transitional housing, Section 8 rental apartments and homes for first-time homebuyers. PECCDC's newest facility, Families First, provides high quality child care, job training and health care services all under one roof. PECCDC has an additional \$28 million of important facilities and housing projects in various stages of the development pipeline, including 20 more special needs permanent rental housing units in the pipeline.

Recommendations for the Consolidated Plan

Given the changes resulting from the implementation of the City's Neighborhood Transformation Initiative and the projected decrease in CDBG funding for Philadelphia for Fiscal Year 2004, it is important for OHCD to ensure that sufficient resources are allocated to the development of affordable and decent housing for homeless and special needs populations; and, that CDCs are supported in their efforts to comprehensively revitalize their neighborhoods. Accordingly, on behalf of PEC and PECCDC, I would like to make the following recommendations to OHCD for Year 29:

1. **Maintain the Homeless & Special Needs set-aside and increase the allocation for development financing for homeless and special needs housing.** We urge OHCD to once again recommend that the City continue its practice of a specific set-aside of CDBG funding for "Homeless and Special Needs Housing" to better serve homeless individuals and families, people with AIDS and people with physical disabilities. The set-aside has had a tremendously positive impact in terms of assuring new housing units for the homeless,

increasing development capacity among special needs providers, and significantly increasing the federal dollars coming into Philadelphia for special needs projects.

Moreover, we urge OHCD to increase the level of resources allocated to development financing for homeless and special needs housing. Such an increase would enable the City to fund critically needed permanent supportive housing units without draining resources from the other essential components of the homeless continuum of care. OHCD should give careful consideration to the five-year action plan developed by the Steering Committee with broad local representation and the Corporation for Supportive Housing.

2. Support increased housing production and preservation by CDCs to meet NTI Goals.

The Neighborhood Transformation Initiative has ambitious housing production goals: 16,000 units of housing over five years, of which 6,000 are market rate and the majority of the others targeted at lower-income residents. Although we support the goal of increased housing production, it should specifically include additional resources for rental housing production and neighborhood based homeownership by CDCs. Current investments in acquisition and production are insufficient to reach the City's NTI goal. The City should use the production capacity of Philadelphia CDCs as a resource to achieve these ambitious goals, particularly as non-profit CDCs are effective at leveraging resources from non-City sources. CDCs have a long-term commitment to identifying and meeting neighborhood needs and have an impressive development track record. Since our inception, PECCDC has developed 100 units of special needs housing with 20 more in the pipeline and if supported we could continue to generate more housing to meet this critical need.

Maintain funding for HRP. Use 25% of any increase in the city's HRA funding from the state to support targeted housing and neighborhood preservation efforts, to reinforce previous investment and achieve maximum impact.

3. Allocate substantial resources for acquisition. Obviously, acquisition is the precursor to production. PECCDC, in particular has greatly benefited from City-assisted condemnations. In our 10 years, we have converted nearly 80 vacant blighted properties into vibrant housing and facilities. The majority of all these properties were acquired through assisted condemnations. During the same period, PECCDC has more than once explored acquiring properties through non-assisted condemnation. The costs, including the required condemnation bond for 200% of the property's fair market value, make such acquisitions financially unfeasible for us. The elimination of Acquisition Assistance in Year 27 has severely hindered the revitalization efforts of PECCDC and other CDCs.

The City should earmark sufficient funds for CDC property acquisitions to leverage all available outside resources and meet NTI production goals and to ensure that the CDC-sponsored homeownership, rental and special needs housing projects waiting in the development pipeline can move forward. Given the implications of the production logjam caused by the lack of acquisition funding, the City should address the interim need for acquisition funding prior to the start of the new Fiscal year and create an annual revenue stream to support property acquisition for specific CDC projects. The City can streamline

the property disposition process by consolidating publicly owned properties and creating a functional Land Bank.

4. **Economic Development** – Meet the City’s obligation to use 5% of its CDBG funds for CDC economic development projects by maintaining current Commerce Department support of CDCs, at least at the existing level, including support for special service districts in neighborhood commercial corridors. Increase the City’s annual appropriation for the Economic Stimulus program to \$10 million and allocate at least 50% of those funds to neighborhood economic development activity by CDCs.
5. **Develop a Homeowner Improvement Program to enable existing homeowners to improve the facades of their homes and address basic systems in need of repair.** It is widely recognized that new development in a neighborhood should be balanced with opportunities for existing homeowners to improve their properties to achieve block and neighborhood stability. Low-income homeowners often cannot afford to keep up with their basic systems repairs or external treatments that are critical to comprehensive revitalization of a neighborhood. The longer the owners defer maintenance on their homes, the more it threatens the current and future stability of the block. Philadelphia has a Basic System Repair Program but the demand far outstrips the supply making it very difficult to access. Our experience trying to do a basic home improvement program that would support major system repair where needed and façade improvements have shown that homeowners could really benefit from a Home Improvement Program that provided \$10,000 -\$12,000 per homeowner and required some level of homeowner co-pay. This is a great opportunity to explore through NTI’s preservation activities.
4. **Continue support for the Greater Philadelphia Urban Affairs Coalition’s Blueprint to End Homelessness.** The Blueprint to End Homelessness has been an important mechanism to actively engage a wide array of homeless service organizations and other key stakeholders in developing and implementing a strategy for ending homelessness in Philadelphia. The Blueprint remains an important convener, repository of information, and policy and advocacy resource.
5. **Ensure that OHCD and PHA work together to pursue creative and effective ways to increase and expedite access to public housing for the homeless.** Public housing, particularly the Section 8 program, is the way out of homelessness for the majority of homeless families. Many homeless families that are ready to move into permanent housing and be good tenants and neighbors are unable to do so because they cannot afford market-rate housing and the waiting list for Section 8 is incredibly long. The program to help homeless families access Section 8 in a more timely fashion should be continued. In addition, PHA and OHCD should explore other creative ways to move people out of the homeless system.

Thank you again for the opportunity to provide comments for your consideration.