

April 6, 2021

Dear Representative,

The City of Philadelphia supports the sections of House Bill 581 (Solomon) that would allow municipalities to create property tax abatement programs for affordable housing construction and rehabilitation.

Among other provisions, the bill would allow municipalities to:

- Abate property taxes on new construction or improvement value for up to ten years for properties in deteriorated areas if at least 30% of the units in the property are affordable to households at or below 60% Area Median Income (Section 301).
- Also abate property taxes on new construction or improvement value in other geographic areas for up to two years, if 30% of the units in the property are affordable to households at or below 60% AMI (Section 401).

Philadelphia has a significant need for more affordable homes. Our Housing for Equity Plan released in 2018 identified that the city has approximately 125,000 cost burdened renters and homeowners, the vast majority of which earn below 50% Area Median Income. Philadelphia has also lost more than 13,000 low cost units from 2008 – 2016 while adding thousands of high cost units.

Sections 301 and 401 of House Bill 581 would give municipalities like Philadelphia additional tools to incentivize the development and preservation of high-quality affordable homes, including mixed-income properties, which help contribute to the upward mobility of low-income households.

We are grateful for the work of the General Assembly to create more affordable homes, including the passage of legislation that created and expanded PHARE, as well as the recent affordable housing tax credit. This legislation would give us one additional tool to expand and preserve affordable homes. We thank Representative Solomon for his leadership in introducing HB 581.

Sincerely,



Anne Fadullon, Director of Planning and Development



Mitchell Little, Director of the Office of Community Empowerment and Opportunity