

**Affordable housing: public policy  
Downtown & Neighborhoods  
A Philadelphia Perspective 3.5.26**



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**Like large rock in pond, high-density downtowns  
produce transformational ripple effects**



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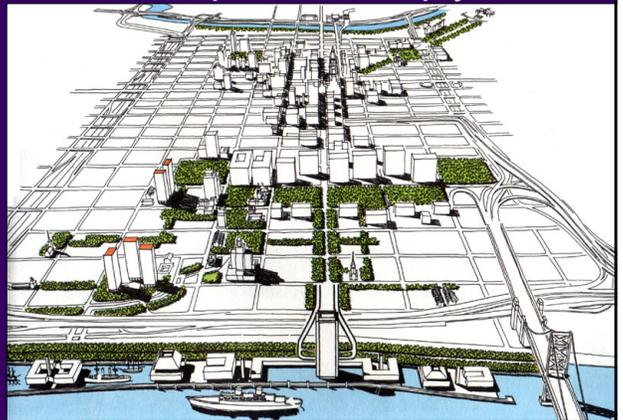
**Proximity to employment, arts, culture & attractions  
gives value to adjacent neighborhoods**



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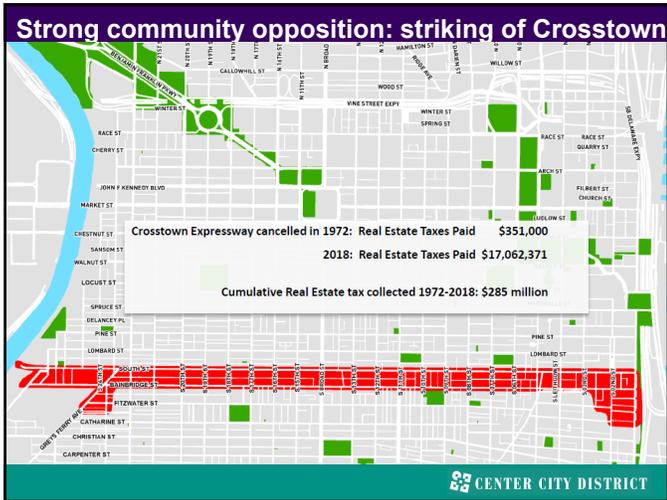
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**1963 plan established physical limits**



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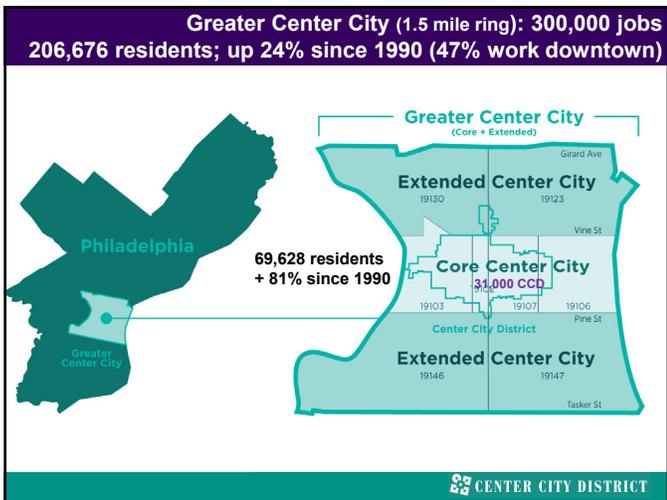
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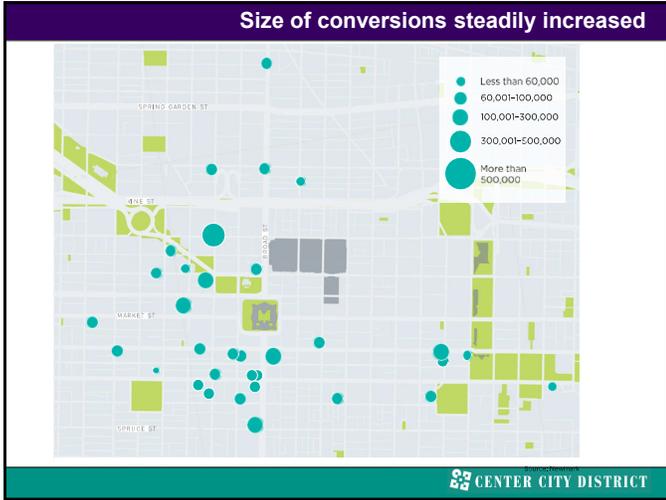
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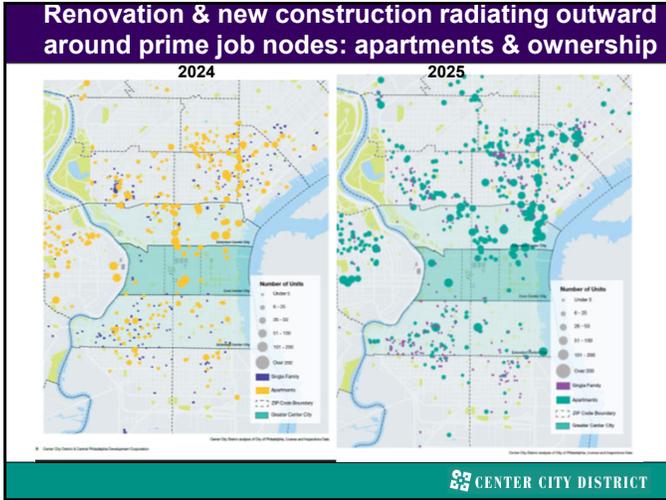
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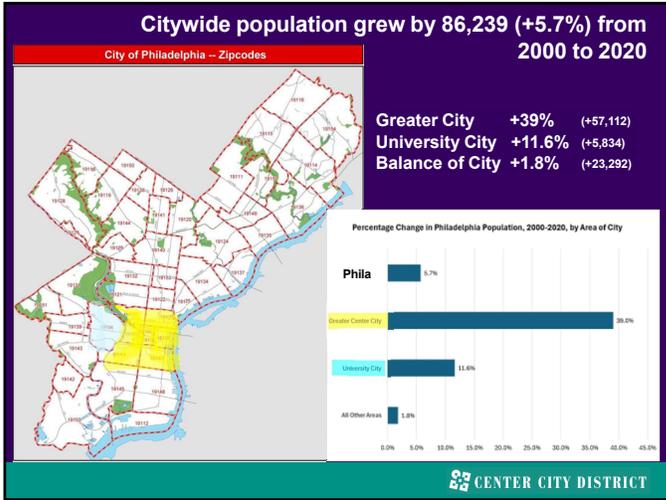
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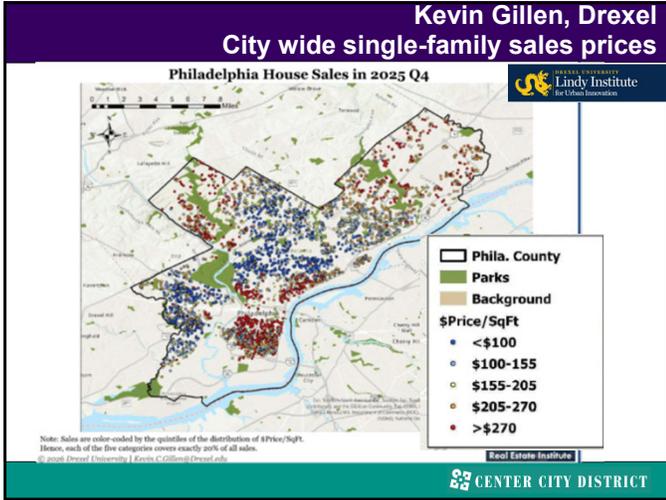
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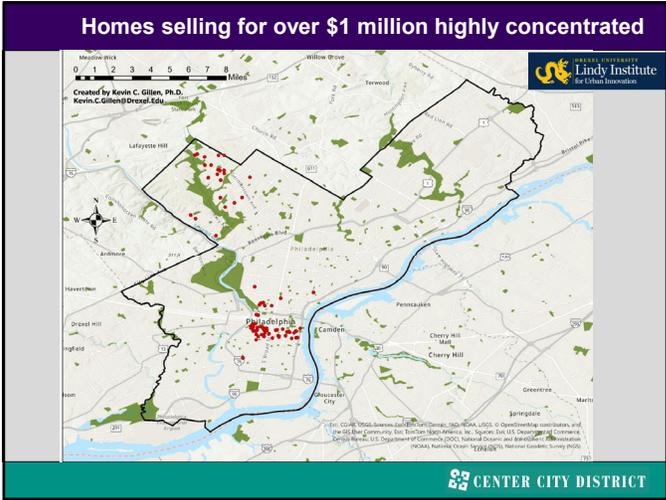
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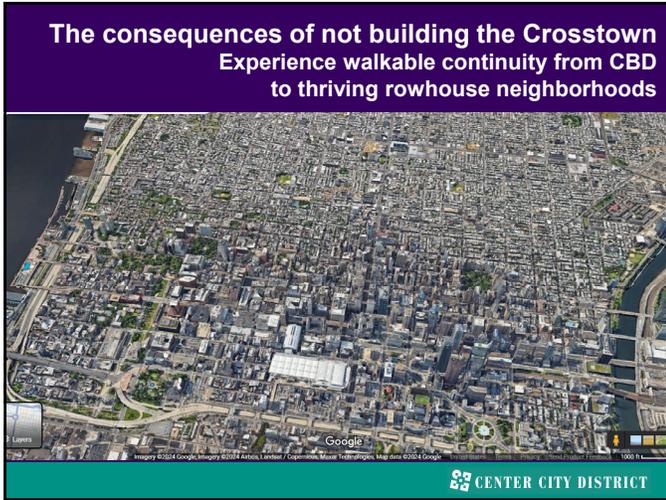
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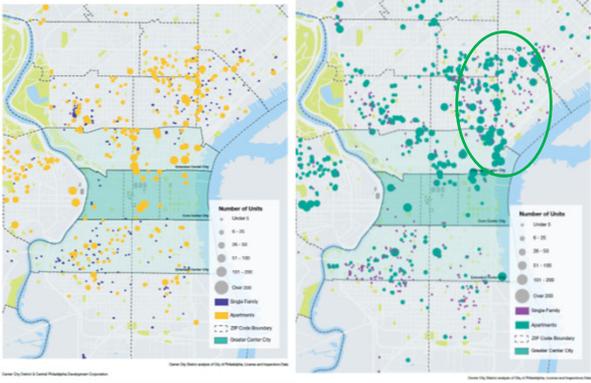


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### Expansion into Northern Liberties & Fishtown



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### Northern Liberties: Spring Garden St to Girard Ave



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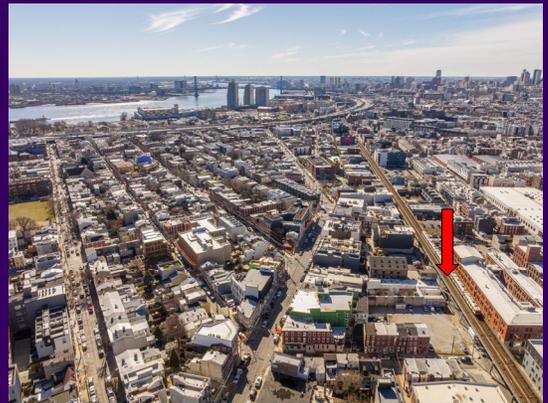
### Fishtown to the Northeast



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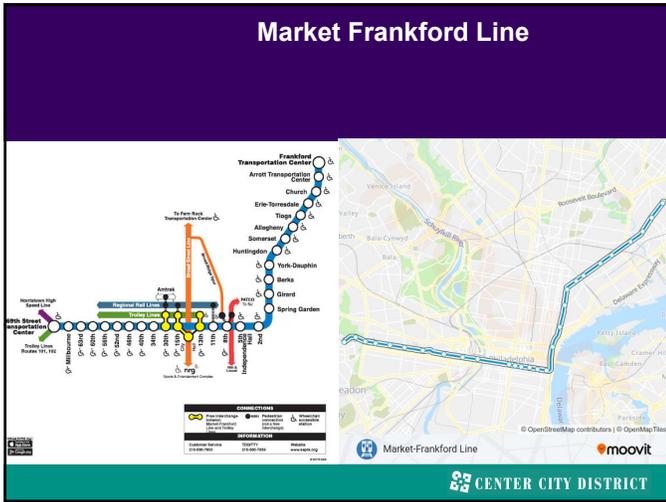
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### Importance of transit connectivity

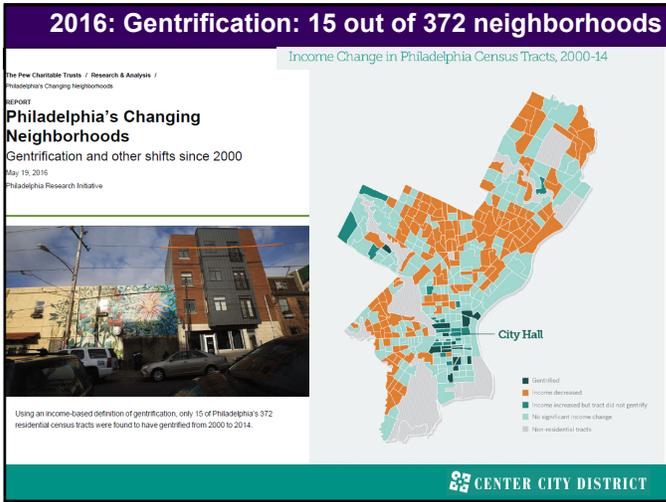


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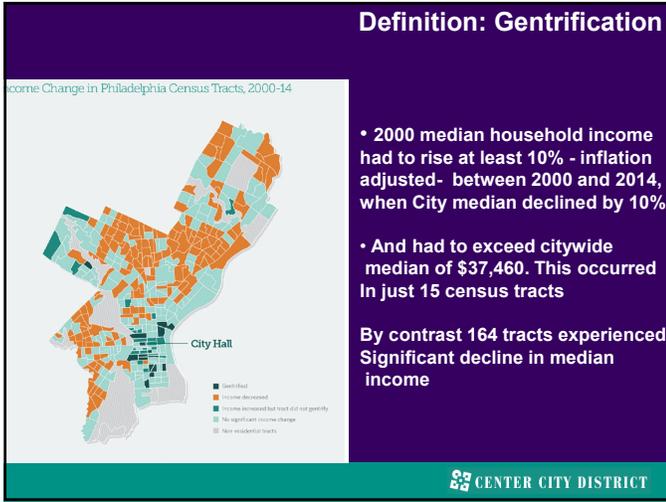
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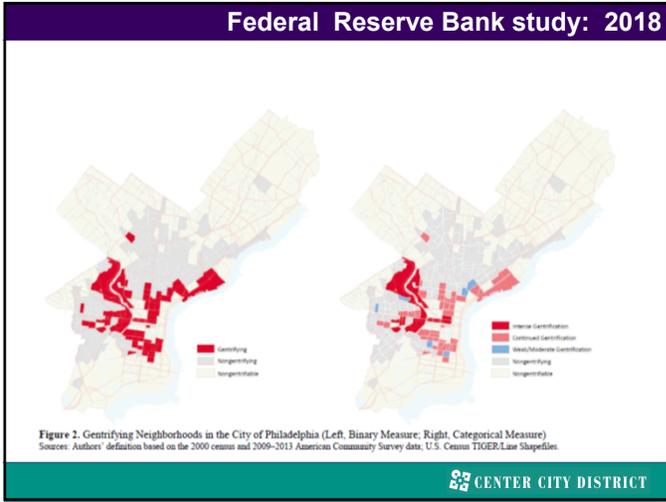
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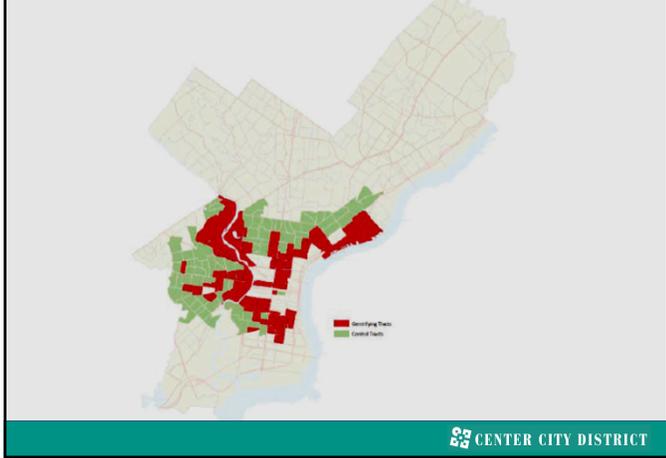


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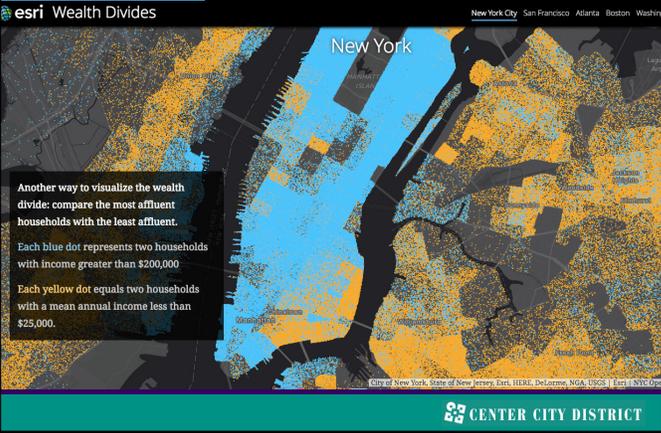
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### Major issue in very limited number of neighborhoods



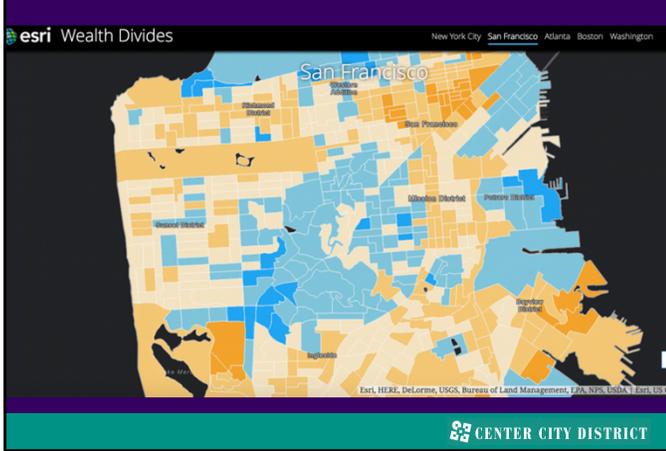
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### New York City: Far broader geography of wealth & rising demand for housing



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### Same for San Francisco



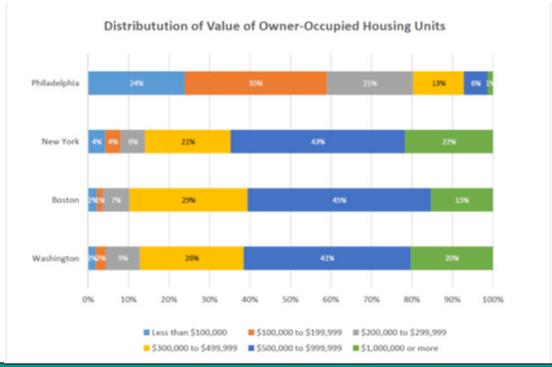
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### Boston disparities look more like Philadelphia



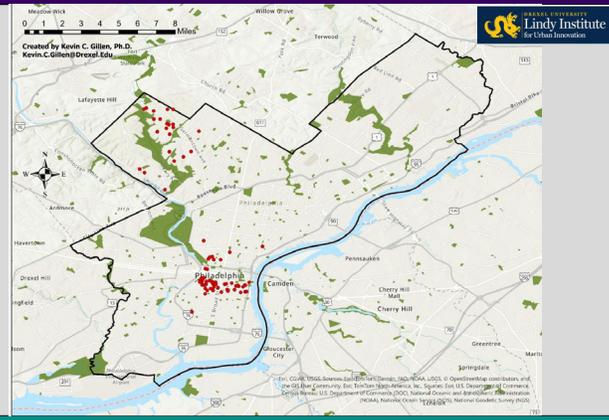
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**Philadelphia remains very affordable to those with jobs  
56% of housing units sell between \$100,000 - \$300,000  
Only 1% over \$1 million**



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**Homes selling for over \$1 million highly concentrated**



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**Challenge concentrated among households <\$35,000  
36.4% of all city households;  
Income problem not a housing price problem**

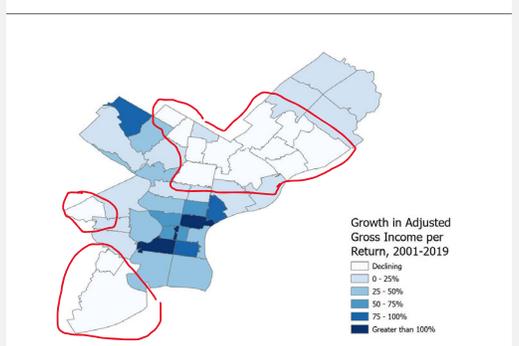
TOTAL HOUSEHOLDS	TOTAL HOUSEHOLDS	COST BURDENED	PERCENT COST BURDENED
Total Households with Income	601,337	228,227	38%
Less than \$20,000	127,325	108,493	85%
\$20,000 to \$34,999	91,972	61,001	66%
\$35,000 to \$49,999	75,180	32,638	43%
\$50,000 to \$74,999	93,805	18,782	20%
\$75,000 or more	184,240	7,313	4%
Zero or Negative Income	17,913	17,913	100%
No Cash Rent	10,902	0	0%

Source: US Census Bureau, American Community Survey, 2019 five-year estimate

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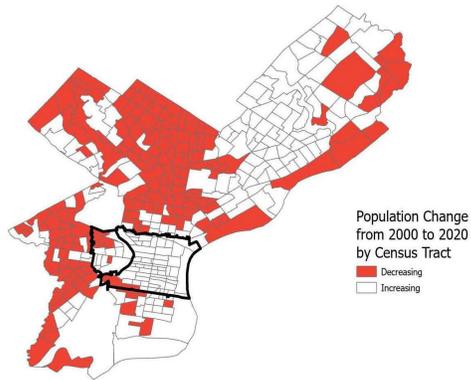
**Zip codes in city where incomes fell**

Real Growth in Adjusted Gross Income per Return by ZIP Code, 2001-2019



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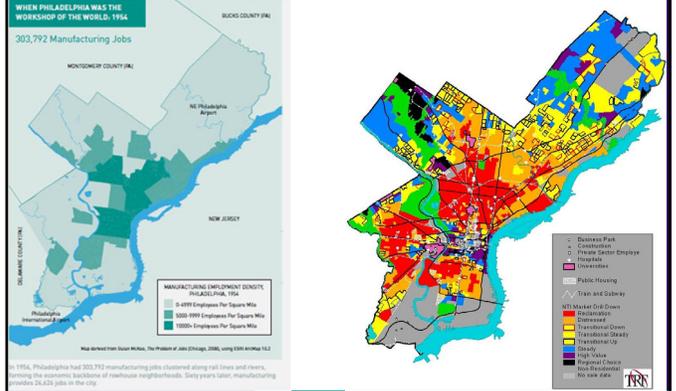
### Census tracts where population declined, 2000-2020



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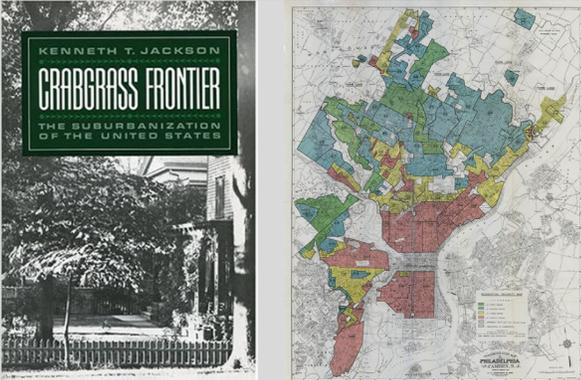
### Legacy effects Old manufacturing areas = 2000 **blighted areas**



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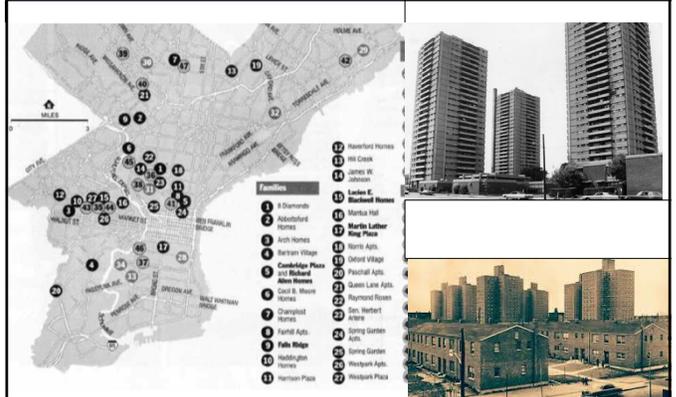
### Compounded by "redlining" Denial of home financing by geography, building type & race



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### Public responses: Federally funded affordable housing



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**Housing Act of 1937:**  
Publicly owned, managed & subsidized rental housing:  
Initially for working class households; High-rise



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**Mid-rise: 3-story:**  
demolition, clearance & new construction  
As working class departed, served lower-income



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**HOPE 6: 1990s Clinton, replaced high-density public housing with mixed-income, lower-density developments to reduce concentrated poverty.**



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**Both ownership & rental housing: row house**



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Semi-suburban style.



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Hope 6 program discontinued in 2003



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1949 Urban renewal programs ended in 1972-1973  
1974 Community Development Block Grant Act (CDBG)

- Allocation to the City, which then administered programs
- Loans & grants to existing low-moderate income homeowners (preservation oriented)
- Streetscape improvements
- Retail commercial corridor revitalization
- Neighborhood Advisory Committees
- Section 8 rental housing

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Rental housing

1974 Housing & Community Development act (CDBG)

Section 8 of the 1937 act, (as amended). *Privately owned, publicly subsidized*

**New Construction & Substantial Rehabilitation** Provided rental assistance for newly constructed or substantially rehabilitated privately owned rental housing financed with any type of construction or permanent financing. Maximum term of assistance provided by HUD under the New Construction & Substantial Rehabilitation Programs for a project financed with the proceeds of a loan insured by FHA was 40 years, then reduced to 20 years; Created a mechanism for private developers to build & manage affordable housing – guaranteed rent stream

**Moderate rehab** = 10 years;

**Existing** = 1 year (vouchers)

Congress stopped funding new project-based Section 8 rental assistance contracts in 1983. Replaced by vouchers only. ( Tenant pays no more than 30% of their income towards rent)

Primary form of assistance provided under Section 8, although over 1 million units still receive project-based assistance under their original contracts or renewals of those contracts

No longer a national funding source to support long-term financing of affordable housing

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## The [Philadelphia Housing Authority \(PHA\)](https://www.pha.phila.gov/)

[www.pha.phila.gov/](https://www.pha.phila.gov/)



Owns/operates 13,000 public housing units in Philadelphia.

In addition to these units, PHA manages nearly 20,000 [Housing Choice Vouchers](#) (Section 8), serving a total of over 81,000 residents with affordable housing.

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## Mixed income development: ground lease to Alterra

### Center City affordable housing project to break ground in 2026

After a decade of delays, the 14-story, mixed-income tower on Chestnut Street will occupy the site of the former PHA headquarters.



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- PHA Operating & Capital Funding: \$467 million annually.

- PHA Capital Fund: Approximately \$56.5 million.

- Homeless Services: \$37.4 million.

Philadelphia pieces together state & city funds, such as \$120.3 million from PA Whole-Home Repairs program.

Mayor working on an \$800 million local bond issue

- [Low-Income Housing Tax Credits](#) (LIHTC): Over \$8 million for new projects.

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## Low-Income Housing Tax Credit (LIHTC)

<https://www.huduser.gov/portal/datasets/lihtc.html>

- Created by the Tax Reform Act of 1986, the LIHTC program gives [State and local LIHTC-allocating agencies](#) the equivalent of \$10.5 billion in annual budget authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households.

- It operates as a **public-private partnership** where the government provides tax incentives to private developers and investors in exchange for keeping rents affordable for low-income tenants.

- the primary federal tool for creating affordable rental housing.

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### How the Process Works

•Federal Allocation: IRS allocates tax credits to state housing finance agencies (HFAs) based on population. Credits against taxable income.

•State Distribution: Developers compete for credits by submitting proposals to state HFAs, which award them based on a Qualified Allocation Plan

•Raising Equity: Most developers do not have enough tax liability to use the credits themselves. They "sell" or syndicate credits to investors (typically large banks or corporations) in exchange for cash (equity).

•This equity reduces the developer's need for high-interest loans, lowering their overall costs. This allows them to charge below-market rents while still maintaining financial viability.

Rents are capped at 30% of the calculated income for households in the area – the Area Median Income (AMI),

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### How the Process Works

Owners must meet federal affordability tests:

- 20% of units for tenants at or below 50% of Area Median Income (AMI). or
- 40% of units for tenants at or below 60% of AMI.

•In Philadelphia (2025), a 2-bedroom unit might be capped at 30% of the 3-person household income at 50% AMI, which was \$53,750.

•  $\$53,750/12 \text{ months} \times 30\% = \text{max rent } \$1,344 \text{ per month}$

• Rent is tied to the ability to pay not the cost to deliver the unit; LIHTC makes up the difference

*Trend since 1970s is to reduce public funding & to increase incentives to bring private developers & financing to the table*

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