DEVELOPMENT WITHOUT DISPLACEMENT

KEEPING COMMUNITIES STRONG
EXECUTIVE SUMMARY

THE PROBLEM

- After years of declining population, Philadelphia is becoming a more desirable place to live. But as the housing market rebounds the effects of gentrification are displacing long-term residents.

- The overwhelming majority (77%) of new market rate housing built in the past five years is located in portions of North Philadelphia, South Philadelphia, and West Philadelphia. In these neighborhoods, rising housing costs coupled with stagnant or declining household incomes are straining low-income families’ ability to stay in their homes. (See map and graph below)

- While some see increased development and rising prices as signs of progress, for too many of us it has meant that we cannot afford to stay in our own community. Families, businesses, institutions, and gardens are being displaced and forced to leave.

WHERE IS GENTRIFICATION AT WORK IN PHILADELPHIA?

IN THESE PLACES, RISING HOUSING COSTS COUPLED WITH STAGNANT OR DECLINING INCOMES PUT LOW-INCOME FAMILIES AT RISK OF DISPLACEMENT

CHANGE IN INCOME VERSUS HOUSING COSTS 2000-2012

- Median Household Income
- Median Gross Rent
- Median Home Sale Price

*adjusted to 2012 dollars

- North Philly: +200%
- South Philly: +184%
- West Philly: +98%

- +27% +4% +19%

- -6% +18% -11%
THE COSTS

• Rising housing costs in gentrifying neighborhoods exact real costs in the lives of Philadelphia families.
  • In North, South, and West Philadelphia:
    • 50% of renter households are “housing cost-burdened,” paying more than they can afford for their rent.
    • And, over 30% of homeowners are also spending too much of their income on housing.
  • Displacement due to rising housing costs is threatening the diversity of our neighborhoods.
    • In North, South, and West Philadelphia, the African American population has dropped 22-29% since 2000.
  • Long-term residents are forced to move away from jobs and social networks. Neighborhood-serving businesses are forced to close as commercial rents increase, leaving many residents without access to basic services and local living-wage jobs.
  • Community gardens and farms that have been sources of affordable nutrition and places where people gather are up-rooted.

WHAT NEEDS TO BE DONE

• City government must take action to curb the displacement that is destabilizing our communities. This requires adopting public policy that encourages equitable development that is inclusive of all of us.

• As a first step, City Council must pass legislation that requires developers who buy and sell houses within two years to pay an anti-speculation fee.
  • By increasing the Realty Transfer Tax by 1.5% we could generate $12 million for the Housing Trust Fund EVERY YEAR!

• City Council must also explore other revenue sources and progressive policy opportunities to sustain affordability and grow our access to affordable, accessible housing and green space.

WHAT IS GENTRIFICATION?

The transformation of low-income and working class neighborhoods, driving up housing and other real estate prices and causing the displacement of long-term residents, businesses, and institutions.

WHAT DOES HOUSING COST-BURDENED MEAN?

Households that are forced to spend 30% or more of their income on housing, which severely limits their ability to afford other basic needs.
NEW DEVELOPMENT MAY BE POSITIVE IN MANY PHILADELPHIA NEIGHBORHOODS, BUT THE CITY CANNOT ALLOW DEVELOPMENT TO PROCEED UNCHECKED

After years of population decline, Philadelphia is once again becoming a more desirable place to live. There is increased development in many neighborhoods, which has resulted in a rise in property values and in the cost of living. While this development can improve Philadelphia’s neighborhoods, the changes that accompany new development have forced too many of us out of our communities. We have made an investment in Philadelphia and in our neighborhoods, and we have a right to stay in the communities we call home. In addition, Philadelphia is among the nation’s poorest major cities – home to a large population of seniors, disabled individuals, and working families living below the poverty line. Displacement has disproportionately affected these populations, and in Philadelphia’s gentrifying neighborhoods, the stability and diversity of communities are under threat.

RAPID REDEVELOPMENT AFOOT IN PHILADELPHIA

In 2013, developers received building permits for more than 2,800 units of housing, more than any year in the previous decade.

The value of those units, estimated at $465 million, was the highest annual amount on record.¹ The pace of residential real estate activity continues to climb.²
IS YOUR NEIGHBORHOOD GENTRIFIED, GENTRIFYING, OR AT RISK?

The vast majority (77%) of the homes built or rehabbed in the past five years are concentrated in three clusters of neighborhoods (see map below) that ring Center City in South Philadelphia, North Philadelphia, and West Philadelphia. Many of these neighborhoods had experienced decades of disinvestment. Blight was rampant, and our communities were in need of revitalization. Depressed housing prices coupled with proximity to Center City, jobs, and transit, drew speculators to the neighborhoods that we call home – the communities where we live, where we shop, where we worship, where we put down roots.

WEST PHILADELPHIA
Powelton Village
Mantua
Belmont
West Powelton
Saunders Park
Spruce Hill
Cedar Park

SOUTH PHILADELPHIA
South of South
Point Breeze
Grays Ferry
Bella Vista
Hawthorne
Queen Village
Passyunk Square
Pennsport
Dickinson Narrows

NORTH PHILADELPHIA
North Central
Yorktown
Francisville
Fairmount
Brewerytown
Cecil B. Moore
Poplar
Northern Liberties
Fishtown
Kensington South
Norris Square
Port Richmond
WHEN HOUSING COSTS CHANGE QUICKLY, FAMILIES STRUGGLE TO STAY IN THEIR NEIGHBORHOODS

Citywide, and in our neighborhoods, change in household income has not kept pace with changing housing costs. Between 2000 and 2012, the City’s Median Household Income decreased by 13% while the Median Gross Rent increased by 15%¹ and the Median Home Sale Price increased by 51%.²

More than 240,000 households citywide (40% of all households) are forced to spend 30% or more of their income on housing. These households are “housing cost-burdened,” which means that the proportion of income spent on housing limits their ability to afford other basic needs. More and more of our neighbors, particularly those who rent, find themselves in this situation, struggling to make ends meet.

- **52%** of renter households were housing cost-burdened in 2012, compared to **42%** in 2000
- **33%** of owner households were housing cost-burdened in 2012, compared to **25%** in 2000³

THE PERCENTAGE OF COST-BURDENED HOUSEHOLDS IS ON THE RISE ACROSS THE CITY

<table>
<thead>
<tr>
<th>PHILADELPHIA CITY COUNCIL DISTRICT</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>CITYWIDE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CITY COUNCIL MEMBER</td>
<td>Squilla</td>
<td>Johnson</td>
<td>Blackwell</td>
<td>Jones</td>
<td>Clarke</td>
<td>Henon</td>
<td>Quiñones-Sánchez</td>
<td>Bass</td>
<td>Tasco</td>
<td>O’Neill</td>
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<tr>
<td>RENTER HOUSEHOLDS</td>
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</tr>
<tr>
<td>Cost-Burdened in 2000</td>
<td>39%</td>
<td>45%</td>
<td>47%</td>
<td>40%</td>
<td>40%</td>
<td>37%</td>
<td>42%</td>
<td>44%</td>
<td>43%</td>
<td>49%</td>
<td>42%</td>
</tr>
<tr>
<td>Cost-Burdened in 2012</td>
<td>48%</td>
<td>48%</td>
<td>54%</td>
<td>48%</td>
<td>49%</td>
<td>56%</td>
<td>62%</td>
<td>53%</td>
<td>56%</td>
<td>47%</td>
<td>52%</td>
</tr>
<tr>
<td>Percent Change</td>
<td>+10%</td>
<td>+3%</td>
<td>+7%</td>
<td>+8%</td>
<td>+9%</td>
<td>+19%</td>
<td>+20%</td>
<td>+9%</td>
<td>+13%</td>
<td>-2%</td>
<td>+10%</td>
</tr>
<tr>
<td>OWNER HOUSEHOLDS</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost-Burdened in 2000</td>
<td>25%</td>
<td>27%</td>
<td>27%</td>
<td>24%</td>
<td>24%</td>
<td>22%</td>
<td>29%</td>
<td>25%</td>
<td>25%</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>Cost-Burdened in 2012</td>
<td>30%</td>
<td>35%</td>
<td>34%</td>
<td>30%</td>
<td>31%</td>
<td>31%</td>
<td>39%</td>
<td>32%</td>
<td>36%</td>
<td>30%</td>
<td>33%</td>
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<tr>
<td>Percent Change</td>
<td>+5%</td>
<td>+8%</td>
<td>+6%</td>
<td>+6%</td>
<td>+7%</td>
<td>+9%</td>
<td>+10%</td>
<td>+7%</td>
<td>+11%</td>
<td>+10%</td>
<td>+8%</td>
</tr>
</tbody>
</table>

Sources: 2000 U.S. Census, and 2008-2012 American Community Survey 5-Year Estimates
Between 2000 and 2012, the Median Gross Rent in North Philadelphia increased 27%, at nearly twice the citywide rate of 15%.\(^6\)

Between 2000 and 2012,\(^7\) the increase in Median Residential Sale Prices in the gentrifying portions of West, South, and North Philadelphia exponentially exceeded the citywide rate of 51%:

- West Philadelphia's median sale price increased 98%, at nearly twice the citywide rate
- South Philadelphia's median sale price increased 184%, more than three times the citywide rate
- North Philadelphia's median sale price increased 200%, nearly four times the citywide rate\(^8\)

**CHANGE IN INCOME VERSUS HOUSING COSTS**

<table>
<thead>
<tr>
<th>CITYWIDE</th>
<th>NORTH PHILLY</th>
<th>SOUTH PHILLY</th>
<th>WEST PHILLY</th>
</tr>
</thead>
<tbody>
<tr>
<td>-13%</td>
<td>+200%</td>
<td>+184%</td>
<td>+98%</td>
</tr>
<tr>
<td>+15%</td>
<td>+50%</td>
<td>+4%</td>
<td></td>
</tr>
<tr>
<td>-6%</td>
<td>+27%</td>
<td>+19%</td>
<td></td>
</tr>
</tbody>
</table>

Sources: 2000 U.S. Census, 2008-2012 American Community Survey 5-Year Estimates, and data from the City of Philadelphia Office of Property Assessment
In our neighborhoods, long-term residents, businesses, green spaces, community institutions, and people of color are being displaced.

Between 2000 and 2012, the African American population in the gentrifying areas of South and West Philadelphia decreased by 29%; in North Philadelphia, the African American population decreased by 22%. In all three areas, the Caucasian population increased.

Sources: 2000 U.S. Census and 2008-2012 American Community Survey 5-Year Estimates
WE NEED RESOURCES TO BUILD AFFORDABLE HOUSING AND HELP LONG-TERM RESIDENTS STAY IN THEIR HOMES

THE REAL COSTS OF GENTRIFICATION

ESCALATING HOUSING COSTS FORCE LIFE-LONG RESIDENTS OUT OF THE COMMUNITIES THAT THEY HAVE ALWAYS CALLED HOME

THE CHALLENGE OF STAYING HOME

DENA SALLEY, a life-long resident of North Philly

Dena Salley was born and raised near Temple University. She identifies as a woman in recovery, and works full time at a window manufacturing company. It’s a good paying job, but she can’t afford to compete with Temple students for housing in her neighborhood, where a modest apartment can rent for more than $1,500 a month.

After the rent on Dena’s one-bedroom apartment rose more than 30% in four years, she had to leave her community in search of affordable housing. Dena’s neighborhood is redeveloping, but she can’t live there anymore.

“MY HUSBAND AND I ARE TWO PEOPLE. TEMPLE STUDENTS SPLIT THE RENT UP THREE, FOUR DIFFERENT WAYS.”
MARKET PRESSURES ARE SHUTTERING FAMILY BUSINESSES THAT SERVE WORKING CLASS CUSTOMERS

THE CHALLENGE OF STAYING IN BUSINESS

JAWAD PRINCE and THE GOLD CENTER at The Gallery

For the past nine years, Jawad Prince and his family have operated the Gold Center, a jewelry cart at The Gallery mall on East Market Street. In February 2015 their lease was canceled by the Gallery’s owner who is readying the mall for a $107 million investment and major renovations. Not all businesses are having their leases terminated; only the mom-and-pop vendors and other businesses that serve ordinary Philadelphians are being shuttered in preparation for a more upscale shopping venue.

Jawad’s father started the Gold Center in 2005 after learning the business from another jewelry vendor at The Gallery. Now Jawad is scrambling to find a new location for the business, a business which sustains his whole family.

There are a lot of changes happening on this end of Center City. Displaced businesses are being forced out of more central locations in order to make way for higher-end stores. It’s not only the mom-and-pop businesses that will be displaced, but also their customers who cannot afford the brand-name goods that will be sold by upscale retailers.

“THEY JUST WANT TO CHANGE UP THIS CROWD AND BRING IN HIGH-END CLIENTELE.”

WE NEED RESOURCES TO SUPPORT SMALL BUSINESSES THAT SERVE WORKING CLASS CUSTOMERS
After 17 years of gardening at the Kailo Mantua Community Garden, Khenti Pratt did not expect that she would have just a few months to relocate her garden after a zoning notice suddenly appeared next door. At a zoning meeting she learned that the City was selling the land out from under the garden to a private developer of student housing.

Founded in 1996 by Khenti and her neighbor who worked next door at the Kailo Assisted Living Facility, the Kailo Mantua Community Garden transformed a blighted neighborhood lot into a vegetable and medicinal herb garden that fed and healed the neighborhood.

To try to save the garden, Khenti visited her councilperson’s office. “We overwhelmed them with proof of our 17 years tending the garden. We gave them press releases, mural project receipts, attendance sheets from children’s classes, garden awards, and a petition from the neighbors of approximately 200 signatures.” But it wasn’t enough to save the garden.

In spring 2014, the garden uprooted its perennials to make way for the 6-unit apartment building that stands there today.
We need to preserve affordability in gentrifying neighborhoods by generating new resources so that people committed to and invested in our communities can afford to stay. With the right mix of policies we can create affordable homes, new jobs, and urban farms that will sustain diverse and healthy neighborhoods.

WHAT IS THE HOUSING TRUST FUND?
The PHILADELPHIA HOUSING TRUST FUND was established after strong organizing work by community advocates looking for consistent funds to support affordability. Now entering its 10th year, the Housing Trust Fund has been supporting development of new affordable homes, repair of existing homes, and prevention of foreclosure and homelessness. The Trust Fund has provided housing opportunities to more than 14,000 low- and moderate-income families, seniors, disabled, and homeless people.

www.philadelphiahousingtrustfund.org

In 2013, more than 6,000 real estate transactions in the City were repeat sales of properties that had previously been sold at least once within the prior 24 months. The transaction value of these repeat property sales totaled an estimated $782 million, yielding almost $24 million in realty transfer tax dollars for the City and $8 million for the Commonwealth of Pennsylvania.

The Anti-Speculation Tax would only apply to properties, like the 6,000 in 2013, that sell more than once within a two-year timeframe, and would be assessed only to a property’s second or subsequent sale within that window of time. A 1.5% increase to the Realty Transfer Tax rate on repeat-sale properties would generate an estimated additional $12 million for Housing Trust Fund activities each year.
The proposed Anti-Speculation Tax would raise roughly $12 million in resources for the Philadelphia Housing Trust Fund per year.

As detailed in the table below, the Philadelphia Housing Trust Fund could use the $12 million dollars to support:

- **240 units** of newly-constructed affordable rental apartments **AND**
- **150 existing homeowners** seeking critical improvements through the Basic Systems Repair Program **AND**
- **90 home rehabilitations** through the Adaptive Modifications Program **AND**
- **272 households** facing homelessness receiving utility and mortgage assistance **AND**
- **240 grants for capital improvements** and infrastructure in community gardens and food-producing green spaces

**... EVERY YEAR!**

Estimates of unit production, renovation, and garden grants per year are based upon the following funding assumptions:

<table>
<thead>
<tr>
<th>INVESTMENT BY PHILADELPHIA HOUSING TRUST FUND</th>
<th>ALLOCATION</th>
<th>PERCENT OF NEW DOLLARS</th>
<th>COST</th>
<th>HOMES &amp; GARDENS PER YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>New affordable rental apartments</td>
<td>$6,000,000</td>
<td>50%</td>
<td>$25,000 subsidy/home</td>
<td>240</td>
</tr>
<tr>
<td>Home repairs through Basic Systems Repair Program</td>
<td>$1,200,000</td>
<td>10%</td>
<td>$8,000/home</td>
<td>150</td>
</tr>
<tr>
<td>Home rehabs through Adaptive Modifications Program</td>
<td>$1,800,000</td>
<td>15%</td>
<td>$20,000/home</td>
<td>90</td>
</tr>
<tr>
<td>Homelessness prevention</td>
<td>$600,000</td>
<td>5%</td>
<td>$2,200/grant for utility or mortgage assistance</td>
<td>272</td>
</tr>
<tr>
<td>Grants for community gardens &amp; food-producing green spaces</td>
<td>$2,400,000</td>
<td>20%</td>
<td>$10,000/capital improvement grant</td>
<td>240</td>
</tr>
<tr>
<td><strong>TOTAL ANNUAL ESTIMATED ANTI-SPECULATION TAX REVENUE</strong></td>
<td><strong>$12,000,000</strong></td>
<td><strong>100%</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
We call On Philadelphia’s Elected Officials to:

• Pass Anti-Speculation legislation that would generate additional resources for the Philadelphia Housing Trust Fund by increasing the Realty Transfer Tax rate by 1.5% (from 4% to 5.5%) for repeat sale properties that sell more than once within 24 months.

• Explore other revenue streams and progressive policies to capture the benefits of growth at work in our city and ensure that people of all incomes can afford to live and feed their families in Philadelphia for decades to come, such as:
  • Ensuring that a significant percentage of Housing Trust Fund awards include NEW PRODUCTION OF RENTAL HOMES for families earning 30% of Area Median Income (AMI) or less
  • PRIORITY for project funding given to preserving long-term affordability through mechanisms such as COMMUNITY LAND TRUSTS
  • Providing $2 million annually in general fund support to the Housing Trust Fund
  • Strengthening our inclusionary zoning law to create incentives for developers to provide in lieu payments to the Housing Trust Fund

As Coalition Members and Allies We Will:

• Continue to organize, mobilize, and make our voices heard to achieve our vision for Philadelphia to be a city where every neighborhood has economic and racial diversity, affordable, accessible housing options, local businesses that provide good jobs, and access to fresh, local, and healthy food and green space.
The members of the Philadelphian Coalition for Affordable Communities (PCAC), have long been advocates of the idea that fairness is central to Philadelphia’s ability to rebuild and evolve as an equitable city of diverse neighborhoods.

Together, we helped create a strong Philadelphia Housing Trust Fund that dedicates 50% of its proceeds to improving housing options for families earning less than $20,000 per year.

Together, we fought to ensure that the new Philadelphia Land Bank must provide land to create affordable and accessible housing, and space for food production and job creation.

We have an Achievable Vision for our city. As a coalition of people who are most directly impacted by the affordable, accessible housing crisis, and without enough access to green space, we know best what our city needs. We envision a Philadelphia where every neighborhood has:

- Economic and racial diversity,
- Affordable, accessible housing options,
- Local businesses that provide good jobs, and
- Access to fresh, local, healthy food and green space.

We invite you to join our campaign for Development Without Displacement.

www.phillyaffordablecommunities.org

END NOTES

4 Residential sale price data from the Office of Property Assessment.
6 Ibid.
7 Statistics reflecting change in Median Residential Sale Price compare sales occurring between 2000-2002 with sales occurring between 2012-2014 to ensure a sufficient number of sales with which to measure change.
8 Residential sale price data from the Office of Property Assessment.
10 The City of Philadelphia currently assesses a 4% Realty Transfer Tax on all properties at the time of sale, 3% for the City and 1% for the Commonwealth of Pennsylvania.
11 “Analyses in Support of Proposed Equitable Development Recommendations.” Econsult Solutions. 10 July 2014. These figures are based on current activity levels, which is based on an assumption that may or may not be true that there are no behavioral changes in response to the introduction of the fee.
ABOUT THE PHILADELPHIA COALITION FOR AFFORDABLE COMMUNITIES

The Philadelphia Coalition For Affordable Communities (PCAC) is a coalition of community, disability, faith, labor, and urban agriculture organizations that have joined together to pass a series of laws that will expand and protect affordability in neighborhoods undergoing gentrification.

Through our Development without Displacement campaign, we are working together to keep communities strong.

CURRENT COALITION MEMBERS
Our coalition is growing. For an up to date list of coalition members or to join, please visit our website at: phillyaffordablecommunities.org

• ACT UP
• Advocates for the West Fairhill Community
• AFSCME District Council 47
• All that Philly Jazz
• Arab American CDC
• Bese Saka
• Circle of Hope
• Disabled In Action
• East Park Revitalization Alliance
• Farm to City, LLC
• Firm Hope Baptist Church
• Habitat for Humanity Philadelphia
• Healthy Foods Green Spaces
• Housing Alliance of Pennsylvania
• Kensington Renewal
• Liberty Resources
• My Place Germantown
• Maypop Collective for Climate and Economic Justice
• One Art Oasis
• People’s Emergency Center
• Philadelphia Area Cooperative Alliance
• Philadelphia Jobs With Justice
• Philadelphia Orchard Project
• Point Breeze Organizing Committee
• Poor People’s Economic Human Rights Campaign
• SEIU Healthcare Pennsylvania
• Southwest CDC
• The Simple Way
• Simple Homes
• Snyderville CDC
• United Communities Southeast Philadelphia
• United Food and Commercial Workers
• United Home Care Workers of Pennsylvania
• Viola Street Residents Association
• Women’s Community Revitalization Project

FOR MORE INFORMATION OR TO GET INVOLVED, CONTACT:

215.600.1571
@phillystaysput

www.phillyaffordablecommunities.org