

Philadelphia Housing Trust Fund Questions and Answers

A coalition of more than 100 organizations led by the Philadelphia Association of Community Development Corporations, ACORN, and the Philadelphia Affordable Housing Coalition is proposing a Housing Trust Fund for Philadelphia. The Housing Trust Fund will:

- create and preserve affordable and accessible housing for low and moderate income Philadelphians;
- revitalize neighborhoods by building houses, fixing up vacant buildings, and repairing homes;
- leverage outside funds into Philadelphia.

What Is A Housing Trust Fund?

A Housing Trust Fund is a dedicated funding source that is set aside for the housing needs of a community. Housing Trust Funds build affordable housing, repair homes, and help families become first-time homeowners. The first Housing Trust Funds were established in the late 1970s. Currently, there are over 350 Housing Trust Funds across the country, including 53 in Pennsylvania, raising a total of more than \$750 million a year.

Why Does Philadelphia Need A Housing Trust Fund?

Philadelphia is in a housing crisis. Our city is struggling with abandoned housing, disinvestment, and loss of people and jobs. We have more than 60,000 abandoned properties in our neighborhoods. Many homeowners, particularly seniors, need basic home repairs. Almost 130,000 Philadelphia households have an annual income below \$20,000 *and* pay more than they can afford on housing. More than 31,000 households are living in overcrowded conditions, and the demand for affordable housing outruns the supply by at least 60,000 homes.

Right now, the City is losing outside funds for housing because we don't have enough local resources to leverage these funds. Of the seven largest cities in the country, only Philadelphia and Houston do not invest significant local resources in housing production. Our reliance on declining federal support has left us increasingly unable to address our increasingly severe housing problems.

What Will the Housing Trust Fund Do?

The Housing Trust Fund will increase housing production in Philadelphia by 60 percent, creating about 275 more homes each year. It will assist more than 900 homeowners per year with home repairs and prevent nearly 1,000 families each year from becoming homeless. The Trust Fund's investment in our neighborhoods will encourage mixed-income communities and strengthen property values. By building new homes and repairing existing housing, the Housing Trust Fund will complement Mayor Street's Neighborhood Transformation Initiative.

The Trust Fund will support affordable rental housing and mixed-income homeownership. It will increase the supply of accessible and visitable housing and produce and preserve low and moderate-income housing, affordable to families at or below 115% of the Area Median Income (\$78,000 for a family of four). Half of the Trust Fund will be used to help households with incomes at or below 30% of the Area Median Income, or \$20,000 for a family of four. The Trust Fund will have an economic impact of about \$85 million per year.

How Will We Pay for a Housing Trust Fund?

Like 53 other counties around the state, Philadelphia will support its Housing Trust Fund through a surcharge on document recording fees, expected to raise nearly \$15 million per year. In addition, \$1.5 million in NTI funds has already been committed to the Trust Fund. By the end of 2005, the Trust Fund Oversight Board will thoroughly study the housing funding needs of Philadelphia and recommend additional funding sources.

Philadelphia should join the rest of Pennsylvania and the rest of the country in establishing a Housing Trust Fund. Our city's housing crisis can't wait!