

# issue brief:

## Effectively Preserving Philadelphia's Workforce Housing Stock

By Karen Black

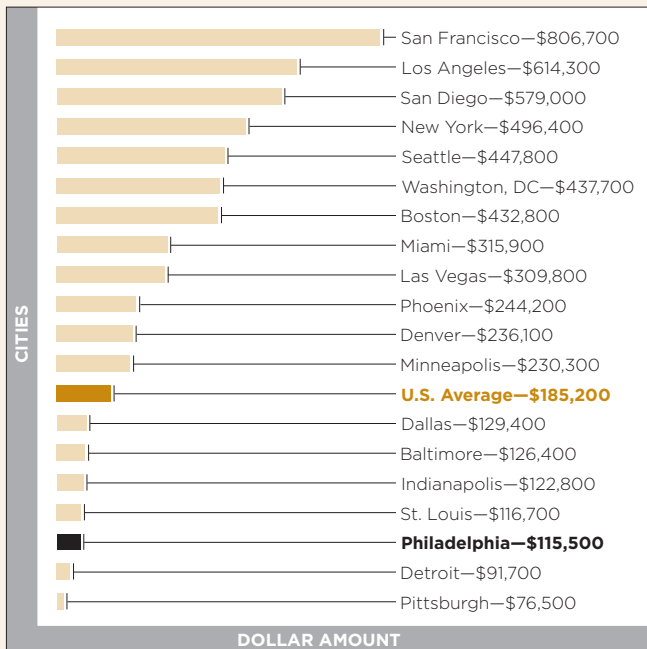
Commonwealth Housing Development Corporation, Housing Alliance of Pennsylvania, NeighborhoodsNow, Pennrose Service Company, Philadelphia Association of Community Development Corporations, Women's Community Revitalization Project

PHILADELPHIA | FEBRUARY 26TH

Philadelphia has a vast supply of occupied homes affordable to its lower wage workforce but many are in poor condition and require significant repairs and improvements or they will go offline within five years. Twelve percent of Philadelphia's owner-occupied homes are structurally inadequate, compared to 6% for peer cities. Where low-income homeowners can not afford to make repairs, a cost-effective public investment of \$6,911 under the Basic Systems Repair Program (BSRP), can in many cases prevent residential abandonment and keep the workforce housing viable. The cost to the city of not repairing these occupied homes is up to six times greater. This is because once a family moves out of a deteriorating house the public bears the cost of demolishing the home, sheltering the family, or caring for children, elderly and disabled family members. At this time when foreclosures and homelessness are rising, the city should take advantage of the low-cost strategic interventions outlined in this paper to keep lower income households in their homes.

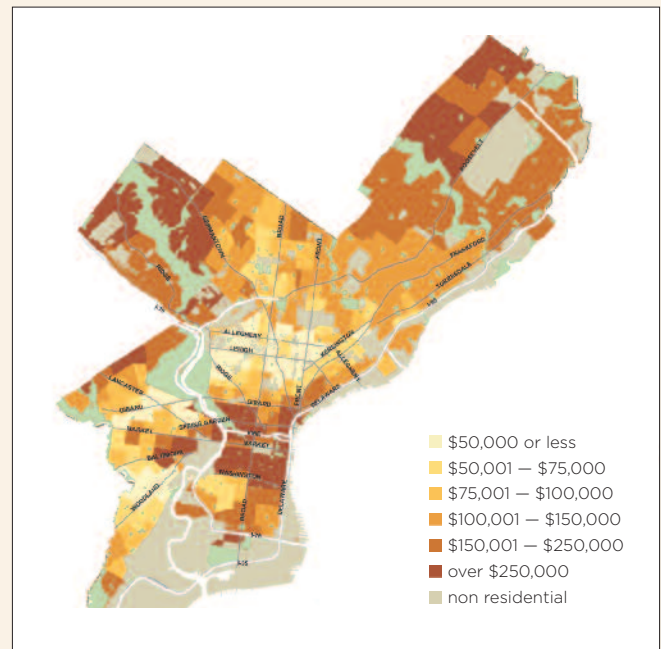
Improvements to BSRP, the integration of weatherization and BSRP programs, the introduction of deferred loans to owners with sufficient equity, consistent code enforcement, targeting of housing repair funds and better integration of funding from federal, state and city resources will positively impact neighborhoods and complement the city's Neighborhood Stabilization Program efforts to deal with foreclosed and abandoned properties. In addition, the city should closely monitor the implementation of the new Targeted Housing Preservation Program to determine the effectiveness of this different approach.

### PHILADELPHIA HOME VALUES ARE LOW COMPARED TO OUR PEER CITIES<sup>1</sup>



Average 2006 House Value.

### PHILADELPHIANS WITH LOW INCOMES CAN AFFORD A HOUSE, BUT IT IS LIKELY TO BE IN POOR CONDITION<sup>2</sup>



Philadelphia Median House Value, By Census Tract

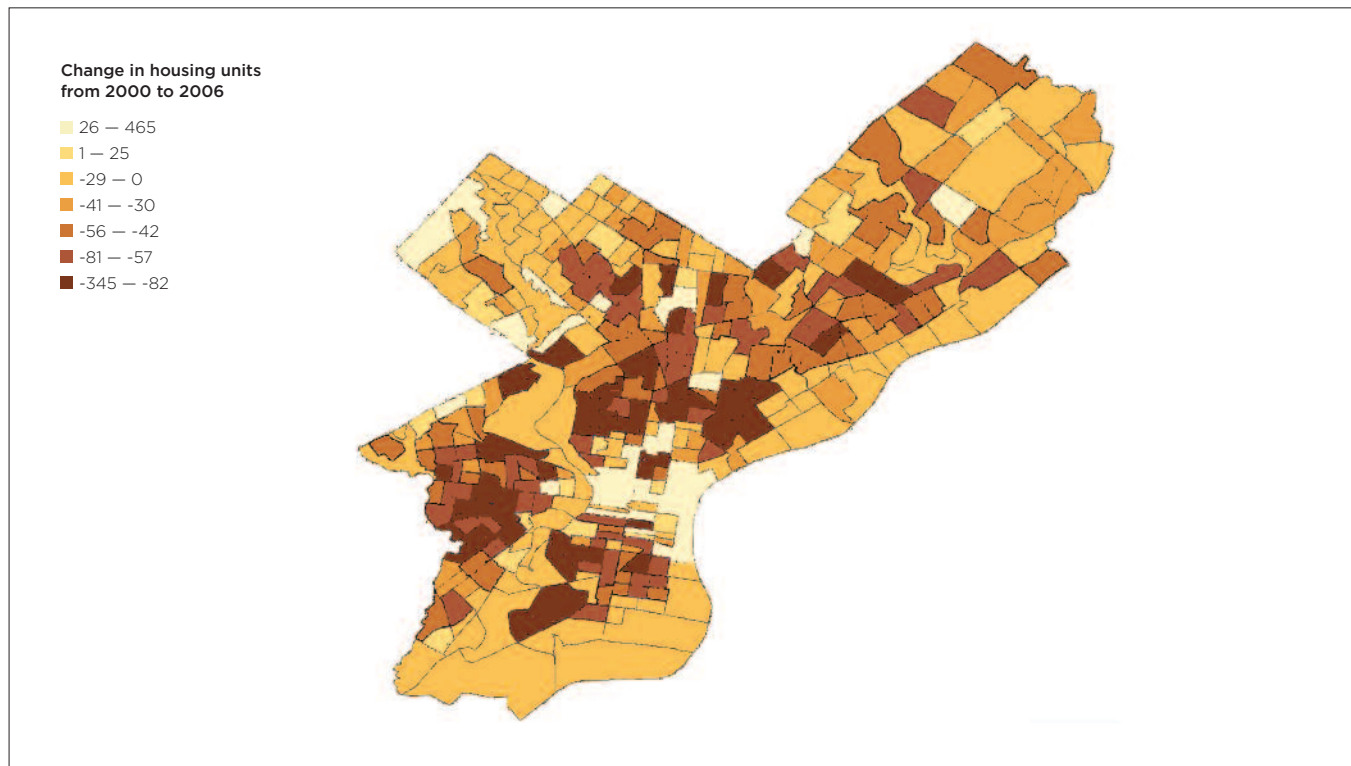
<sup>1</sup> Chart created by Professor David Bartelt, Temple University, using 2006 American Community Survey. Values are self-reported estimates of values obtained by a sample of residents interviewed by the Census for ACS. Sampling error estimates vary.

<sup>2</sup> Map was produced by Econsult and The Reinvestment Fund using 2006 American Community Survey data.

**COST COMPARISON OF HOME REPAIR INVESTMENT IN OCCUPIED HOME VS. ALTERNATIVES ACTION COST<sup>3</sup>**

<b>\$40,000</b>	Nursing home for disabled person or senior household member
<b>\$22,000</b>	Demolishing unsafe home
<b>\$21,000</b>	Housing family in shelter for 1 year
<b>\$13,500</b>	Placing child in foster care
<b>\$6,911</b>	Average BSRP home repair investment
<b>\$9,911</b>	Average BSRP and weatherization cost per house (cost will decrease if programs are integrated)

**THE MAJORITY OF PHILADELPHIA NEIGHBORHOODS CONTINUED TO LOSE HOUSING UNITS TO ABANDONMENT FROM 2000-2006<sup>4</sup>**



*Philadelphia has fewer housing units in 2006 than it did in 2000. Even now, as the country grapples with a foreclosure crisis, more homes are lost to deterioration of the home than to mortgage foreclosure. While a home repair approach for occupied homes will not address the large number of existing residential vacancies, it will help in preventing additional homes from being abandoned.*

<sup>3</sup> Average cost per home for Tier 1 and Tier 2 BSRP programs was provided by Anthony McIntosh, Director of the Philadelphia Housing Development Corporation via e-mail on January 13, 2009.

<sup>4</sup> Map was produced by Econsult and The Reinvestment Fund using 2000 Census and Philadelphia Board of Revision of Taxes 2006 property tax data.

**At a time when a national priority is to keep households in their homes, Philadelphia should invest in the preservation of occupied existing homes that are affordable to Philadelphia's working families.** Ensuring that Philadelphia's occupied homes remain viable will protect the city's supply of workforce housing, prevent further residential abandonment and stabilize neighborhoods.<sup>5</sup>

**Philadelphia has a vast supply of housing affordable to its lower wage workforce but a shortage of decent quality homes.** In March 2007, the city had 640,000 housing units yet only 573,000 households lived in the city. As a result, the city of Philadelphia has 67,000 surplus units, most of which are in very poor condition or are obsolete.<sup>6</sup> In a city with more homes than households to fill them, producing more housing can not be the primary goal of the city's housing strategy. Philadelphia needs a balanced approach to ensure an adequately diverse housing stock to meet the needs of residents with a range of incomes, including older homes in good condition and newer homes with modern amenities, to prevent continuing residential abandonment and to reestablish quality housing as a core infrastructure in every neighborhood.

**Owners with low-incomes need the city's help to preserve the viability of their homes through repair and maintenance.**

80% of Philadelphia's owner occupied housing is over 40 years old, the age most homes typically need major maintenance and systems replacement. While Philadelphia homeowners with adequate financial resources spent \$10.6 billion to replace and repair existing systems in their older homes in the 1990's, Philadelphia households with lower incomes often do not have the money or equity to finance repairs.<sup>7</sup>

**The stabilization of our occupied housing stock can be performed cost-effectively.**

The City offers a home repair program called the Basic Systems Repair Program. The average public investment under this program to keep an occupied home viable is \$6,911.<sup>8</sup> Without such an investment, a home with serious problems such as cracks in the walls or holes in the roof will typically be abandoned within five years.<sup>9</sup> The cost to the city of not repairing these occupied homes is up to six times greater than the repair costs.<sup>10</sup> Once a family moves out of a deteriorating house, the public bears the cost of sheltering the family, demolishing the home, or caring for children, elderly and disabled family members. As the chart to the left suggests, these costs far outweigh the cost of public investment in home repair.

**Preserving occupied housing is a green best practice that will improve the city's sustainability and will create green jobs.**

Preserving homes wastes less and conserves more. The repair and maintenance of existing occupied homes produces less construction waste, requires fewer raw materials, consumes less energy and does not require new infrastructure development. Renovating and repairing occupied older housing also offers an opportunity to introduce new appliances, weatherize and take other actions to reduce energy use and promote water conservation. Just as importantly, weatherizing a home, replacing its furnace or repairing its roof, are all green jobs that will extend new employment opportunities to skilled contractors at a time when many are out of work.

5 This white paper addresses the need to preserve occupied housing. It does not address the equally important task of addressing properties that were previously abandoned and blight the neighborhood. This important topic extends beyond the scope of this white paper.

6 Data analysis provided by Kevin C. Gillen, Ph.D., Econsult Corporation, based upon a combination of data from the Board of Revision of Taxes Property Tax data and U.S. Census data.

7 Listokin and Listokin, Historic Preservation and Affordable Housing: Leveraging Old Resources for New Opportunities, Housing Facts & Findings – Volume 3, Issue 2 (2001); Remodeling Homes for Changing Households, Joint Center for Housing Studies of Harvard University (2001) <http://www.jchs.harvard.edu/publications/remodeling/remodreport2001.pdf> Replacing and repairing existing systems includes systems such as electrical, plumbing and roofing.

8 BSRP only addresses structurally viable homes that can be helped for under \$17,500.

9 In 2001, the U.S. Census Bureau performed a study to determine when housing and neighborhood quality leads to abandonment. The study looked at repair needs reported by homeowners to the American Housing Survey nationally from 1997 to 2001. Within five years of the owner identifying cracks in the wall, 23% of homes were lost from the housing inventory. Also abandoned or demolished within five years of reported problems were 19% of older homes with peeling paint and broken plaster, 14% of the homes that had holes in the roof and 11% of those with sloping walls. Barbara Wilson, *These Old Houses: 2001* (Issued by the U.S. Census Bureau February 2004).

10 Karen Black, *Repairing Houses, Preserving Homes: Philadelphia's Home Repair Crisis And What We Can Do About It* (May, 2005).

## OCCUPIED EXISTING WORKFORCE HOMES BY THE NUMBERS

**80%** of Philadelphia's owner occupied houses are over forty years old.<sup>11</sup>

**12%** of Philadelphia's owner-occupied homes are structurally inadequate, compared to **6%** for peer cities.<sup>12</sup>

**1 out of 8** Philadelphia homeowners can not afford to make needed repairs to their homes.<sup>13</sup>

**5 years** is the typical time it takes an occupied home with serious problems such as cracks in the walls or holes in the roof to be abandoned.<sup>14</sup>

**\$6911** is the average cost to fix an occupied home's basic systems under the City's current Basic Systems Repair Program.

**32** or more existing occupied homes can be repaired and preserved through BSRP for the cost of building a single new rowhome.<sup>15</sup>

**22** or more existing occupied homes can be repaired and weatherized for the cost of building a single new rowhome (More when cost savings are realized by integrating these programs)

<sup>11</sup> 2000 U.S. Census

<sup>12</sup> Affordable Homeownership: Measuring the Net Benefits to Homeownership for Low and Moderate Income Households in the City of Philadelphia, City Research, p.10 (June 2001).

<sup>13</sup> Corey Shdaimah, Roland Stahl and Sanford F. Schram, When You Can See the Sky Through Your Roof: Home Repair Policies in Philadelphia, Graduate School of Social Work and Social Research Bryn Mawr College (2005).

<sup>14</sup> Barbara Wilson, These Old Houses: 2001 (Issued by the U.S. Census Bureau February 2004).

<sup>15</sup> Statement based upon a comparison of a cost of \$6,911 to repair a home versus an estimated cost of \$225,000 to build a new 1200 square foot row home.

**To dramatically improve the state of existing homes, decrease the amount of future residential abandonment, and improve neighborhood viability when little new construction is being built and the economy is weak, six related actions must be taken:**

1. Improve the city's Basic Systems Repair Program and increase annual program funding
2. Offer 0% interest deferred loans to owners with sufficient home equity
3. Use consistent code enforcement to begin to enforce a standard of care
4. Target home repair funding for the greatest impact
5. Integrate funding from federal, state and local resources for more effective utilization and a greater positive impact on the neighborhood, including coordinating rehab programs with Neighborhood Stabilization Program activities.
6. Track the effectiveness of the new Targeted Housing Preservation Program

## Improve BSRP and Increase Program Funding

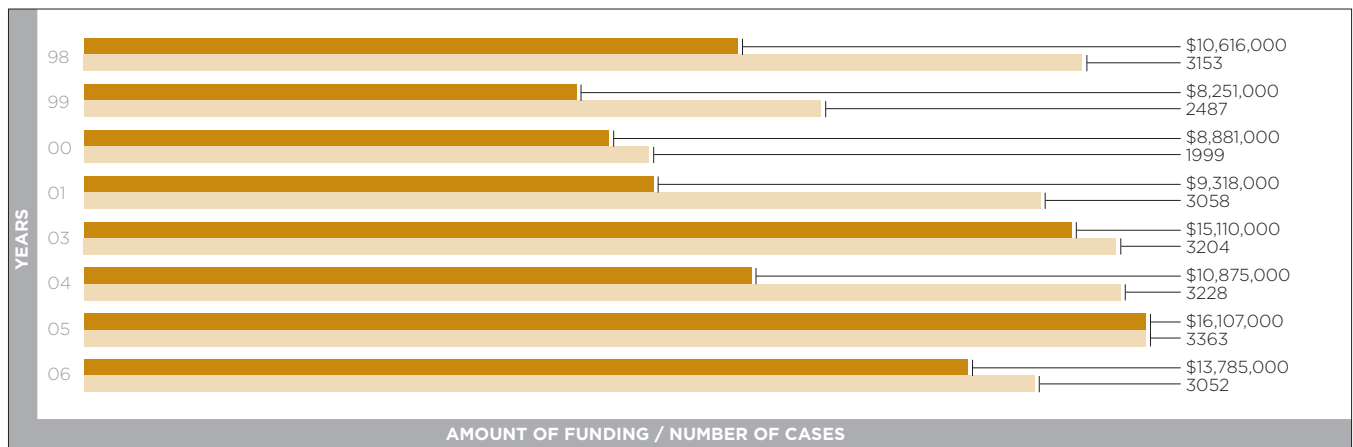
Philadelphia's Basic Systems Repair Program (BSRP) is the city's primary home repair program.<sup>16</sup> For an average cost of \$6911 per home, BSRP provides free emergency repairs to electrical, plumbing and roofing systems in existing homes. A Temple University study reviewed all homes that received BSRP grants and determined that far fewer than 1% of houses that received

repair help from 1995 to 2000 were abandoned in 2000, less than a quarter of the typical abandonment rates of non-BSRP client homes.<sup>17</sup>

The Philadelphia Housing Development Corporation (PHDC), a government related non-profit, administers BSRP with funding from the federal Community Development Block Grant, the state of Pennsylvania, and Philadelphia's Housing Trust Fund. The program has two tiers: Tier I covers emergency

repair needs up to \$3,500 and Tier II covers more extensive repairs with a maximum cost of \$17,500. To be eligible, households must prove that their incomes are no higher than 150 percent of the federal poverty line (\$30,972 for a household of four). Pre-qualified contractors are sent to homes by BSRP to complete needed work at below market prices.

### BASIC SYSTEMS REPAIR PROGRAM PERFORMS MORE HOME REPAIRS WITH GREATER FUNDING



■ Total BSRP Funding ■ Total BSRP Cases

16 The City also offers three loan programs for home rehabilitation — Phil Loans, Phil-Plus Loans and Mini-Phil Loans. Loan programs are less effective at addressing home repair needs because the owner must have adequate credit to qualify, adequate income to pay the loan back, and adequate confidence in their property's value to warrant a major investment in its condition.

17 Blight Free Philadelphia: A Public-Private Strategy to Create and Enhance Neighborhood Value, Research for Democracy (2001) found that of the almost 12,000 houses that received grants from 1995 to 2000 only 117 were found to be abandoned in 2000. It is beyond the scope of this paper to determine whether these homes continue to be viable, but such a study would help to determine the ability of a BSRP to extend the life of a home.

18 BSRP staff provided data for fiscal years 30, 31 and 32 on April 2, 2008 via e-mail. The funding for year 31 was blackened out but a total funding number for the three fiscal years allowed the estimate of the funding for that year.

19 BSRP internal document estimating wait times for Tier I and Tier II repairs. Last revised 3/05.

20 Jeffrey Allegretti, Court Daspit and Tony Neri, Expanding Capacity and Speeding Production in the Basic Systems Repair Program, WCRP, April 2005. This publication makes each of these reform recommendations and discusses them in greater depth.

21 LIHEAP enrollment could be confirmed by an electronic link to the state's LIHEAP database. WAP shares offices with BSRP so determining WAP enrollment should be simple. LIHEAP and WAP do not consider homeownership as part of eligibility so ownership status must still be proven.

The Basic Systems Repair chart on the previous page shows the amount of annual funding and the cases completed for that funding over the past eight years.<sup>18</sup> The average cost per case of \$3900 is less than the average cost per home because homes that need work by multiple contractors represent more than one case. Funding levels have bounced around quite a bit, but in virtually all cases, more funding means more homes served.

PHDC operates the program on a first come/first served basis. PHDC does not perform any outreach so applicants tend to be referred by a social services agency or hear about the program through word of mouth. The average wait time for an applicant with an emergency repair is a year and a half.<sup>19</sup> The long wait between application and repair increases the risk of losing the home. By the time a year or more has passed, a hole in the roof may have impacted every major system in the house from electrical to basic structural viability. Each year thousands of homeowners are left on BSRP's waiting list.

**BSRP should be improved to increase the numbers of homes it can preserve and be integrated with weatherization programs wherever feasible.<sup>20</sup> Specifically BSRP procedures should be amended to:**

**Create a fast, simple eligibility determination for households who have received services from City programs with equal or more stringent income standards.** Qualifying households by ensuring that they meet BSRP's 150% of poverty eligibility standard takes time and staff resources. The Low Income Home Energy Assistance Program (LIHEAP) and the Weatherization Assistance Program (WAP) have the same or more stringent income eligibility standards. BSRP should consider homeowners who have qualified for these services as income-eligible.<sup>21</sup> This will allow most income eligibility determinations to be made over the telephone and will dramatically improve response times.

**PHDC should enter into one-year contracts with its contractors with an option for two one-year renewals.** Pre-qualified contractors receive a one-year contract from BSRP and regardless of their track record, they must begin the selection process again each year. While PHDC's funding is granted on a year-to-year basis and it cannot legally obligate itself to multi-year contracts, PHDC can enter into one-year contracts with the option for two one-year renewals and dramatically reduce contractor approval time each year while making participation in the program more attractive to private contractors.

**Tier I and Tier II should be combined into a single program.** Currently the two tiers are treated like separate programs with different eligibility and inspection processes. In about 25% of Tier I cases, the contractor finds that the level of work needed will exceed the Tier I \$3,500 maximum. Rather than proceeding with a Tier II repair, the contractor must take no action and inform the homeowner that they must start the process all over again on the Tier II waitlist. Tiers I and II should be treated as a single program with identical work scope. When a contractor determines the work needed is more extensive than previously thought, he should document the need using digital photographs, request a work order change, and, upon approval, begin the work immediately.

**Reform BSRP certification process to allow minority and small neighborhood-based contractors to qualify.** BSRP offers the city government a direct opportunity to increase the stream of rehabilitation and repair work available to small non-union minority and neighborhood-based contractors. Repair and maintenance work provides an enviable opportunity for small firms to gain capacity and experience yet during the targeted BSRP program, CDC's found it very difficult to obtain BSRP certification for neighborhood contractors that they trusted. Contractors can be cross-trained in weatherization work.

**Allow experienced BSRP contractors to self-certify completed projects with digital photographs.** Inspections of each completed project require tremendous staff time that could be used to respond more quickly to homeowners. Experienced contractors with more than one year's BSRP work should be able to self-document the completion of their work. Random inspections would confirm the accuracy of the contractor's assertions. Any contractor found to abuse the self-documentation privilege should be penalized.

Philadelphia can extend limited public funding further by offering 0% interest deferred loans to homeowners with incomes under 150% of poverty who have sufficient home equity to pay back a loan upon sale or transfer of their house.

Home prices citywide have appreciated 92% in the past six years. The median value of a Philadelphia home rose from \$59,700<sup>22</sup> in 1999 to \$115,500<sup>23</sup> in 2006. The cause of the appreciation was a nationwide phenomenon involving low interest rates as well as local tax abatements. Occupied homes in the majority of low-income neighborhoods saw a lower increase in value.

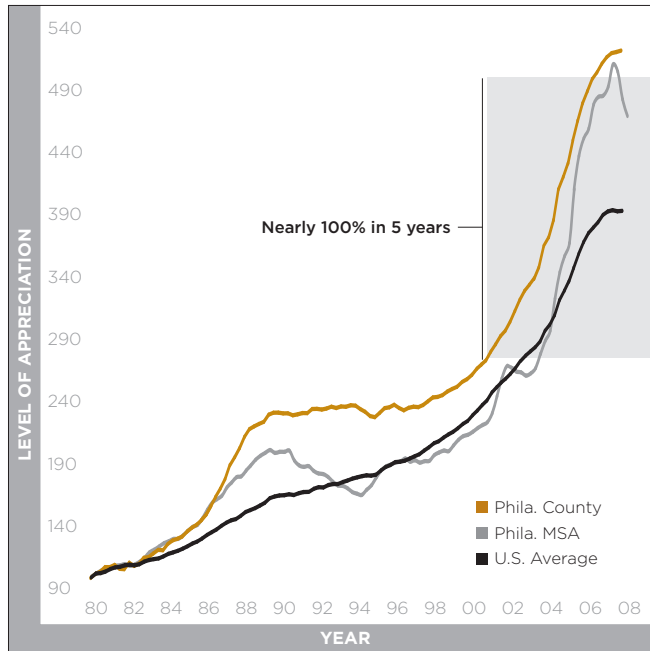
Even though some of these gains have been lost during the economic downturn, Philadelphia's average decline in home value so far has been about half that of the national average.<sup>24</sup> In those neighborhoods that experienced substantial

appreciation, the city has the option of providing deferred loans rather than grants to households below 150% of poverty. The loan will allow the owner to make needed repairs and pay the loan back upon sale or transfer of their home. In cases where the property loses value, the deferred loan may be converted back into a grant.

The advantage of deferred loans is that they create a revolving fund of home repair payments allowing public dollars to fix more homes. The disadvantage is that to enforce the deferred loan, a lien must be placed on the home. Liens can frighten potential buyers who may feel that

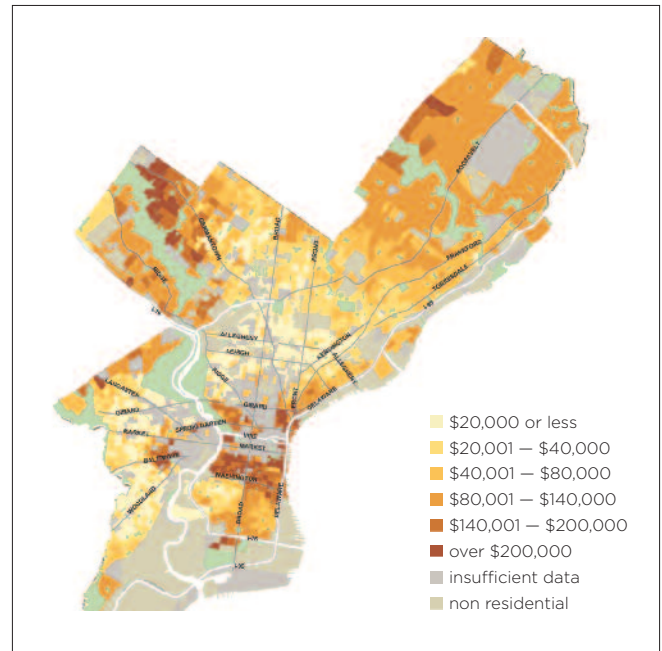
they will be asked to pay off the lien in addition to fair market value. Also, there is a great deal of paperwork involved in enforcing the lien upon the sale of the home and processing the loan payment. To determine if a deferred loan program will provide added resources, the City should define the administrative costs needed to monitor and process loan payments and administer the revolving fund and then determine whether such a program will create more home preservation resources for Philadelphia.

**PHILADELPHIA HOMES APPRECIATED 92% IN THE PAST FIVE YEARS<sup>25</sup>**



After decades of stagnant property values, Philadelphia's appreciation in the past six years outpaced the region and the United States average.

**LOW INCOME NEIGHBORHOODS TENDED TO EXPERIENCE LOWER APPRECIATION<sup>26</sup>**



Dollar Change In Sales Price.

22 U.S. Census 2000.

23 2006 American Community Survey.

24 In 2007, values dropped by an average of 4.4% in price, this was far less than the 7.7% loss of value nationwide.

25 Appreciation rate data analysis provided by Econsult Corporation.

26 Map was produced by Econsult Corporation and The Reinvestment Fund using city sales price data.



## Use code enforcement and financial assistance to prevent owners from deferring maintenance until their homes become unsafe and abandoned.

### **Licenses and Inspections (L&I) should consistently pursue residential code enforcement.**

Residential code enforcement keeps owners safe from hazards within their own home and helps owners to recognize the early warning signals that their home needs maintenance. Residential code enforcement is a proven crime reduction policy. Under the “broken window theory”, crime increases in neighborhoods where it appears that people don’t care about their properties and that the law isn’t going to enforce standards. New York and other cities found that code enforcement sends the opposite message, that windows will not remain broken and property conditions will improve and as a result, crime decreases.<sup>26</sup>

### **L&I needs to implement a consistent code enforcement program rather than responding to resident complaints.**

L&I is in charge of residential code enforcement in Philadelphia. Yet due to limited staff, L&I checks homes for code violations solely in response to neighborhood complaints. In order to implement a consistent code enforcement program that will contribute to the continued viability of Philadelphia properties, L&I must have additional enforcement staff. L&I is a profit-making agency that earns far more from development review fees than it spends on operations or capital investments. The city should allow L&I to invest fee revenue to create a solid, respected enforcement program. Given the economic downturn and its impact on so many households, it is essential that funding for homeowners who can not afford to bring their properties up to code be available.

L&I needs to employ a three-pronged implementation approach. First, to encourage voluntary compliance, educate residents on the standards that properties are expected to meet and the penalties for failure to comply. New owners also should be informed of their legal responsibility to bring a newly purchased property up to code within one year of the date of sale.<sup>27</sup> Second, practice vigorous enforcement where owners have the resources to pay for maintenance and repairs, including repeat citations, reinspection fees and legal charges in court. Third, provide owners with insufficient resources to bring their homes up to code with financial assistance and incentives. When homeowners are cited with a substantial violation, they should be given an opportunity to prove that they are unable to fund needed repairs and should be offered financial assistance to help them do so. The City can link BSRP to code enforcement so that owners who are cited with a code violation that requires an emergency repair to a basic system can obtain a grant to finance repairs.

### **While the city faces a daunting deficit, the City should also consider providing a tax abatement to owners with incomes at or below 150% of poverty to cover the costs of repair.**

Philadelphia currently offers tax abatements to owners who make substantial renovation investments, offering up to \$51,500 of the home’s increased value where the market value of the house is less than \$193,125. Philadelphia offers no incentive for the owner straining to invest \$5,000 to keep their home viable.<sup>28</sup> Philadelphia should offer a similar tax abatement to households with incomes below 150% of poverty who repair their homes. Owners will be required to document the material and labor expenses for home repairs and improvements.

### **Public dollars that stabilize neighborhood housing stock will invite well over \$1 billion of private home investment.**

The annual amount owners spend to replace and repair existing systems in Philadelphia’s occupied older homes is approximately \$1 billion and spending is expected to grow 46% for professional work and 37% for do-it-yourself projects by 2015.<sup>29</sup> Keeping existing neighborhood homes in good repair will encourage owners to make these investments that preserve and improve housing, contribute to a healthy economy and create jobs. Owners invest in their homes when they are confident neighborhood property values will grow and sales prices are sufficient to recoup the renovation investment.<sup>30</sup> By improving nearby existing housing where owners can not afford to make repairs, the City will encourage those with sufficient resources to invest billions of private dollars in their homes.<sup>31</sup>

26 James Q. Wilson & George Kelling, Broken Windows: The Police and Neighborhood Safety, The Atlantic Monthly, March 2002 at p. 29.

27 Municipal Code and Ordinance Compliance Act (2000) that requires purchasers of a building (from an individual seller or at tax sale) known to have one or more substantial code violations to bring the structure into code compliance within one year of the date of purchase. This state law penalizes purchasers who fail to bring their property up to code with the cost of maintenance, repair or demolition and a fine of between \$1,000 and \$10,000. Act 99 of 2000: Municipal Code and Ordinance Compliance Act.

28 Pennsylvania’s Local Economic Revitalization Tax Assistance Act (LERTA) 72 P.S. §4722 et seq.

29 Amal Bendimerad , A Long-Term Outlook for Homeowner Remodeling Activity: Results and Implications, Joint Center for Housing Studies Harvard University (August 2007).

30 Owners are 50% less likely to invest in their homes when the cost to replace their house if it were destroyed is significantly greater than the home’s market value. Joseph Gyourko and Albert Saiz, Urban Decline and Housing Reinvestment: The Role of Construction Costs and the Supply Side (2003).

31 Greening existing abandoned lots and rehabilitating vacant residential properties are also necessary to encourage major investment in existing homes.

## Philadelphia must target limited home repair funding for the greatest impact.

Philadelphia has insufficient resources to address the repair needs of all existing occupied homes. By continuing to prioritize the homes of low income households living in structurally viable homes, and for the first time targeting repairs to geographic areas that are viable and appreciating, the city can obtain a higher impact for limited resources. To date, BSRP services have been scattered across the city. As a result, while BSRP was able to stop the abandonment of individual homes, it was unable to slow the rate of abandonment substantially in any area of the city or make a significant contribution to the revitalization of a single neighborhood. The total investment is too small and too scattered to impact a neighborhood.<sup>32</sup>



**Philadelphia should target home repair dollars to areas with significant private investment to create and sustain mixed-income neighborhoods.** Concentrating public home repair investment in areas with significant private investment will ensure that existing residents can remain in their neighborhood and benefit from its new amenities rather than being displaced, creating a mixed-income neighborhood. In fact, preserving existing housing may be the most cost effective method to ensure long-standing residents can take advantage of the greater safety and new retail options that private investment brings along with it. Home repair funds should also be targeted around major public investments such as new schools.

**Providing housing repair and preservation efforts with recognition will encourage the private sector to devote resources to this important task.** In Philadelphia the construction of new homes is praised publicly with ribbon cutting ceremonies. In contrast, the organization that repairs existing units rarely receives recognition. Creating awards and recognition for organizations that work to stabilize the city's existing housing stock will encourage new private sector partners to take action to revitalize this critical neighborhood infrastructure.

<sup>32</sup> Blight Free Philadelphia: A Public-Private Strategy to Create and Enhance Neighborhood Value, Research for Democracy (2001)

## Aggregate resources from city, state, federal and utility programs to obtain the greatest impact.

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Where a single application provides multiple types of home repair help to homeowners within a neighborhood, the city is able to achieve a much greater impact. Philadelphia has proven this twice. Prior to 1996, BSRP and the City's Weatherization program had common income eligibility criteria and intake for both services was performed by the Neighborhood Energy Centers as well as PHDC intake workers. More residents were served as a result of this shared intake. In 2005, the Ford Foundation piloted a program called Weatherization,

Rehabilitation and Asset Preservation (WRAP). WRAP combined several different programs in Philadelphia with a single application procedure and a contractor team to stabilize one neighborhood's housing stock. WRAP brought together the mission and funding of multiple programs such as the Weatherization Assistance Program (Federal), Conservation Works Program (funded by PGW), Water Conservation Program (Philadelphia Water Department), Roof Repair and White Coating Program (Funded by PHFA and US

DHS), Energy Bill Payment Assistance and Budget and Housing Counseling (OHCD). BSRP's long wait lists prevented their participation. WRAP stabilized 141 homes.<sup>33</sup> The total cost per home for all of the services was \$5350, only \$50 more than the Basic Systems Repair Program alone. The extensive nature of the public investment encouraged homeowners to invest their own money in their homes. The 141 Wrap clients invested \$250,000 in private dollars to improve their homes.

## Track the effectiveness of the new Targeted Housing Preservation Program

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Philadelphia is adding a new weapon to its arsenal to preserve the city's housing stock. The Targeted Housing Preservation Program will be funded with \$1.5 million in Housing Trust Fund dollars to provide maximum grants of \$20,000 to repair and preserve existing homes adjacent to public or private investments or to provide concentrated home repairs in a specifically targeted geographic area.

The Targeted Housing Preservation Program will be carried out by community-based organizations and may be used to support both basic systems repairs and exterior repairs, such as windows, doors, facades and streetscape improvements, to single family, owner-occupied properties. The city should track the effectiveness of this program and determine whether the higher maximum grant

amount helps to reach homes that BSRP can not and has a greater positive impact on the surrounding community. The city should also analyze whether having community based organizations choose the location for repairs, hire contractors and inspect the work is more or less efficient than the BSRP's centralized process.

<sup>33</sup> WRAP was piloted in several cities by the Ford Foundation (and the William Penn Foundation here in Philadelphia). The Energy Coordinating Agency was the lead agency in the Philadelphia pilot. The WRAP target area was a gentrifying area between Gray's Ferry on the west, 18th Street on the east, Reed Street on the south, and Fitzwater on the north.

## Conclusion

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Home repair is a critical city neighborhood revitalization, private investment attraction and workforce housing strategy. Faced with a surplus of housing and continuing residential abandonment, an approach that will protect the viability of existing workforce housing makes sense. Investing more public dollars and improving existing repair and code enforcement programs will help to ensure an adequate housing stock to meet the needs of residents with a range of incomes and to reestablish decent, quality housing as a core infrastructure in every neighborhood.