



# City of Philadelphia

## Reliably Funding the Housing Action Plan

### Philadelphia's Housing Action Plan

- Later this fall the Department of Planning and Development, in conjunction with the Housing Advisory Board, will release its first *Philadelphia Housing Action Plan*.
- The Plan has been in development since early 2018.
- The plan will include clear goals and strategies to address the issue of housing affordability in Philadelphia and help the City better manage the growth we have experienced over the past several years.
- These strategies will include opportunities to use City dollars to leverage other sources of funding where possible.

While the plan is being finalized, the City is at a point where we can choose the best way to fund these strategies with reliable, recurring revenue. The Mayor's proposal is to fund these strategies by diverting revenue projected in the FY19-FY23 Five Year Plan from newly taxable properties returning from the 10-year tax abatement to the Housing Trust Fund. This funding would be appropriated annually and would result in over \$50m in new revenue for the Trust Fund over the next five years without raising taxes or imposing a new tax.

### Mayor's Proposal to Reliably Fund the Housing Action Plan

- Use new Real Estate tax revenue coming in the first year that a property comes off the tax abatement.
- Provide payment to the Housing Trust Fund annually.
- City to make full payment so no negative impact on the School District.
- No additional cost to administer.
- Appropriated every year as part of the City budget process and based on projections in the FY19-FY23 Five Year Plan so numbers are predictable.

	FY19	FY20	FY21	FY22	FY23	Total
Estimated Annual Revenue	\$19,131,000	\$9,119,000	\$8,402,000	\$7,544,000	\$8,770,000	\$52,966,000

## Construction Impact Tax

- New, untested revenue source that that will need to be administered differently than existing taxes and building permit fees.
- Requires significant audit function as there is incentive for taxpayers to underreport.
- Could possibly result in more work being done without building permits.
- Exemptions for non-profit development and for development in Keystone Opportunity Zones.

	FY19	FY20	FY21	FY22	FY23	Total
Estimated Annual Revenue	\$4,843,068	\$9,407,113	\$9,030,828	\$8,669,595	\$8,322,811	\$40,273,415
Estimated costs to administer	\$3,980,025	\$3,035,725	\$2,888,725	\$2,888,725	\$2,938,725	\$15,731,925
Net	<b>\$863,043</b>	<b>\$6,371,388</b>	<b>\$6,142,103</b>	<b>\$5,780,870</b>	<b>\$5,384,086</b>	<b>\$24,541,490</b>