



The People's Economic Forum

People Taking Control of the Economy

Part 1: Affordable Housing

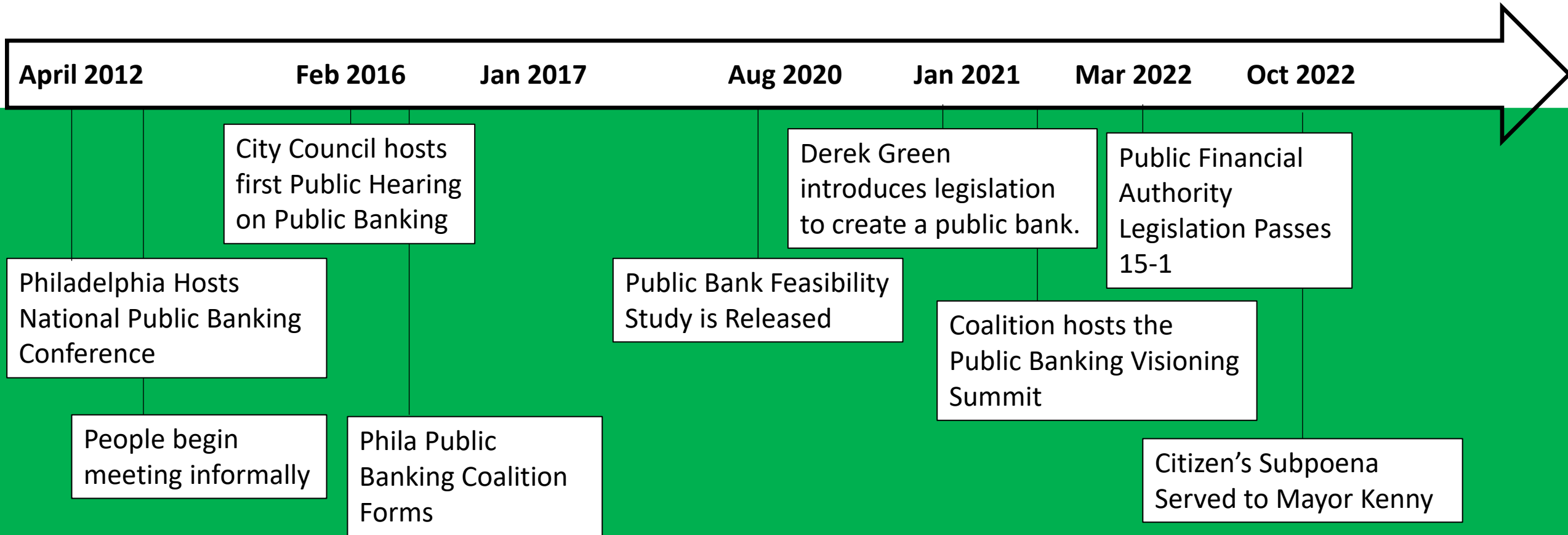
November 17, 2022

7pm

Sponsored by

**The Philadelphia Public Banking Coalition &
Philly Neighborhood Networks**

Philadelphia Public Banking Movement



Part 1: Addressing the Housing Crisis

Emcee
Vanessa Lowe



Topic	Speaker
Keynote: Housing Crisis in Philadelphia & Persistent Disinvestment	Reverend Holston
Centering Local Philadelphia Context	Gail Loney
Private Equity & Foreclosure Pipeline to Investors	Sofia Lopez
Financial Landscape for Affordable Housing *(Q&A)	Dina Schlossberg
Legislative Update from City Council	Jaimie Gauthier
Community Land Trusts	Dan Hoffman
Cooperative Models *(Q&A)	Brad Forbes

****Submit your Questions into the Chat for Q&A with all the panelists!***

Housing Crisis and Chronic Disinvestment

Reverend Holston Philadelphia District Attorney's Office



Reverend Gregory Holston is the Philadelphia District Attorney's Office senior advisor on advocacy and policy.

He is also chairman of the Criminal Justice Reform and Violence Prevention Committee for The Black Clergy of Philadelphia and Vicinity.

Reverend Holston was formerly Executive Director of POWER and pastor at Janes Memorial United Methodist Church in Germantown.

Gail Loney

Philly Neighborhood Networks



Growing up with a chronic illness in North Central where she still resides, Gail had a career in banking and financial compliance spanning 30 plus years. Gail then reinvented herself as a community activist focusing on Housing and Land Justice issues.

She now serves as a member of the Executive Committee for Philly Neighborhood Networks.

She is the founding member of Stadium Stompers, who took on Temple University's land grab in North Philly.

Private Equity and Foreclosure Pipeline

Sofia Lopez,
Action Center on Race and
the Economy



Sofia works to expose how the financial and real estate sectors extract maximum profit from communities of color through housing and use their wealth to wield immense political power at the local and national level.

Sofia is based in San Antonio and holds a Master of City Planning from MIT and a BA from Swarthmore College.

People's Economic Forum

Sofia Lopez, Action Center on Race and the Economy
Nov. 17, 2022

Financialization of Housing

Financialization is the expansion of the finance industry's influence into our everyday lives through private ownership, debt, and control over industries, services, and our political system.

Corporate Landlords

“Corporate landlords” are among the largest real estate players in the US, and are focused on growing profits through increases in rent and fees, cuts to maintenance, evictions, and expanding their portfolios using public and private finance.

Private Equity

Private equity firms are companies that pool money from investors—such as pension funds, insurance companies, endowments from universities or foundations, and high net worth individuals—to buy other companies. These sources of investment capital are pooled into private funds that are not subject to public disclosures and as a result much less accountability or oversight.

How did we get here?

IDENTIFYING RENTAL PROPERTIES AND LANDLORDS



Table 1

Philadelphia Rental Properties and Landlords

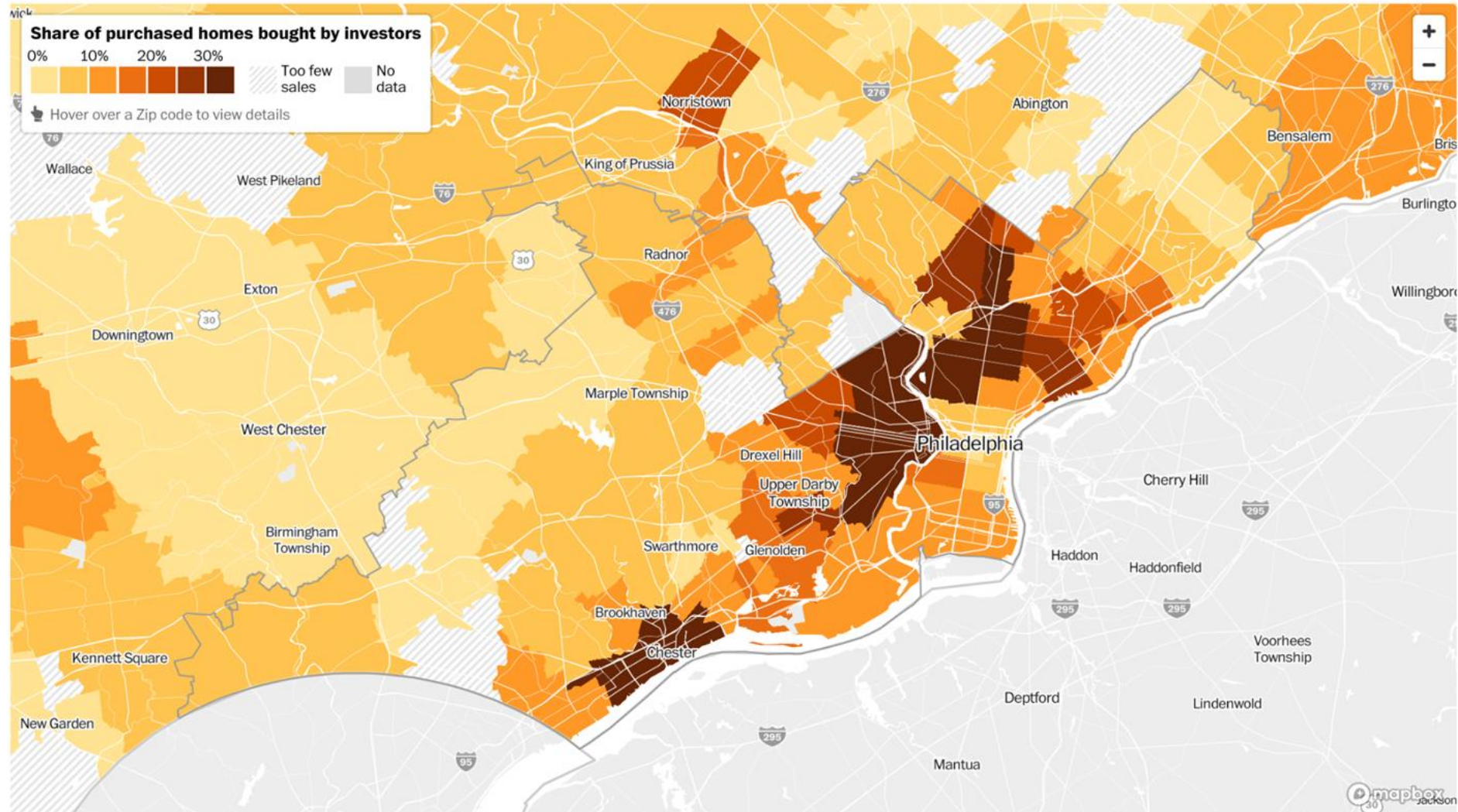
Type of landlord	Number of landlords	Properties owned	Units owned
Small <i>owns 1-2 units</i>	40,000	45,000	51,000
Mid-size <i>owns 3-24 units</i>	14,000	55,000	85,000
Large <i>owns 25+ units</i>	1,000	36,000	152,000
Total	55,000	136,000	288,000

Source: Pew and Reinvestment Fund research

Explore the data for 40 metro areas

Philadelphia, PA

15 percent of homes purchased in this area last year were bought by investors – **more than** the typical metro. That's higher than its 2015 rate of **11 percent**.



Dina Schlossberg

Regional Housing Legal
Services



Dina Schlossberg has more than 35 years of experience in real estate, and lending law, concentrating primarily on affordable housing and community development initiatives utilizing federal, state and local financing sources, especially the federal Low Income Housing Tax Credit.

Dina also has extensive experience working with nonprofit organizations in the application and maintenance of federal and state tax exemption and in equitable community development initiatives.



Regional Housing Legal Services

**People's Economic
Forum**

**State of Housing in
Philadelphia**

Dina Schlossberg
Executive Director
November 17, 2022



About us

Regional Housing Legal Services (RHLS) is a nonprofit law firm in Pennsylvania with unique expertise in affordable, sustainable housing and its related components — community and economic development, utility matters and preservation of home ownership.



. RHLS provides

innovative project and policy solutions that help create sustainable communities offering decent, safe and affordable housing for

low-income Pennsylvanians.

RHLS provides legal services through two primary areas of practice: legal representation for nonprofit organizations and policy

advocacy. RHLS attorneys supplement both areas of practice by providing training, participating in professional associations

and groups related to our practice areas, and assisting communities with varying needs across the Commonwealth. Through all

of this work, RHLS aims to promote housing stability for vulnerable and low-income Pennsylvanians.

More About Us

RHLS provides innovative project and policy solutions that help create sustainable communities offering decent, safe and affordable housing for

People who are low income throughout the state of Pennsylvanians.

RHLS provides legal services through two primary areas of practice:

legal representation for nonprofit organizations and policy advocacy.

RHLS attorneys and staff supplement both areas of practice by providing training, participating in professional associations

and groups related to our practice areas and assisting communities with varying needs across the Commonwealth.

Through all of this work, RHLS aims to promote housing stability especially for persons and communities that have been historically marginalized from access to safe, affordable housing.

Housing is Fundamental to Well Being

Safe, affordable, quality and reliable housing is fundamental for a person's health, opportunities for success, and general well being.

In Pennsylvania there is a critical shortage of affordable homes. For every 100 low- income individual, family or senior households renting in PA, there are only 39 rental homes currently available.

However, nowhere in the United States will a minimum-wage job afford someone a modest two-bedroom apartment.

Housing Need in Philadelphia

- Affordability is commonly described as paying 30% or less of income to meet housing (including utilities) expenses.
- Philadelphia has a deep, critical, housing affordability crisis.
- In Philadelphia an individual would need to work 81 hours per week to afford a modest one-bedroom apartment.
- Recent studies estimate the city needs about 70,000 affordable rental units to meet demand for households that are low-income.

Home Ownership in Philadelphia

- At 53 percent in 2019, Philadelphia's homeownership rate outpaces other Northeast major cities like New York City, Boston, Washington D.C., Pittsburgh, and Baltimore.
- Wages in Philadelphia remained stagnant between 2012 and 2021, yet Philadelphia's median residential sale price increased 0.8 percent per month, equating to a monthly increase of roughly \$1,519, when accounting for inflation.
- As of July 2021, a 77.8 percent gap exists between the growth in median residential sale prices and average wages in Philadelphia.

Racial Disparities in Rates of Home Ownership

- Homeownership rates in Philadelphia are substantially lower for Black Homeowners (47%) than White homeowners (59%) and declining.
- Multiple factors contribute to this disparity in 2020 Black mortgage applicants were 2.7 times more likely to be denied by lenders than White applicants, with 29% of Black applicants versus 16% of White applicants denied due to credit history.

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Preserving Existing Affordable Rental Housing

- According to Philadelphia's Assessment of Fair Housing Plan, in the next 10 years more than 14,500 existing publicly assisted affordable apartments may be at-risk, needing significant renovations, and/or reaching the end of their affordability period.
- Unsubsidized but low-cost rental housing, sometimes called "naturally occurring affordable housing" (NOAH), is an even larger source of affordable housing in Philadelphia. However, this housing stock is at risk. Between 2008 and 2016, Philadelphia lost some 13,000 units with rents of \$800 or less. NOAH landlords may require low-cost repair loans and other incentives to maintain their units as affordable.

Threats to Affordability

- **Asset class purchasing of single- family housing stock by national and international companies. Investors purchased 24% of all single-family houses sold nationwide last year, up from 15% to 16% annually going back to 2012.**
- **Investors known as aggregators are purchasing interest in affordable multifamily developments and disrupting options for nonprofit owners to sustain properties for long term affordability.**
- **Age of the existing housing stock – repairs and renovations are necessary to sustain the existing housing stock.**
- **Need for quick capital to acquire properties as they come on the market to encourage and incentivize long term affordability .**
- **Cost of construction- Increase in construction costs and supply chain instability especially in rental housing , increased by 20-40% in certain markets.**
- **Nimby- Not in my backyard –zoning codes that reinforce segregation and patterns of exclusion rather than inclusion and accessibility.**

THANK YOU
For more information contact:

Dina Schlossberg
Dina.Schlossberg@rhls.org

Jaime Gauthier

Philadelphia City Council



Jamie R. Gauthier represents West and Southwest Philadelphia as the 3rd District City Councilmember. Since assuming office in January 2020, Councilmember Gauthier has fought for her constituents' right to live with dignity and remain in the neighborhoods they've called home for decades.

She is the only elected official in the City of Philadelphia with a planning degree, offering her a unique perspective on a range of social and economic issues.

Councilmember Gauthier's agenda prioritizes creating and preserving affordable housing, combating gun violence, empowering young people, connecting residents to family-sustaining jobs, advancing small businesses, and investing in community-based assets like our recreation centers.

Practical Solutions

- Community Land Trusts
- Cooperative Models

Dan Hoffman Community Advocate



Dan Hoffman's work has focused on seemingly intractable affordable housing and community development problems requiring coordination and involvement of multiple, often seemingly disparate, "policy silos."

Whether aiding senior officials at all levels of government; as a university-based researcher; or advocate or consultant for nonprofit and business organizations, Dan's focus on getting to the innovation agenda led to new money, new institutions and new relationships between and among public, private and nonprofit sectors.

In retirement, Dan has renewed his long interest in democratizing community development be that through land trusts, public banking or community managed districts and institutions.

Community Land Trusts

What is an Affordable Housing
Community Land Trust?

What is An Affordable Housing Community Land Trust?

- CLTs are nonprofit organizations that expect to permanently own various parcels of land that are leased to others in ways that permanently ensure the housing on those lands remains affordable.
- CLTs are usually place-based organizations, focusing on a neighborhood or community, though some CLTs have broader property holdings or property management responsibilities.
- Residents and others living in the CLT service area generally play a strong role in governing and operating the organization.

Missions of a Community Land Trust

- Focus on supporting home ownership, while keeping homes permanently affordable through re-sale controls and equity sharing.
- Promoting mixed income communities while focusing on the needs of low and moderate income households.
- Improving their service area, not just CLT properties, via their governance structures and through programming that is available to residents throughout their service area.

What Kinds of Housing can be Part of a Community Land Trust?

Any type.

- CLTs principally promote home ownership, whether through new construction, redevelopment, the re-use of existing structures or by acquiring homes with their service areas as they become available.
- CLTs can rent land to owners or developers of rental housing and/or directly own and/or manage rental property.
- CLTs can also host condos, coops, lease-purchase housing and other forms of shared equity-ownership.

The key feature of a CLT is that all housing is subject to re-sale controls that keeps that housing permanently affordable.

How Does A Land Trust Make Housing Affordable?

CLT Leases:

- Generally set household income targets for individual land-leased properties and for the overall inventory of land trust properties.
- Generally charge relatively low land rental fees.
- Give the CLT the “Right of First Refusal” to purchase the property when it is up for sale.
- Require the home owners to agree to an equity-sharing agreement that keeps the home affordable for the next purchaser.

What Does Equity Sharing Mean?

As with typical home purchases, CLT home owners generally buy a home with a down payment and mortgage, except the mortgage is only for the home. The land on which the home sits is leased from the CLT.

CLT home ownership entitles home owners to some, but not all of the growing equity in that home as home values increase over time. The initial cost of the home is made affordable by various subsidies and techniques the CLT has at its disposal as well as any that the home owner might qualify for such as first-time buyer assistance.

But the home remains affordable to future generations as a function of the shared-equity agreement that is part of the land lease. This means that the a portion of the difference between the initial purchase price and a future purchase price is subject to recapture or being shared by the CLT.

Equity Sharing Considerations

Equity sharing is not for everyone. Some polling suggests that while many households are not sure how they will afford home ownership, they want all of the rights of home ownership, including all of the accrued equity, that comes with fee-simple home ownership.

CLTs generally seek to be democratically run institutions with residents involved in governance and operations. Not everyone wants to be involved in this way.

CLTs Governing Boards Generally Represent Three Interests

- Home owners and/or other residents residing on property leased by the CLT.
- Residents living in the service area, but not on CLT-owned land.
- Representatives from the public sector, potential funders, technical experts and the like.

A New Community Land Trust Strategy for Philadelphia

Suppose the City of Philadelphia actually wanted to support the establishment and success of CLTs, what tools might the city government offer?

New Planning for New Tools

Establish a new Planning/Certification process creating standards for CLTs in return for access to new types of support

Proposal in some ways similar to, but more expansive, than the process used to establish Business, or Neighborhood Improvement Districts

A Certified CLT Plan Would Include

1. Definition of a Service Area---Where would the CLT operate?
2. What Land or Properties Would Comprise the Initial CLT?
3. What Additional Properties Would the CLT Want to Control Over Time? How might such acquisitions be funded?
4. An initial 2-year budget and an initial plan for longer-term financial solvency.
5. A Governance Plan designed to encourage resident and neighborhood involvement.
6. A plan for how equity would be shared and ground lease rents set.
7. What income levels will be served by the CLT and how will properties remain permanently affordable to residents with those incomes.
8. A plan for how the Service Area would benefit from the activities of the CLT. Potential activities might include healthcare, childcare, security, capital improvements and open space activities.

Benefits of Being a Certified CLT

- Priority access to property the City Land Bank has or could have within the CLT Service Area.
- Priority access to property otherwise expected to be presented at a city tax sale. NOTE: CLTs can be part of an anti-displacement/foreclosure strategy!
- The right of first refusal regarding multi-family residential property within the service area that may come on the market from time-to-time.
- Enable CLT home owners to access new housing rehab and improvement tax subsidies.
- Consistent with other fiduciary responsibilities be eligible for long-term public pension investment in CLT lands.

New Powers for Certified CLTs

- Can operate as a Tax Increment Finance District providing the CLT with a new potential revenue stream that recaptures new service area value created in part by the CLT at no new cost to the city.
- Can operate as a Neighborhood Improvement District, charging lessees a fee not to exceed the tax increment and charging others within the service area a fee, subject to the NID remonstrance process. Provides the CLT with additional “as a right” income.
- Serve as the Registered Community Organization within the CLT Service Area.

Brad Forbes

Philadelphia Area
Cooperative Alliance

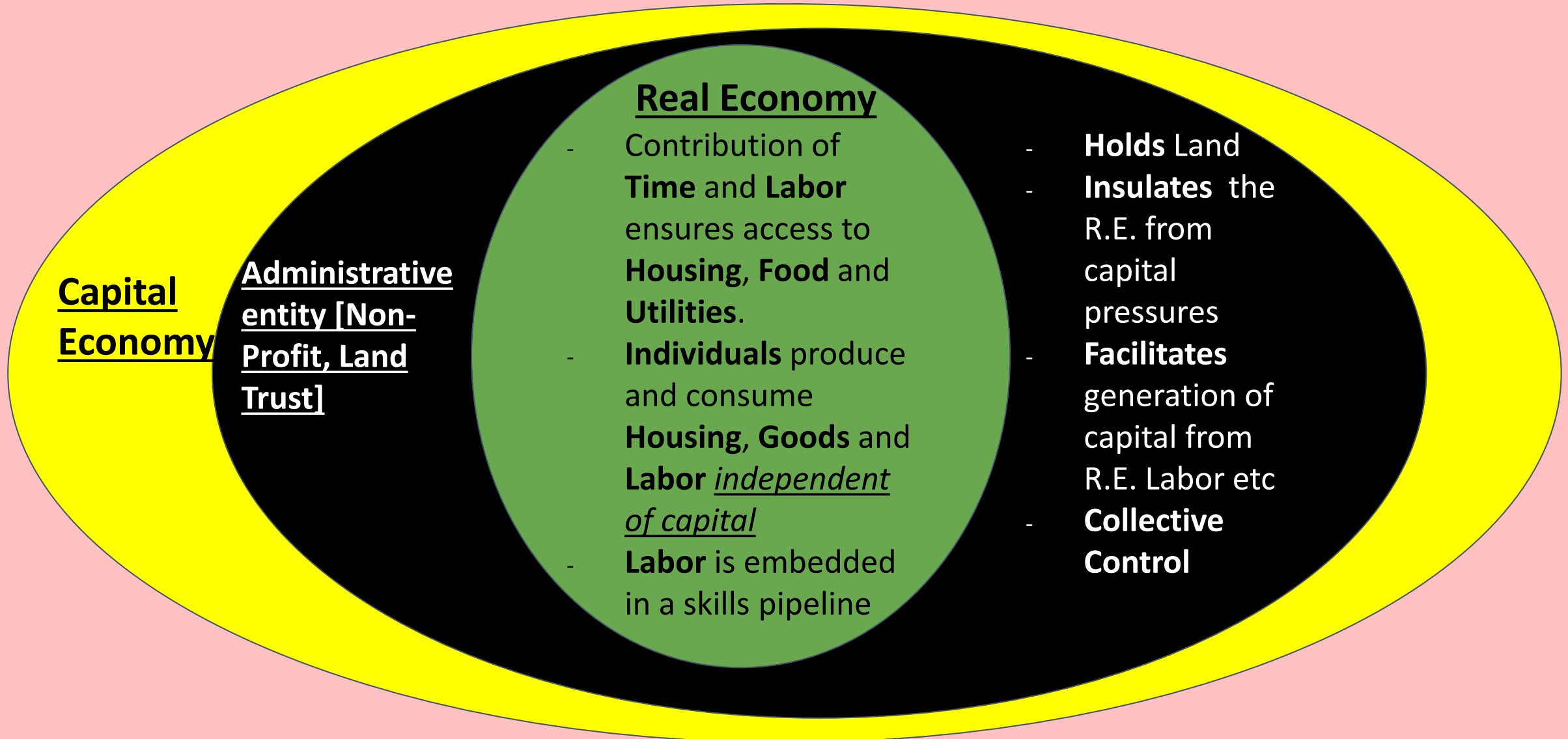


Brad Forbes is the Vice President of the Philadelphia Area Cooperative Alliance and has been co-stewarding his cooperative land trust for a decade. During this time he has been facilitating the development of local cultural economies among marginalized people at Sankofa House in Cedar Park. He has an academic background in Social Science.

Localized Cooperative Prototype

For a Permanent Real Economy

A model to establish a Permanent Real Economy



Real Economy

The core of the Real Economy : Skills Pipelines

- Four Core Skills Disciplines [operational examples]
 - **Farming**: Primary food Production [Freehaven Farms]
 - **Cooking**:: Preparation of food for consumption [Atia Olas, Sturdy Hands]
 - **Construction**: Maintain and construct physical structures and their systems... housing both people and operations. [Youth Build, Programming for Excellence]
 - **Information Technology**: Maintain and construct data structures and systems... enabling collective awareness and control while facilitating the administration of enterprises and resources [Info Arch]
 - ***Infinite Possibilities*** once these four areas are established [Multimedia, marketing, Healthcare, legal, Accounting... each pipeline represents a skilled labor source for the insulated Real Economy]
- The individual member contribution is embedded into these skills pipelines, enriching them personally (including certifications etc.) while securing their access to housing, food and utilities.
- The skills acquired are further applied to deal with the capital necessities of the R.E... this is mediated by the Administrative Entity

“Oasis of the Real”

Living + Learning + Earning

Farmers
-Produce Food for R.E.
-Produce becomes money in

Builder
- Build/Keep Structures for R.E.
-Skills

become money in capital

Farm Land

Chefs
-Prepare food for consumption within R.E.
-Food becomes

money in capital.
IT. facilitates operations/ CRM
-Skills

become money in C.E.

Cooperative Administrative Entity [e.g. Non-Profit, Land Trust]

Insulation between Capital Economy and Real Economy

- Deals with money so Individuals in the Real Economy don't have to.
- Manages collective capital flow from R.E. Labor and other sources* to **neutralize** capital pressures on the R.E. e.g. **utilities, taxes, insurance**, and **operational overhead** [tools/materials, more land, cooking equipment, etc]
- Holds the land in trust to maintain its permanent availability to the R.E.[e.g. Kensington Corridor Trust, Life Center Association Housing Cooperative]
- Primarily supported by R.E. IT skills pipeline and professional services like legal and accounting.
- Capable of assuming business administration and CRM for Capital market-facing aspects of RE skills pipelines
- Controlled Cooperatively by the Contributing Members of the Real Economy
[e.g. Mondragon]

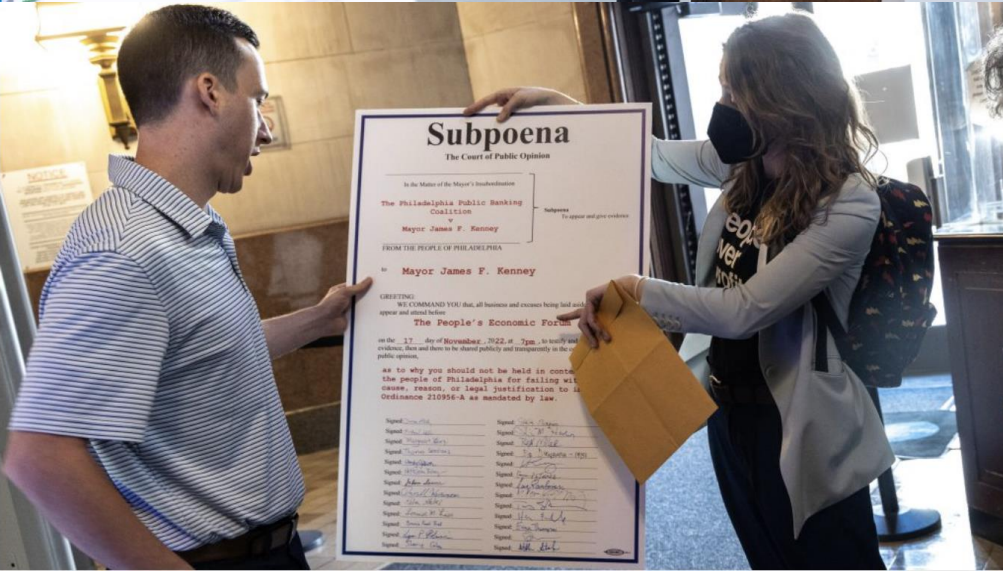
Capital Economy

- Developing Skill = Increasing Ability to command individual capital income,
- The personal capital that an individual accumulates is no longer decimated by the basic costs of shelter and food. (Aka “living hand to mouth”)
- Thus the Capital Economy is now available to individuals in ways it has never been before... individuals can spend and consume without compromising their basic stability.
- Most importantly, individuals can build wealth that pours back out into the city at large.
- In this way, a growing sector of these Localized Resource Economies creates a broad-based economic stronghold that can withstand the ravages of capital market volatility known to have repeatedly crippled our economic foundations historically.

* the Administrative Entity may forge relationships with C.E. based businesses to generate capital (space leasing a la KCT, administrative/ professional services, brokering bb between R.E. and C.E. businesses)... potential for degrees of integration or conversion

Exit Strategy from an Economic Dystopia

- These models will require monetary investment into the establishment of their core elements [e.g. a functioning Public Bank]
 - This model constitutes a diversified investment, as the capital generated is not from a single source. Thus the collective aspect that protects the Members of the R.E. from market volatility also protects potential investors from those same market shocks.
- Localized resource economy models like this one represent a pathway to a sustainable future that has been all but abandoned historically by our local governments...whose policies consistently cater to the interests of deep pockets at the expense of the local population.



Get Involved

- Come to Our Next “Financing Philadelphia’s Future” Presentations on Nov 29 and Dec 20th
- Help Plan the Next “People’s Economic Forum: Small Business & Cooperatives!”
- Help Plan a “Move Your Money” Campaign
- Join the PNN Housing Action Committee

See the Link in the Chat

<https://actionnetwork.org/forms/economic-forum-next-steps?source=direct-link&>

**Thanks for
Coming!**



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