

A Half-step Forward on Inclusionary Housing

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Daily News
November, 2006

Council members Clarke, Goode, DiCicco, Ramos, Reynolds Brown, Blackwell, and Miller recently introduced legislation to bring Inclusionary Housing to Philadelphia, just a few months after advocates first raised the issue. The question, however, is whether their legislation goes far enough in serving the Philadelphians who are suffering the most from our affordable housing crisis.

Inclusionary Housing policies take advantage of rapid market rate housing development—the kind we have seen in our city in recent years—to provide affordable housing to those left out of the private market. An inclusionary housing program mandates that developers who receive a tax abatement or other benefits from the city—as all do in Philadelphia right now—build affordable housing.

The bill introduced into Council has a number of good features. It requires those who build developments of 20 units or more to set aside 10% of those units for affordable housing on-site or provide housing equal to 15% of those units in another, off-site location. It mandates that affordable housing units be equivalent in quality of construction, bedroom mix, or size to other units.

But the bill as drafted falls short. Rather than providing housing for those most in need, it helps those whose incomes fall in the highest 25% in the city.

The bill aims to provide housing for Philadelphians making between 80% and 150% of the average median income (AMI) in the region. That translates into an income of between \$55,000 and \$103,000 for a family of four.

However, over 30% of households in Philadelphia have an income under \$20,000 and almost 70% have an income under \$50,000. The bill in Council will do nothing for the majority of Philadelphians.

Those who make under \$20,000 particularly suffer from a lack of affordable housing—there is a shortage of 60,000 homes for households in this group.

At a time when the income differential between rich and poor is rapidly increasing, many people are unaware that the workers on whom we depend make wages so low that they are affected by the affordable housing gap. The average barber, bartender, home health aid, security guard, retail salesperson, teaching assistant, and taxi driver all make less than \$20,000. Inclusionary

housing will remain mostly exclusive until it reaches to those at 30% AMI (an income of \$20,640) and below.

Why have some council members set the eligibility levels for affordable housing so high? One reason might be that they are misled by the area median income statistics, which include large parts of the suburbs. The median family income in the region is \$68,800, far higher than the cities' actual median family income of \$37,036.

Some council members may also worry that housing costs are driving middle and higher income people from the city. But crime and education are a much more likely cause of middle income people leaving the city. The real housing crisis afflicts the low and middle-income people.

There are other problematic features of the bill. The affordable housing crisis is so serious that we think it's important developers be given the option of contributing to an affordable housing fund in lieu of building affordable units. This would provide funds for housing rehabilitation and repair as well as new housing construction.

Another problem is that this bill misses an opportunity to use inclusionary housing to create economically integrated neighborhoods that mitigate the social problems found in overwhelmingly poor communities. It fails to require off-site affordable housing to be built in the same neighborhoods where the market rate units are built.

Another problem is that the bill allows affordable housing units to return to market prices after only ten years. This doesn't give people time to buy their new houses. In other cities, Inclusionary Housing programs create housing that is affordable for 99 years or permanently.

The bill also does not provide incentives for developers to provide affordable housing. A flexible program that gives developers an incentive that they can accept or reject is more likely to encourage them to create both market rate and affordable housing.

Finally, the bill does not take into account the vagaries of the Philadelphia housing market. When it comes to inclusionary housing—and most likely the tax abatement itself—the time has passed when it makes sense to treat Center City and other parts of the city in exactly the same way.

So from the perspective of the Philadelphia Coalition for Housing Justice, it is good that inclusionary housing has moved from an idea to a bill in a short period of time. That gives us more time to work with City Council to craft a bill that does a better job at meeting the affordable housing crisis in Philadelphia.

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