

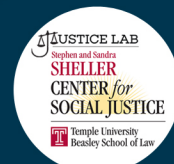


# DANGER OF THE OPT-OUT

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Strategies for Preserving Section 8  
Project-Based Housing in Philadelphia

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## ABOUT THE CONTRIBUTORS

This report was prepared by Rita Burns, Sara Mohamed, and Andrew Newstein, students from Justice Lab, a clinic at the Sheller Center for Social Justice at Temple University Beasley School of Law. The report's analysis and findings are based on research concerning the state of Section 8 project-based properties in Philadelphia and nationally, legislative and other protection among other cities and states, and conversations with local and national housing advocates.

## JUSTICE LAB at the SELLER CENTER FOR SOCIAL JUSTICE TEMPLE UNIVERSITY BEASLEY SCHOOL OF LAW

Justice Lab is a clinic at the Sheller Center for Social Justice at Temple University Beasley School of Law. Justice Lab represents client organizations (including community groups, nonprofit organizations, and governmental agencies) in a range of systemic advocacy matters. Students develop and advance policy campaigns, design and pilot legal services and access to justice programs, draft legislation and provide legislative advocacy tools, and act as problem solvers and strategic planners. Through this social justice advocacy, Justice Lab students develop expertise in finding creative solutions to legal problems, reflect on the complex social and political aspects of legal problems, and develop strengths in interviewing, research and information gathering, policy, legislative, and strategic analysis, written and oral advocacy, collaboration, project planning and management, professional ethics, negotiation, and media advocacy skills.

The Sheller Center for Social Justice at Temple University Beasley School of Law, created in 2013 by a generous gift from Stephen and Sandy Sheller, is a hub for social justice inquiry and advocacy. The Center's faculty, staff and affiliated faculty work with law students, the Law School's other legal clinics and experiential programs, others at the University, community organizations, and external partners to seek justice for disadvantaged populations in Philadelphia and across Pennsylvania.

## COMMUNITY LEGAL SERVICES

Founded in 1966 by the Philadelphia Bar Association, Community Legal Services (CLS) has provided free civil legal assistance to more than one million low-income Philadelphians. Approximately 10,000 clients were represented by CLS in the past year. CLS assists clients when they face the threat of losing their homes, incomes, health care, and even their families. CLS attorneys and other staff provide a full range of legal services, from individual representation to administrative advocacy to class action litigation, as well as community education and social work. CLS is nationally recognized as a model legal services program.

CLS' Housing Unit represents private, public, and subsidized housing tenants in matters involving eviction, illegal lockouts, and substandard housing. The unit also uses systems advocacy and litigation to address issues ranging from lead paint elimination, to federal housing policy changes, to tenant eviction laws.

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## ACRONYMS AND ABBREVIATIONS

AFFH: Affirmatively Furthering Fair Housing

AFH: Assessment of Fair Housing

CLS: Community Legal Services

HAP: Housing Assistance Payment

HUD: United States Department of Housing and Urban Development

MFH: Multi Family Housing

PBRA: Project-Based Rental Assistance

PBV: Project-Based Vouchers

PHA: Philadelphia Housing Authority (in this report, public housing agency will be used in its unabbreviated form)

PRAC: Project Rental Assistance Contract

REAC: Real Estate Assessment Center

TPV: Tenant Protection Voucher

TRACS: Tenant Rental Assistance Certification System



## EXECUTIVE SUMMARY

Nine thousand Philadelphia families living in subsidized housing are at risk of losing their affordable housing. This is because the law allows owners of Section 8 project based housing to “opt-out” of preserving their properties as affordable housing for Philadelphians.<sup>1</sup> Like many components of affordable housing, this risk disproportionately affects Philadelphians who are low-income and African-American.<sup>2</sup> This report addresses the risk of opt-out for Philadelphia families by presenting new data analysis and compiling best strategies from other jurisdictions. The report recommends strategies for advocates and policymakers to prevent opt-out, preserve housing, and pursue racial equity in Philadelphia housing.

HUD has recognized the problem of racial inequity in affordable housing by requiring public housing agencies to actively address barriers to fair housing through the 2015 Affirmatively Furthering Fair Housing (AFFH).<sup>3</sup> In October 2016, the Philadelphia Housing Authority released its draft Assessment of Fair Housing (AFH) plan.<sup>4</sup> Like this report, Philadelphia’s draft AFH plan recognizes the serious challenges of racial justice and housing. In Philadelphia, African-Americans live in project-based housing in disproportionately large numbers, 63% of residents compared with 44% of the city’s population. Data show that African-Americans in Philadelphia also are disproportionately likely to carry a “severe housing cost burden,” a HUD measure based on a resident paying 50% or more of her income to housing costs. The loss of any affordable housing, and particularly the loss of Section 8 project-based housing, will be hardest felt by minority populations already facing severe housing challenges. Thus, the preservation of Section 8 project based housing is a critical racial equity issue in Philadelphia.

Section 8 project based housing is owned by private owners who have subsidies and contracts with HUD to provide this affordable housing. As explained in the report, owners can opt-out of these contracts in different ways, allowing them to turn the housing units into private, market rate apartments or to sell the properties. There can be powerful economic incentives for private owners to opt-out and eliminate these affordable housing units. When this happens, tenants struggle to find affordable replacement housing because the overall number of affordable housing units – public or private – in Philadelphia is much smaller than the number of people who need these units.

This report collects and analyzes data about Section 8 project based properties in Philadelphia. It identifies characteristics of these properties, their owners, and their neighborhoods to estimate the risk that owners will opt-out of keeping these properties as affordable housing. Based on this analysis the report identifies 19 properties at highest risk for opt-out. Among these properties, the report identifies properties with the largest number of units to be the focus of advocacy. The report also recommends advocacy priorities based on when HUD contracts are expiring, with a focus on the next five years and roughly twenty years from now.



**The report analyzes the risk of opt-out for 86 Section 8 project based properties and finds:**

- 44 ARE OWNED BY FOR-PROFIT COMPANIES, who have increased incentives to opt-out of Section 8 contracts if it is more profitable to do so.
- 18 ARE IN GENTRIFYING CENSUS TRACTS, which are at greater risk of opt-out due to changing neighborhood demographics.
- 24 HAVE AN INSPECTION SCORE OF 89 OR LOWER, which may increase the risk of opt-out as owners try to avoid a contract abatement or foreclosure from HUD if their scores continue to fall, or alternatively are waiting to improve the building until after they have opted out.

**3 PROPERTIES MEET ALL THREE HEIGHTENED RISK CRITERIA, AND 16 PROPERTIES MEET TWO OF THE THREE.**

The report also surveys best practices in advocacy to address the risk of opt-out across the country. While there is no single way to address the problems created by owners opting out of Section 8 project based housing, there are common approaches that have been successful. These include increasing the amount of notice tenants receive, expanding the parties who receive this notice to include advocates, government agencies, and other organizations, and creating a right of first refusal or first purchase for tenants and their advocates.

**RECOMMENDATIONS FOR PHILADELPHIA**

- Philadelphia should supplement federal law by requiring owners to provide 24 months notice of opt-out.
- PHA should create and maintain an online database of every pending contract termination or mortgage prepayment.
- Philadelphia should require owners to provide the notice to housing advocates, tenant associations, and the City itself.
- Philadelphia should create a right of first purchase for tenants and others when an owner opts out.
- PHA should assist displaced tenants with controlled rent and requiring owners to help find replacement housing

When an owner opts out of Section 8 project based housing, the effects for tenants are long lasting for Philadelphia. Any loss of affordable housing unit is a painful loss in a city with an already insufficient supply of affordable housing, a closed waiting list for public housing, and insufficient funding for existing tenant protections. These losses exacerbate the racial and socioeconomic inequity in our city. This report recommends advocacy priorities and highlights strategies to preserve Section 8 project based housing as one step in achieving racial justice and preserving affordable housing for Philadelphians.

## INTRODUCTION: IS PHILADELPHIA OPTING OUT OF AFFORDABLE HOUSING?

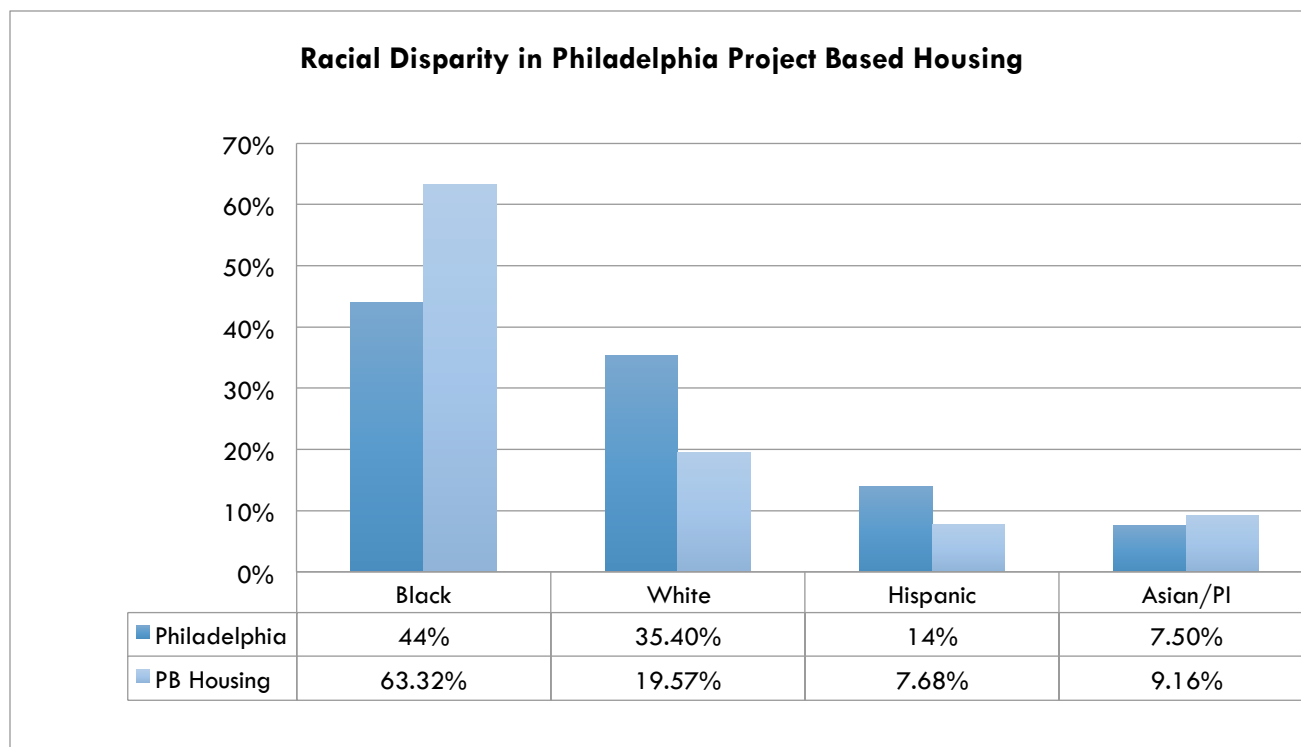
Philadelphia is one of the poorest large cities in America and it is struggling with a national problem: an insufficient supply of subsidized housing. The Philadelphia Housing Authority's October 2016 Assessment of Fair Housing plan begins to recognize the challenges Philadelphia faces. This report addresses one key part of the challenge of preserving affordable housing: declining supplies of Section 8 project-based housing in Philadelphia.

Section 8 project-based housing is at risk of disappearing because private owners can “opt-out” of their contracts with HUD, displace tenants, and diminish the supply of affordable housing. For this report, “opting out” refers to when an owner chooses not to renew an expiring contract or prepays a mortgage, ending the requirement to maintain the housing as subsidized. The phenomenon of owners opting out of subsidized housing is a crucial challenge for housing advocates in Philadelphia, where over 9,000 units are at risk of loss. To complicate matters, there are financial incentives for private owners of subsidized housing to convert to non-affordable uses, such as high-rent units or condominiums. And these incentives often get stronger as properties age and neighborhoods gentrify. All of these challenges are intertwined with the core problem of racial inequity in affordable housing.

It is crucial for Philadelphians, the Philadelphia Housing Authority, and housing advocates to understand the risk factors for the loss of affordable housing from owners opting out of Section 8 project-based housing, and to think strategically about how to protect tenants. This report begins with a brief explanation of the relevant HUD programs, how they are at risk and how tenants are currently protected. It then uses extensive data to analyze which Section 8 project-based units are at highest risk for loss in Philadelphia, and suggests priorities among those units. It then discusses strategies that advocates in other states and cities have used to secure tenant rights and long term affordability to address the risk of opt-out. It concludes with advocacy solutions for preserving affordable housing in Philadelphia.

## RACIAL AND SOCIO-ECONOMIC INEQUITY IN THE LOSS OF SECTION 8 PROJECT-BASED HOUSING

Philadelphia's loss of subsidized housing would be hardest felt among minority populations who already face the worst housing cost burdens. There is clear racial disparity in project-based housing in Philadelphia, which is only one component of the larger issues of the long history of segregation in housing and the newer challenges of gentrification of cities including Philadelphia. Regardless of the particular framing, the preservation of Section 8 project based housing is a critical racial equity issue in Philadelphia.

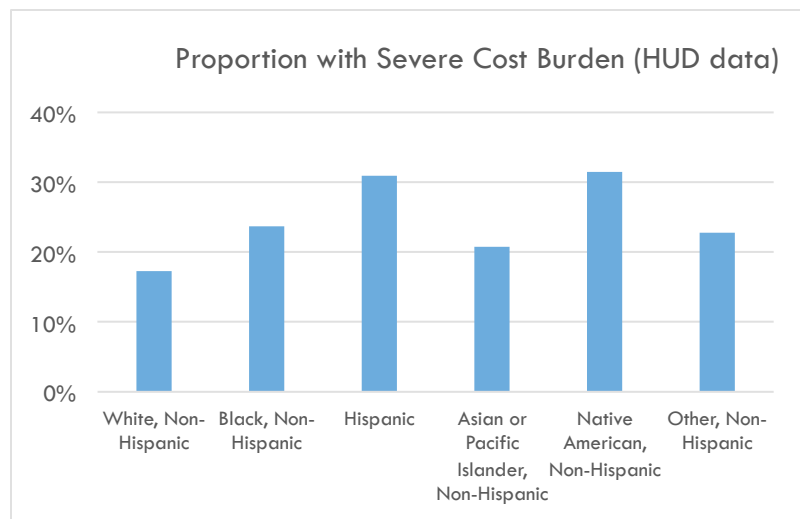


As the chart above demonstrates, residents of project-based Section 8 Housing are disproportionately of minority races and ethnicities in Philadelphia.<sup>5</sup> Cumulatively, minority ethnicities and races account for over 80% of residents of all project-based housing in Philadelphia but only 65.5% of the entire city population.<sup>6</sup> Therefore, the loss of Section 8 project-based housing disproportionately affects the housing security of minority populations. This is most acutely the case for those identifying as black or African-American, who are historically a very disenfranchised population within the city.

HUD data supports this perspective. HUD defines households facing “Severe Housing Cost Burden” as any household in which more than 50% of the total income is being devoted to housing costs.<sup>7</sup> Non-Hispanic Whites face the lowest percentage of Severe Housing Cost Burden, while all other minority populations face a higher percentage. Accordingly, if project-based housing is lost, the populations that already face the highest housing burdens would further disproportionately face increased burdens within the private market.



Racial inequity is also tied to socioeconomic inequity in Philadelphia. Data shows the loss of project-based housing disproportionately targets low-income families and individuals. According to national data from the



Harvard Joint Center for Housing Studies, 70-79% of renters in Philadelphia with income under \$15,000 face Severe Housing Cost Burdens.<sup>8</sup> Given Philadelphia's poverty rate of 26% (defined as an income below \$12,082 for an individual and \$24,257 for a family of four) and a deep poverty rate of 12.9% (defined as an income below \$5,700 for an individual and \$11,700 for a family of four), an alarming amount of Philadelphians are in this position.<sup>9</sup>

Clearly any loss in subsidized housing directly impacts lower income individuals

and families because they are, by definition, the tenants living in those units. However, the data shows that losing Section 8 project based housing is exacerbating the inequity that already exists in Philadelphia housing. Our data analysis in the next section identifies the project based housing that is at the highest risk for owners opting out. Though we were not able to explicitly include the race of housing residents as a variable in our analysis, as we discuss, the preservation of project based housing by reducing owner opt-out is necessarily a racial justice issue. Our analysis of these issues allows activists to pursue racial equity in housing in a more focused way.

## BACKGROUND: SUBSIDIZED HOUSING LAW IN PHILADELPHIA

Our data analysis begins with the history of subsidized housing law, and particularly Section 8 housing. The looming crisis of affordable housing loss is a direct result of the expiration of contracts in created by the Section 8 program in the 1960s. Congress created this program, but did not plan for its evolution, causing the affordable housing problems the country now faces.

### Section 8 Project Based Developments

In the 1960s, Congress created several multifamily subsidized housing programs (MFH). In contrast to traditional public housing, in which the public housing agency owns and operates the housing, private landlords or corporations own and operate multifamily subsidized housing.<sup>10</sup> In these programs, the private landlord receives a subsidy from HUD in exchange for providing affordable housing.<sup>11</sup> Typically, this entails renting to low-income or moderate-income tenants.<sup>12</sup> Subsidies received can be in the form of rental assistance, also known as Section 8 Project Based, or subsidized mortgages.<sup>13</sup> Some properties have both types of subsidies.<sup>14</sup> However, all multifamily subsidized housing have one thing in common: the subsidy stays with the private owner's property and not with a particular tenant.<sup>15</sup>

#### MORTGAGE SUBSIDIES

Section 8 programs are part of the historical evolution of federal affordable housing programs. The oldest program that subsidized financing to private developers was Section 221(d)(3). This program, also called Below-Market-Interest-Rate (BMIR), subsidized financing at 3 percent interest rates.<sup>16</sup> Rents to tenants were a flat HUD-approved rate.<sup>17</sup> However, the BMIR subsidized financing was not enough to keep rents affordable because it failed to consider the operating costs of the landlord.<sup>18</sup> This program was replaced with Section 236 in 1968 to provide multifamily housing for low and moderate income families.<sup>19</sup> Section 236 remedied this problem by providing market rate interest on mortgages coupled with "interest reduction payments" in order to lower the owner's operating costs.<sup>20</sup> In exchange for receiving subsidies on the mortgage, the owner is required to rent to eligible low-income tenants and charge HUD-approved rent.<sup>21</sup> Also, the owner signs a regulatory agreement and/or a "use and occupancy" restrictions with HUD for the life of the mortgage, typically 40 years, requiring compliance with HUD rules, regulations and housing quality standard for units.<sup>22</sup> Both the Section 221(d)(3) and 236 programs are no longer offering new mortgages, but buildings already in the program keep their subsidies.<sup>23</sup>

The mortgage subsidies in these early programs were not sufficient to lower tenants' rents to traditional public housing rates of 30% of a tenant's income because the programs did not provide operating subsidies to offset operating costs.<sup>24</sup> Additionally, many owners encountered financial trouble that resulted in mortgage default, HUD acquiring the property, foreclosing, and selling the property to pay off the debts. In response, Congress created programs such as property and utility subsidies and rental assistance. Early forms of rental subsidies that worked to keep mortgage subsidy programs viable include the Section 236 Rental Assistance Program (RAP) and the Rent Supplement Program. Both programs were developed prior to the Section 8 program and made payments on behalf of very low-income tenants unable to pay the standard rent contribution of 30% of their income.<sup>25</sup>

Because owners were struggling to keep their rents affordable and pay their mortgages, by the mid-1970s, HUD created a new program, project-based Section 8 assistance, to deal with this crisis.<sup>26</sup>

## **Project-Based Rental Assistance**

In 1974, HUD created project-based Section 8 assistance for existing multifamily housing to remain affordable to extremely low or very low-income households. Some programs funded the rehabilitation of deteriorating physical conditions to preserve affordable housing.<sup>27</sup> We focus on rental assistance because it is the program in which the “opt-out” phenomenon occurs.

Many multifamily housing projects are unaffordable to very low-income households because the approved HUD rent is still too high. Project-based Section 8 rental assistance assists these families in obtaining adequate housing by supplementing their rent. This is typically done by providing a subsidy to the owner, which is tied to the development. Although several HUD programs qualify for project-based Section 8 rental assistance, we will narrow our focus to those programs that are active in Philadelphia.

### **PROGRAMS RECEIVING PROJECT-BASED ASSISTANCE**

- **Newly constructed buildings under Section 8**
- **Buildings that are substantially rehabilitated**
- **State agency set-aside**
- **Loan Management Additional Assistance**
- **Newly constructed buildings under Section 515 (rural rental housing)**
- **Property disposition programs**
- **Sections 202/811 Supportive Housing Programs for the elderly or disabled**

For owners seeking project based assistance, the first step is a contract with HUD. HUD enters into a Housing Assistance Payment (HAP) contract with a private owner. Owners can be individuals, non-profit organization and/or profit-motivated corporations. Funding for the HAP program is provided annually, however contracts may be renewed in 1, 5 or 20 year increments. Typically, tenants pay 30% of their adjusted income for rent and utilities. HAP keeps units affordable by paying the owner the difference between the contract rent and the tenant’s portion.<sup>28</sup>

An additional subset of project based section 8 rental assistance is allocated for housing for people with disabilities and seniors. Section 811 provides supportive housing for people with disabilities and Section 202 provides for the elderly. Rental assistance in these programs require a Project Rental Assistance Contract (PRAC), instead of a HAP contract.<sup>29</sup>

In 1997, Congress stopped funding affordable housing programs and allowed owners to prepay their mortgages without restrictions. This exception applies to Section 8 project based properties. When an owner prepays the mortgage or the property approaches the maturity of their mortgage, the regulatory and use restrictions expire, threatening displacement of tenants and a loss of affordable units.<sup>30</sup>



## **Owners Can Opt-Out of Subsidized Housing**

For many Philadelphians, the loss of subsidized housing through the “opt-out” problem threatens a basic right to housing. Tenants are facing the possibility of displacement and even homelessness.<sup>31</sup> There are several ways a property owner can take a property out of the affordable stock of multifamily subsidized housing. This report focuses on two ways an owner can “opt-out” of affordable housing: when an owner chooses not to renew an expiring contract or when an owner prepays a mortgage, ending the requirement to maintain the housing under HUD use restrictions. Both of these options share a common characteristic: the decision to effectively remove these properties from the affordable housing stock remains in the property owner’s hands.

Owners face economic incentives to opt-out and convert to non-affordable uses, such as higher market rent units or condominiums. Properties are aging and maintaining subsidized housing to HUD standards is costly. Similarly, many of these properties increase in value due to gentrification of their surrounding neighborhoods. For many owners, “opting out” is the more profitable choice.<sup>32</sup> Additionally, owners may opt-out because they prefer the “flexibility of lesser-regulated market rate operation.”<sup>33</sup> As no new units are being constructed, keeping this type of subsidized housing within the affordable stock is a challenge for housing advocates in Philadelphia and nationally.<sup>34</sup>

### **CONTRACT RENEWAL**

The affordability of subsidized housing is limited to the specific term of a contract or duration of a mortgage loan, typically 20 years. When a contract expires, private owners may opt-out of the affordability stock by choosing not to renew the contract. Developments with a project-based Section 8 contract are only obligated to rent to low-income tenants for the term of the contract.<sup>35</sup> When an assistance contract expires, neither HUD nor the property owner has an obligation to renew. Owners face a choice to “opt-in” by renewing the contract or “opt-out” by not renewing an expiring contract.

### **MORTGAGE MATURITY OR PREPAYMENT**

Where the subsidy is in the form of a mortgage, use restrictions on rent levels and tenant eligibility are tied to the loan. The maturity of the loan or a prepayment triggers the end of the use restrictions.<sup>36</sup> As a result, rents are raised to market level and become unaffordable to most tenants. Both of these phenomena threaten displacement of tenants and the loss of affordable housing. Although most BMIR mortgages had an original 40-year term, HUD allows owners to prepay the mortgage after 20 years. Prepayment allows owners to terminate the income and rent restrictions and Section 8 subsidies. Like prepayment, when a HUD-subsidized mortgage matures, it brings the expiration of the regulatory and use restrictions.<sup>37</sup>

### **OTHER RENEWAL OPTIONS**

There are options besides opting out or renewing under current Section 8 contract terms: Mark-Up-To-Market or Mark-to-Market. Both of these programs provide incentives to owners to renew, with the goal of preserving affordable housing.

Some properties with both a subsidized mortgage and rental assistance have rents that exceed market rent. In this scenario HUD is required to reduce rents to market level upon renewal.<sup>38</sup> Because this puts FHA insured mortgages at risk of default, HUD created a Mark-to-Market program to discourage owners from opting out

of contract renewals. Owners may apply for the Mark-to-Market program, but are not guaranteed acceptance. In this program, an owner can restructure a HUD mortgage to be able to afford operating a property with lower, market rents. This option is conditioned on accepting subsidies for an additional 30-year term. The Mark-to-Market also offers a short-term alternative: decline the mortgage restructuring and renew the contract for an additional year.<sup>39</sup> Additionally, participation in mortgage restructuring may require a conversion from a project-based subsidy that stays with the development to tenant based vouchers (TPVs), which are not connected to any specific property. The allocation of TPVs is further conditioned on HUD's determination of vacancy rates in the area.<sup>40</sup>

On the other hand, properties that have below market rents may be eligible to raise rents to market level through the Mark-up-to-Market program upon renewal. Owners of eligible properties may choose to participate in this program if their developments are in high-cost, gentrifying neighborhoods. This program provides an incentive to remain in the Section 8 program instead of opting out. Additionally, this raise in rents is conditioned on a renewal of the contract for a term of 5 years.<sup>41</sup>

There are several other ways for affordable housing units to disappear, but these are dependent on HUD action rather than owner opt-out. If renewal funding is inadequate, HUD may short-change owners and require tenants to pay higher rents. HUD may even refuse to renew the Section 8 contract.<sup>42</sup> HUD may also terminate the contract and end the subsidy due to subpar physical condition of the property. Also, HUD may foreclose upon a BMIR mortgage. Lastly, HUD and the owner have the right to terminate the contract subject to the terms of the rental assistance contract.

## Existing Tenant Protections When an Owner Opts Out

There are some legal protections for tenants when an owner of a Section 8 property opts out of a contract or mortgage. We describe these existing protections because they are important context for the additional protections we ultimately recommend Philadelphia housing advocates pursue.

### ONE-YEAR NOTICE OF NON-RENEWAL

Federal law requires that all private owners of Section 8 properties provide both HUD and tenants with one-year notice prior to the termination or expiration of the contract.<sup>43</sup> This notice must provide the owner's intentions to either renew or opt-out of the contract.<sup>44</sup> It must also state that in the event of opt-out, HUD will provide tenant-based rental assistance to eligible tenants.<sup>45</sup> This notice must be hand delivered or mailed to each unit (taping on the door is not sufficient).<sup>46</sup> Owners are encouraged but not required to provide notice in the tenants' language if they speak anything other than English.<sup>47</sup>

Owners may not evict tenants or increase rents until notice has been given and one year has passed.<sup>48</sup> HUD has the discretion to renew expiring contracts for whatever period of time is needed in order to ensure that tenants receive notice at least one full year in advance of opt-out.<sup>49</sup> If an owner initially intends to renew but later decides to opt-out, a new one-year notice must be provided.<sup>50</sup>

#### REQUIREMENTS FOR ONE-YEAR NOTICE OF CONTRACT NON-RENEWAL

- **Specifies opt-out or renewal intention**
- **States that HUD may provide tenant based vouchers**
- **Served directly to each unit or mailed to each tenant**
- **Language provided in HUD samples must be in notice**
- **Statement that owner will honor tenants' right to remain if property continues to be offered for rental housing, the public housing authority finds the rent reasonable, and there is no cause for eviction**

#### **Encouraged but Not Required**

- **In tenant's language if other than English**
- **That owner provides as much information as possible about opting out and reasoning for doing so.**

In contrast to contract non-renewal where tenants receive a year of advance notice, owners are only required to give tenants 150 days' advance notice of an intention to prepay. However, upon prepayment, tenants are eligible for Tenant Protection Vouchers (TPVs) or an enhanced voucher that allows a tenant to remain in the property or find new affordable housing. Unlike prepayment scenarios, tenants living in a development with affordability protections but without rental assistance do not qualify for enhanced vouchers when the mortgage expires.

#### ENHANCED VOUCHERS

In certain circumstances, HUD may provide tenants with enhanced vouchers in the event of contract expiration or mortgage prepayment. This voucher is tied to the specific property, allows the tenants to remain there, and covers any increase in rent that may occur as long as the public housing authority determines that the rent is reasonable.<sup>51</sup> If a tenant with an enhanced voucher moves away from the property, the enhanced voucher is eliminated and that unit is removed from project-based housing stock.<sup>52</sup> The tenant still is eligible for a housing choice voucher at that point, but that is tenant-based and distinct from any property.<sup>53</sup> However, the availability of enhanced vouchers depends on HUD funding and are often limited to tenants that live in low-vacancy areas (which HUD defines as counties that have a moderate to tight rental market for low-income tenants).<sup>54</sup> For the year of 2016, Philadelphia is not listed as a low-vacancy county, which would make it harder to obtain an enhanced voucher.<sup>55</sup>

#### TENANT PROTECTION VOUCHERS

Regular Tenant Protection Vouchers act similarly to housing choice vouchers and do not provide the enhanced feature of covering increase rent that enhanced vouchers have.<sup>56</sup> Instead of allowing a tenant to stay at a specific property, this voucher allows them to find other affording housing.<sup>57</sup> Tenant protection vouchers are provided to residents to find other affordable housing in the following situations:

- When public housing is demolished, sold, or otherwise converted
- When private project-based contracts are terminated or not renewed by HUD (as opposed to the owner) due to owner's breach of the contract or otherwise not fulfilling the requirements
- When private housing with a HUD-subsidized mortgage forecloses
- When certain program (Rent Supplement Payments Program or Rental Assistance Payment Program) contracts expire, are terminated, or their underlying mortgages are prepaid
- When certain 202 loans are prepaid

## DATA ANALYSIS: THE RISK OF LOSING PHILADELPHIA'S SECTION 8 PROJECT-BASED CONTRACTS

Because Section 8 project-based housing relies on private owners, it is crucial for housing advocates to predict when an owner might opt-out of Section 8 by not continuing a contract or mortgage. One way to do this is to identify the properties that are most at risk for opt-out, so as to prioritize advocacy to preserve affordable, project-based housing in Philadelphia.

This section of the report analyzes HUD data to identify properties that are most in danger of opt-out. This analysis gives housing advocates the ability to prioritize advocacy based on the risk of opt-out and also the impact of preservation of units on the City. We considered variables including the expiration date of the contract, the profit status of the owner, the property's census tract, the physical inspection score of the property, the length of the contract term, and the number of units in the property. By cross-referencing these factors among properties, we highlighted those that have the greatest risk of disappearing due to owner opt-out. Though we do not have specific racial or socioeconomic data for each property, the maps included with our analysis show that properties that are at high risk for opt-out are in areas that are either historically the object of underinvestment and high minority populations, or areas that are currently gentrifying and are at risk of exacerbating racial inequity in Philadelphia.

## Methodology

Our analysis is based on a collection data from disparate HUD and PHA sources. This is because neither HUD nor PHA maintains a comprehensive, unified source of information about Section 8 project-based properties. The HUD sources include the Multifamily Assistance and Section 8 Contracts Database<sup>58</sup> and Multifamily Portfolio Datasets - Contract Renewal Information - all Contracts.<sup>59</sup> The HUD datasets were last updated as of September 29, 2016. We also cross-referenced our data with PHA's listing of HUD Section Subsidized Units in Philadelphia.<sup>60</sup> PHA gives no indication of when their list was last updated but the URL to the list implies that it was posted on October 3, 2013, so we relied more heavily on the HUD datasets, using the PHA list only to provide any additional contact information that was not provided on the HUD datasets. All of our gentrification data was pulled from Governing's Philadelphia Gentrification Maps and Data.<sup>61</sup> Governing's analysis is based on 2009-2013 American Community Survey<sup>62</sup> and US 2010 Longitudinal Tract Data Base.<sup>63</sup>

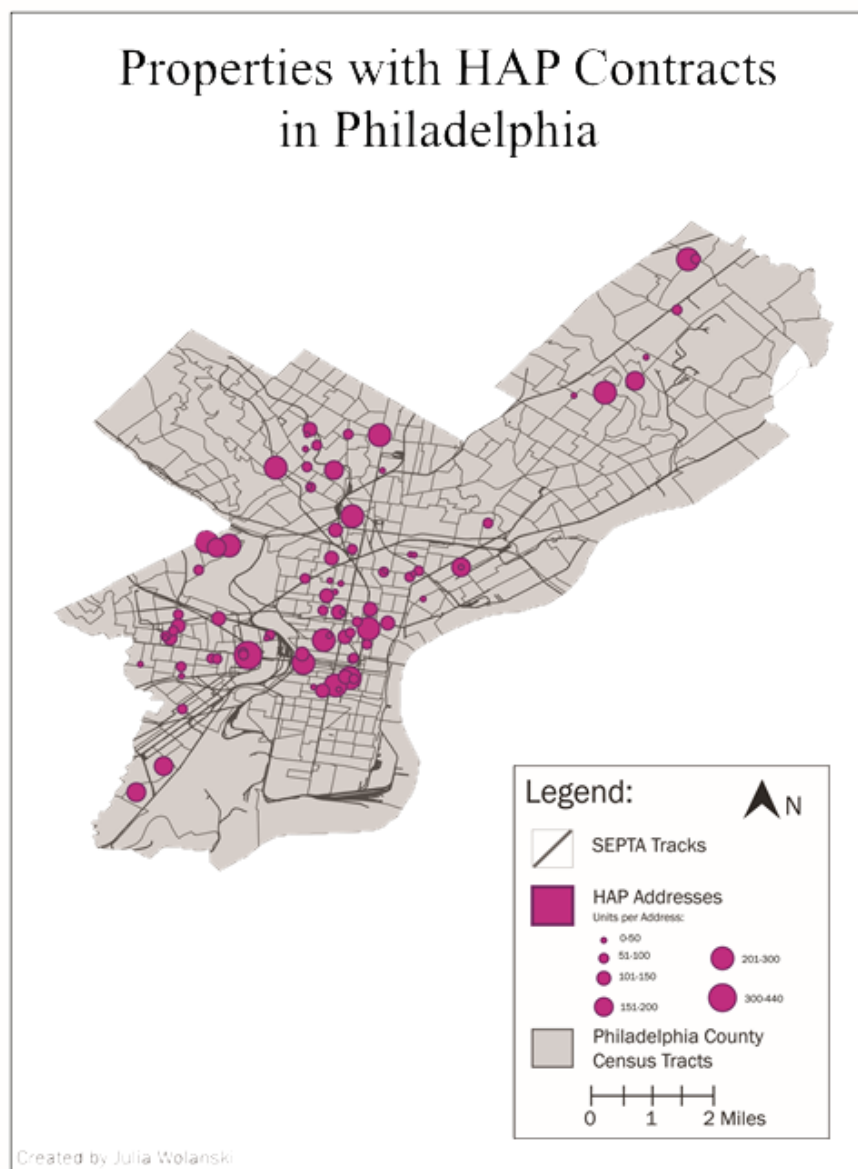
Our compiled data set from these sources resulted in a list of 151 properties in Philadelphia that HUD broadly determines are under Section 8 contracts. The contracts are largely identified as Housing Assistant Payments (HAP) contracts and Payment Rental Assistance Contracts (PRACs). PRACs concern capital advances and are only granted by HUD on a yearly basis, based on the availability of allocated funding. HUD did not include any PRAC analysis in their analysis of characteristics of contracts in which owners are more likely to opt in or out.<sup>64</sup> PRAC contracts are so dissimilar to multi-year HAP contracts that we have not included them in our analysis and have only focused on HAP contracts. HAP contracts represent 86 properties and 9,177 housing units in Philadelphia, while PRAC contracts represent 65 properties and 2,679 units. Thus, HAP contracts represent a larger share of housing stock in the city.

### ASSUMPTIONS

We made several assumptions in the analysis of our data. First, in determining the expiration date for HAP contracts, we operated under the assumption that the HUD field "tracs\_overall\_expiration\_date" represented the final expiration date of contracts in place for any particular property.<sup>65</sup> This is important because, though the data suggests it is the expiration date, it could signify a possible extension date or other interim step. Nonetheless, we considered it a reasonable assumption that this date signifies when the loss of housing is likely to occur. Second, in determining the relevant contracted units per property we used the HUD field "maximum\_contract\_unit\_count."<sup>66</sup> While this represents the maximum amount of units under contract, it does not necessarily mean that it is the number of units currently available or occupied through Section 8.

## Location of Public Housing in Philadelphia

There are 86 properties in the city of Philadelphia that are under HAP contracts with HUD. These properties represent 9,177 housing units under Section 8 contracts. Map 1 below represents the location of all HAP properties in Philadelphia. The size of each point correlates to the number of units within each property. Eleven properties are in Center City (Race Street to the north, Fitzwater Street to the south, and the Delaware and Schuylkill Rivers to the east and west). Thirty-one properties are in northern Philadelphia (from Spring Garden to Wyoming Avenue). Twenty-five properties are scattered through West Philadelphia (west of the Schuylkill River). Twelve properties are in the Germantown and LaSalle University regions (north Broad Street and northwest portions of the city). Finally, seven properties are in the Northeast region of the city (along Bustleton and Roosevelt Avenues).

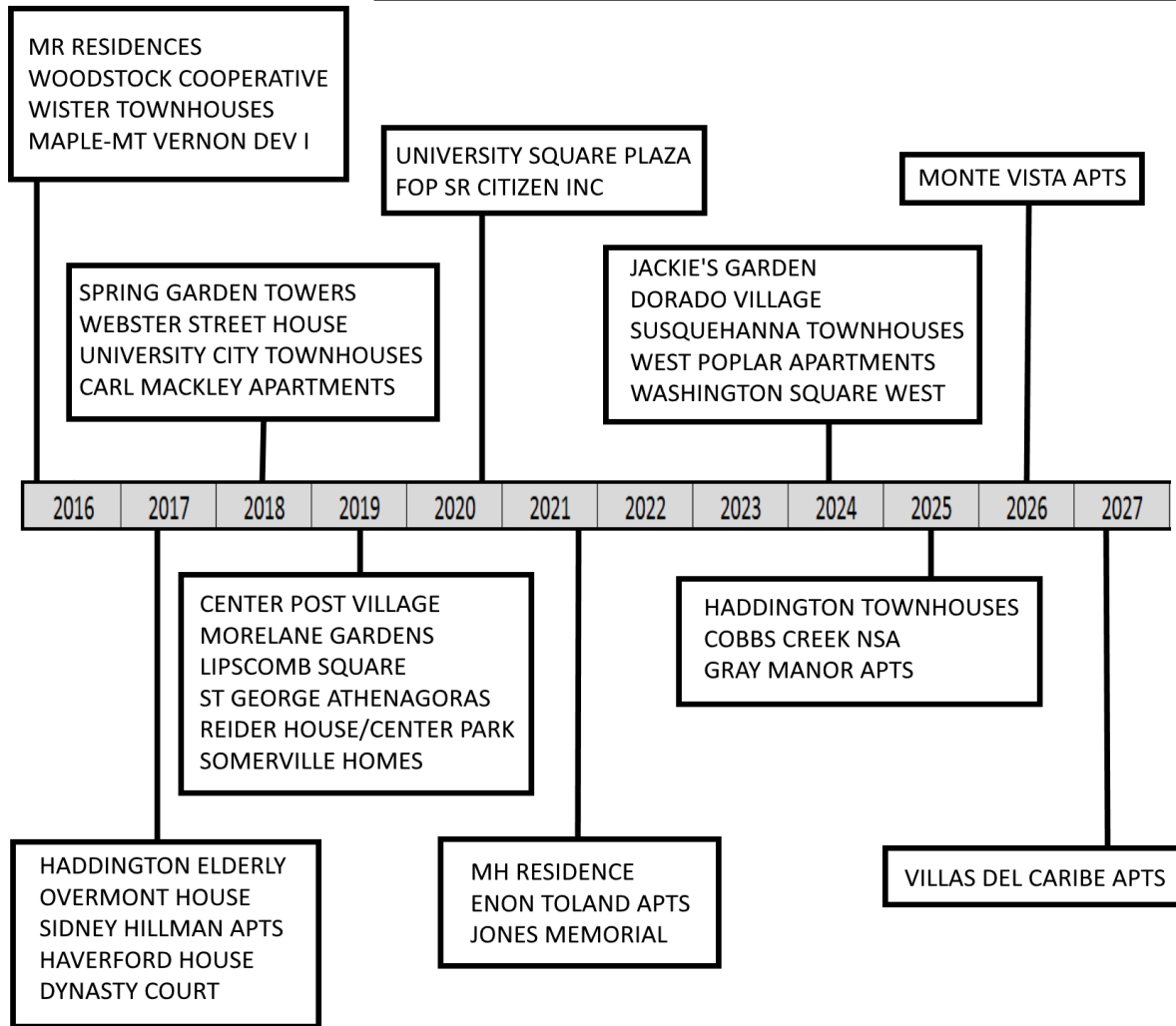


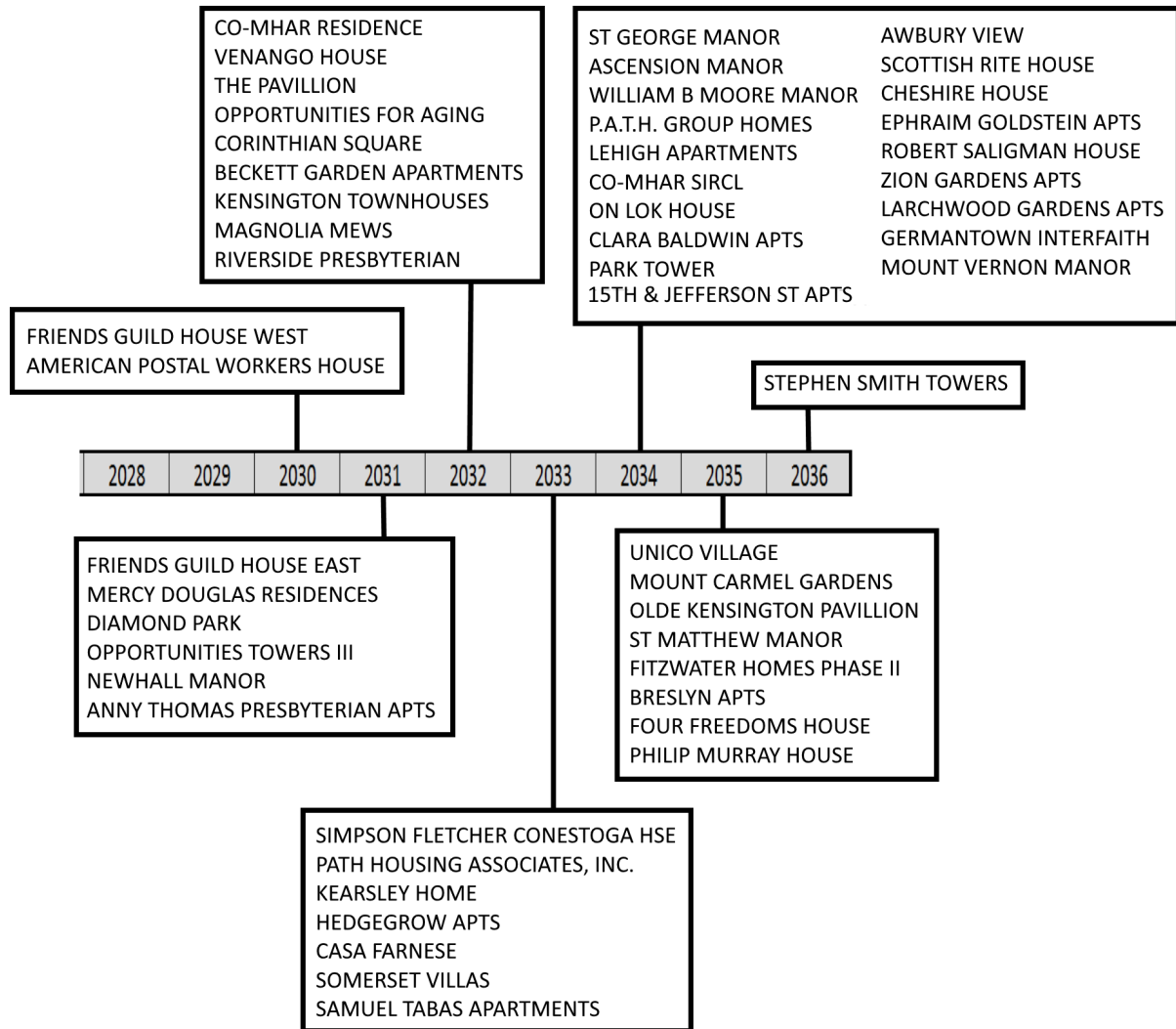
## **Upcoming Contract Expirations**

Because the year that these contracts expire dictate how immediate the danger of opt-out is, we looked to the range of contract expiration dates. The expiration date of the HAP contracts for these properties span a range from 2016 to 2036. See below for a complete timeline of the expiration dates of all of the current HAP contracts in Philadelphia.



## Timeline of Contract Expiration Dates





We then divided the expiration dates into five year increments, 2016-2020, 2021-2025, 2026-2030, and 2031- 2036. A pattern emerges in which a significant majority of contracts are expiring either in the earliest range - up until 2020 (21 properties) or in the latest range - 2031 and beyond (50 properties).

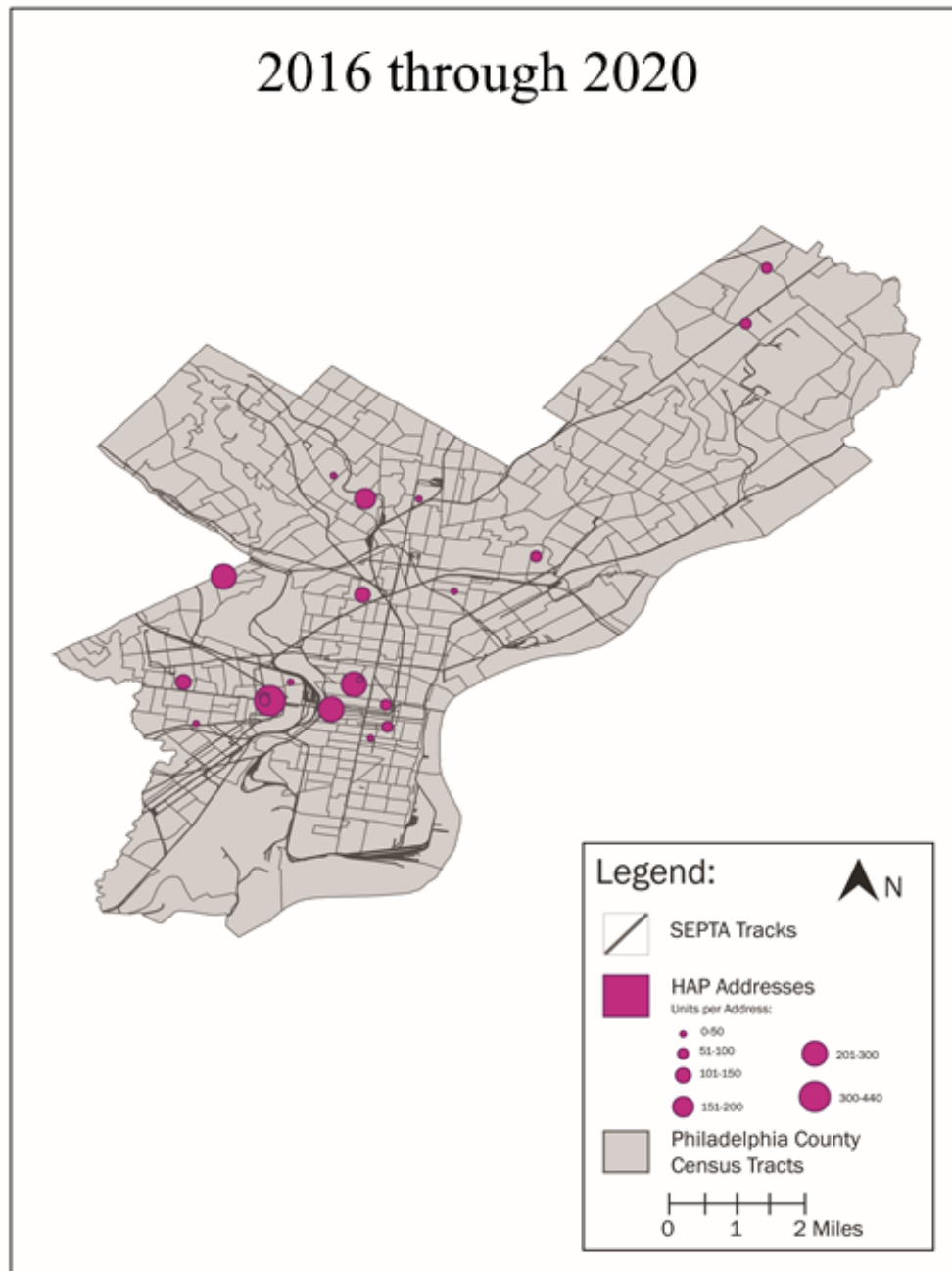
This may be because of a cyclical effect starting with the boom in public housing in the 1960s, so many of the contracts have followed the same 20-30 year cycle which has come to a peak again in this decade. As such, many contracts have been renewed for a new twenty year cycle in the past few years, and those expiring in the shortest term are a part of that same expiration cycle. This pattern suggests that advocates for affordable housing first face the challenge of preserving the most immediate housing set to expire in the next few years, and then have the opportunity to create a long-term strategy for preserving contracts expiring beyond 2030, while working on targeted properties in the interim years.

Contract End Date	Number of Properties
2016-2020	21
2021-2025	11
2026-2030	4
2031 and Beyond	50

The following five maps represent the locations of the properties with contract expiration dates within each of these five-year ranges. Each map is accompanied by our analysis of the geographic trends in each expiration time range.

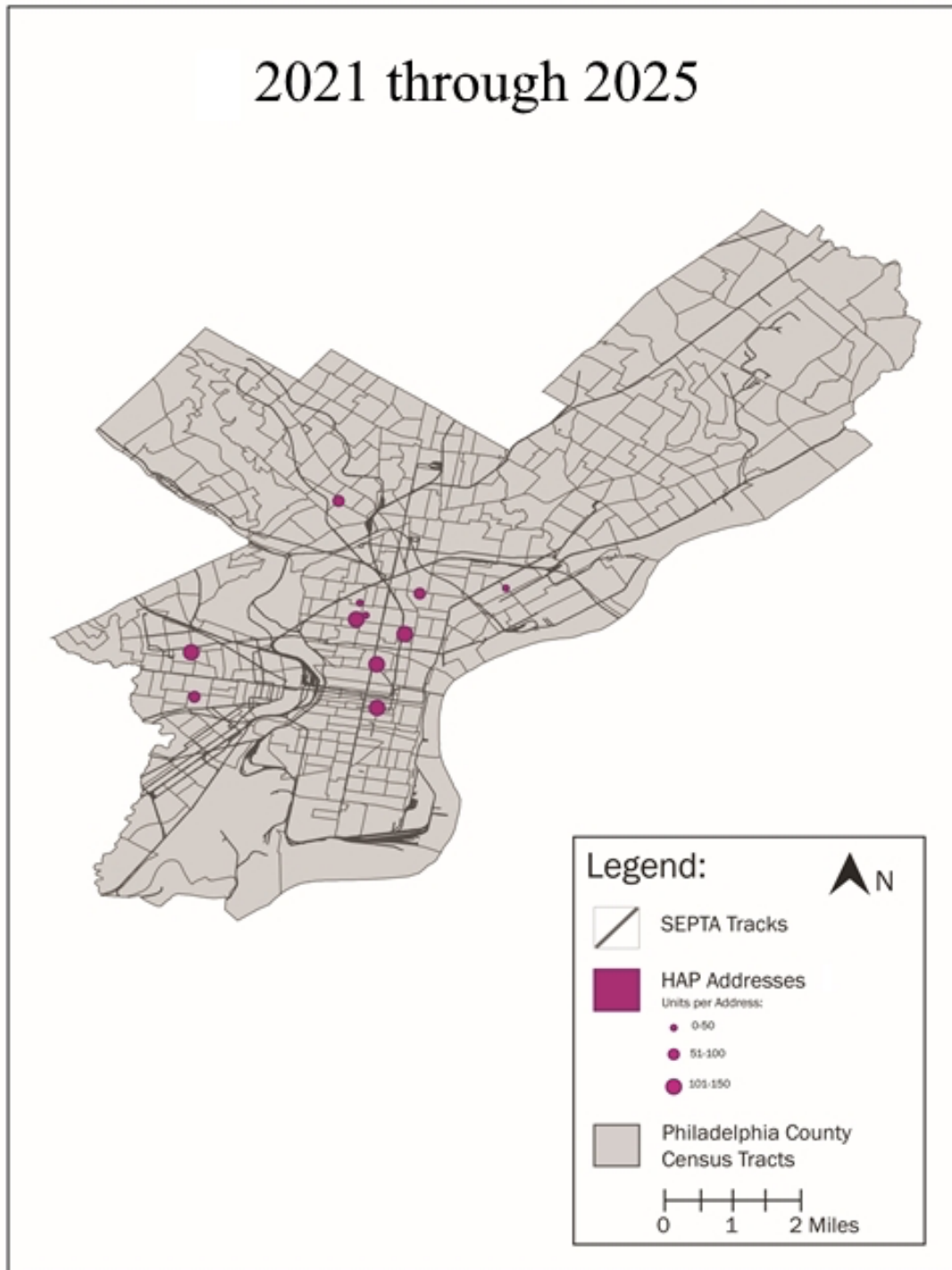
MAP 2: 2016 – 2020 CONTRACT EXPIRATION

Of the twenty-one properties with contracts expiring in the immediate future, three properties fall in the University City area of West Philadelphia and are clustered close together. As our analysis below shows, two of these are in a gentrifying area and the third falls just outside of that census tract. Four properties are in Center City, the part of Philadelphia where property values are the highest. The remaining properties are scattered throughout the county.



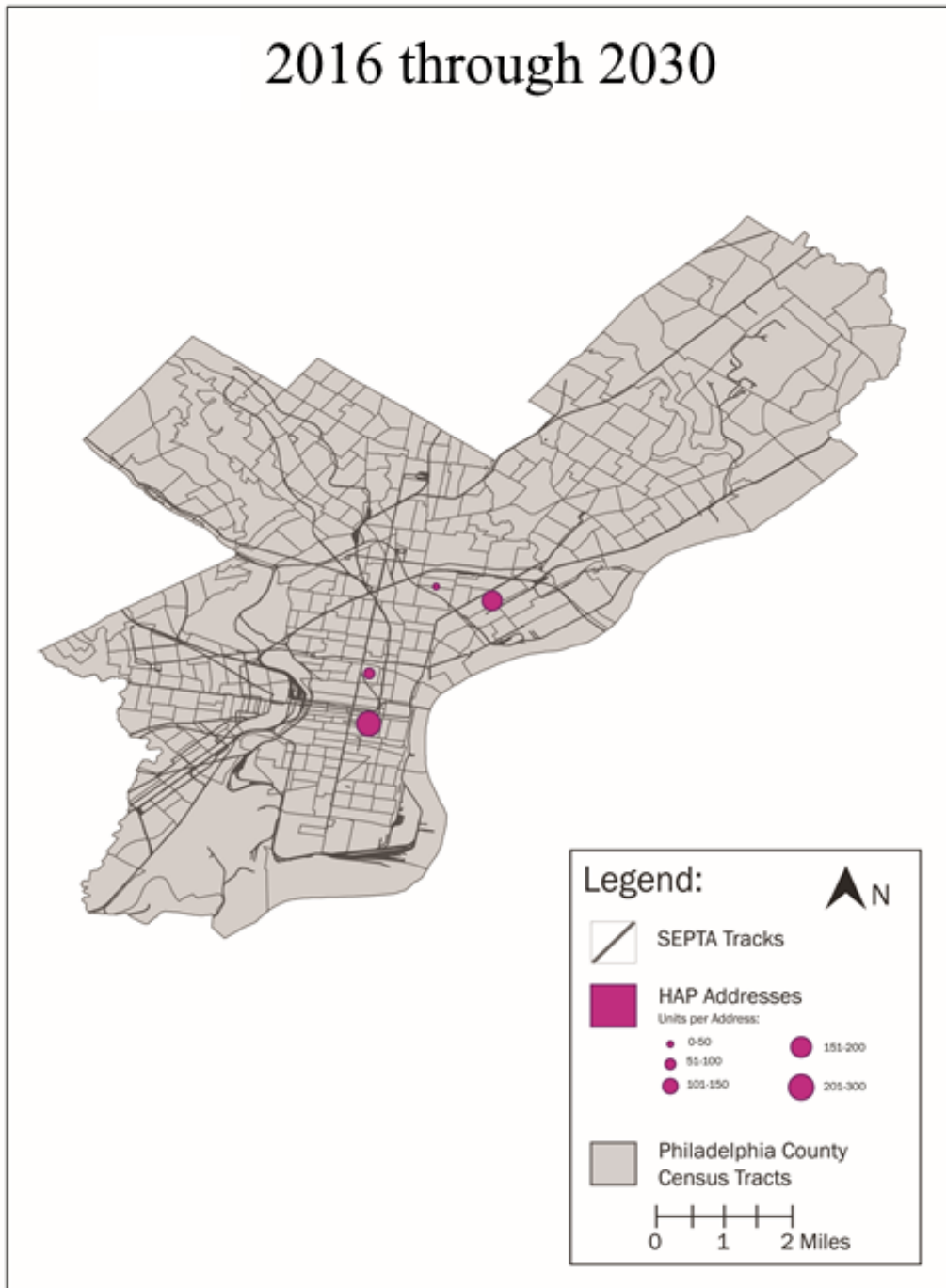
MAP 3: 2021 – 2025 CONTRACT EXPIRATION

Of the eleven properties with contracts expiring between 2021 and 2025, the large majority is in the northern part of Philadelphia region. A few are in the West Philadelphia region and one in the Germantown area.



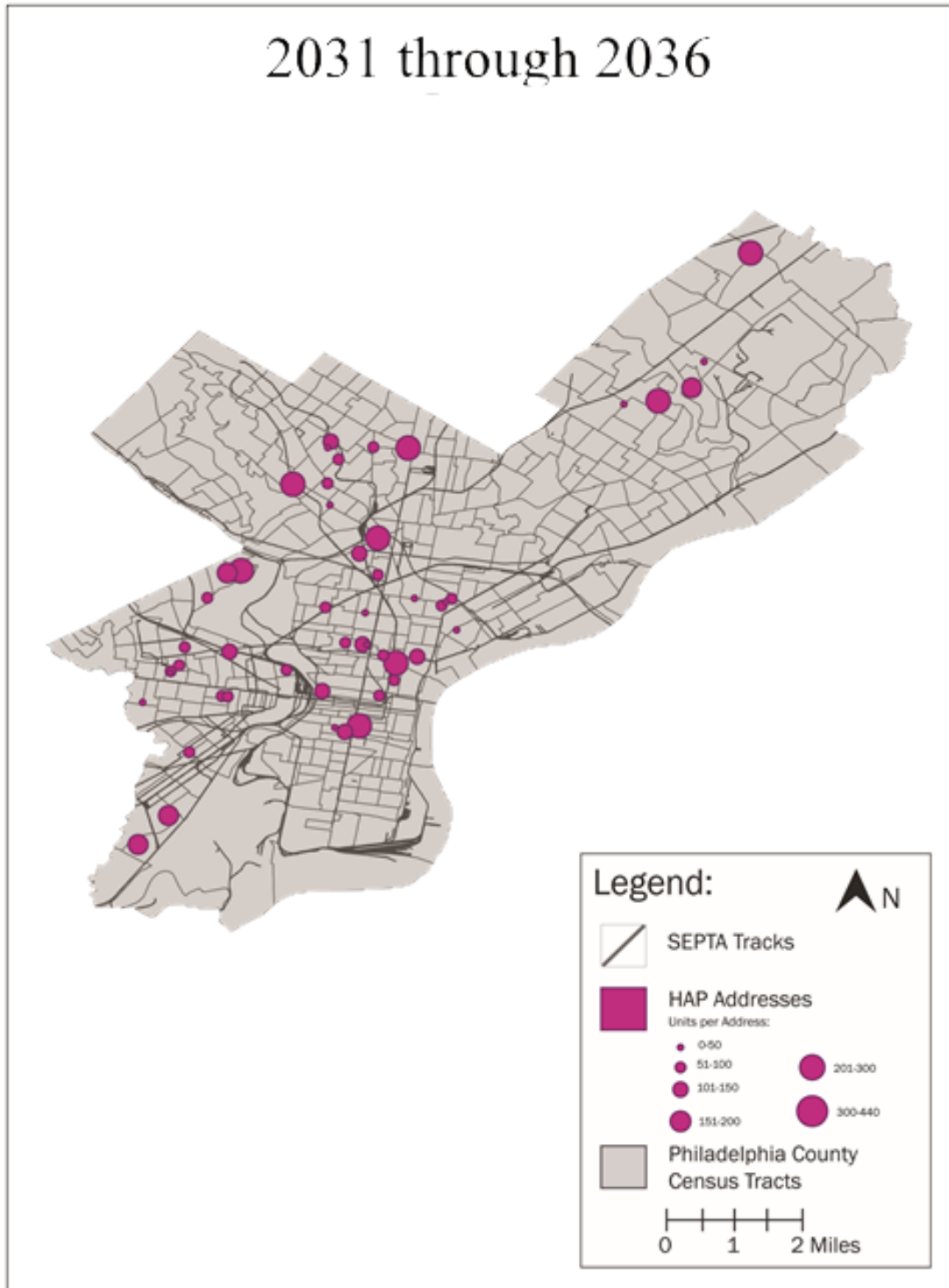
MAP 4: 2026 – 2030 CONTRACT EXPIRATION

Only four contracts expire in this time range. One property is in the West Philadelphia region, one is in Center City, and two are in northern Philadelphia.



MAP 5: 2031 – 2036 CONTRACT EXPIRATION

This latest time range has the greatest number of expiring contracts (50 properties). No clear pattern emerges from the location of these properties. There are a large number of properties in West Philadelphia (15), throughout northern Philadelphia (17), and clustered around the Germantown/La Salle University region (8).



## Gentrifying Census Tracts

As we analyzed the location of Section 8 project based properties, we wondered whether the properties were located in neighborhoods that are considered to be gentrifying within Philadelphia. This is an important question because affordable housing preservation and racial equity are inextricably linked, and the phenomenon of gentrification is intertwined with racial equity. Underscoring the importance of this question, Philadelphia's draft AFH – released shortly before publication of this report – states a clear concern about gentrification and its effects on low-income residents, who are largely people of color.<sup>67</sup>

While there have been various studies on the effects of gentrification for low-income residents, the results vary, most likely in part because gentrification is difficult to quantify.<sup>68</sup> Project-based Section 8 housing may be particularly sensitive to gentrification because it involves private owners participating in a government funded system that is contracted for 20-year terms. Not only have neighborhoods experienced significant change in the last 20 years, owners also may be reluctant to renew for long periods of time, as neighborhoods continue to change. The property location within a gentrifying tract can indicate whether it may be more profitable for the owner to enter the private market or alternatively harder to sustain the affordable housing situation due to increased property taxes or external pressures. HUD studies also suggest that properties with a low rent compared to the surrounding fair market rent are more likely to opt-out, which gentrifying tracts may be an indication of.

We used *Governing Magazine's* analysis of gentrification in Philadelphia as the basis of our own analysis. *Governing's* definition of gentrifying census tracts are lower-income tracts that have showed substantial growth in home values and adults with bachelor degrees.<sup>69</sup> We believe these properties are at a higher risk of opt-out because owners will have an increased incentive to switch to the private market due to the increased property values and changing demographics in the area. This theory is comparable to a HUD Study that has recommended looking into small area Fair Market Rents by zip code in the future to accommodate fluctuating values.<sup>70</sup> We found that using census tracts provides for even greater specificity than zip code provides. Map 7 below provides the location of all of the properties that fall within gentrified tracts in Philadelphia.

### **Our choice to use *Governing's* definition of gentrification:**

There is no universal measure of gentrification. Philadelphia and PHA's AFH draft uses Pew Charitable Trust's recent study, *Philadelphia's Changing Neighborhoods*.<sup>71</sup> The Pew Charitable Trust uses an income-based model to define gentrification. As that study explains, this model does not capture the changing neighborhoods around universities in the city because students living in these areas report limited or no income. The Pew model rejects using property values in its definition of gentrification.<sup>72</sup> Because our report is concerned with a property owner's choice to enter the private rental market, property values are highly relevant to our analysis. As a result, we have chose to use *Governing's* measurement of gentrification, which includes these values.

Based on the *Governing* model, 84 out of the 383 census tracts in Philadelphia were gentrifying from 2000 to 2013. Of the 86 Section 8 project based properties on our list, 18 properties fall within one of these



gentrifying census tracts. This equates to about 21% of the total properties and 26% of the total contracted units of housing.

Five of these properties circle are a few blocks from Temple University in North Philadelphia. An additional two properties are near University of Pennsylvania/Drexel University. So 7 out of the 18 properties are in university neighborhoods. The demand for both university-provided and private student housing may function differently than standard private housing in other neighborhoods, so the future of these properties may diverge from the rest of the market and may require different advocacy strategies.

The rest of the properties in gentrifying census tracts are generally in northern Philadelphia, West Philadelphia, and Center City, with one property each in the farther northeast and southwest portions of the city.

These properties located in gentrifying tracts present heightened challenges to affordable housing advocates as private (particularly, but not necessarily limited to, for-profit) owners have increased incentives to rent or sell on the private market. Map 7 below shows the location of all of the properties that fall within gentrified tracts in Philadelphia. The accompanying Table 1 lists the specific locations and details for each property, listed from earliest to latest contract expiration date.

MAP 7: PROPERTIES IN GENTRIFYING CENSUS TRACTS

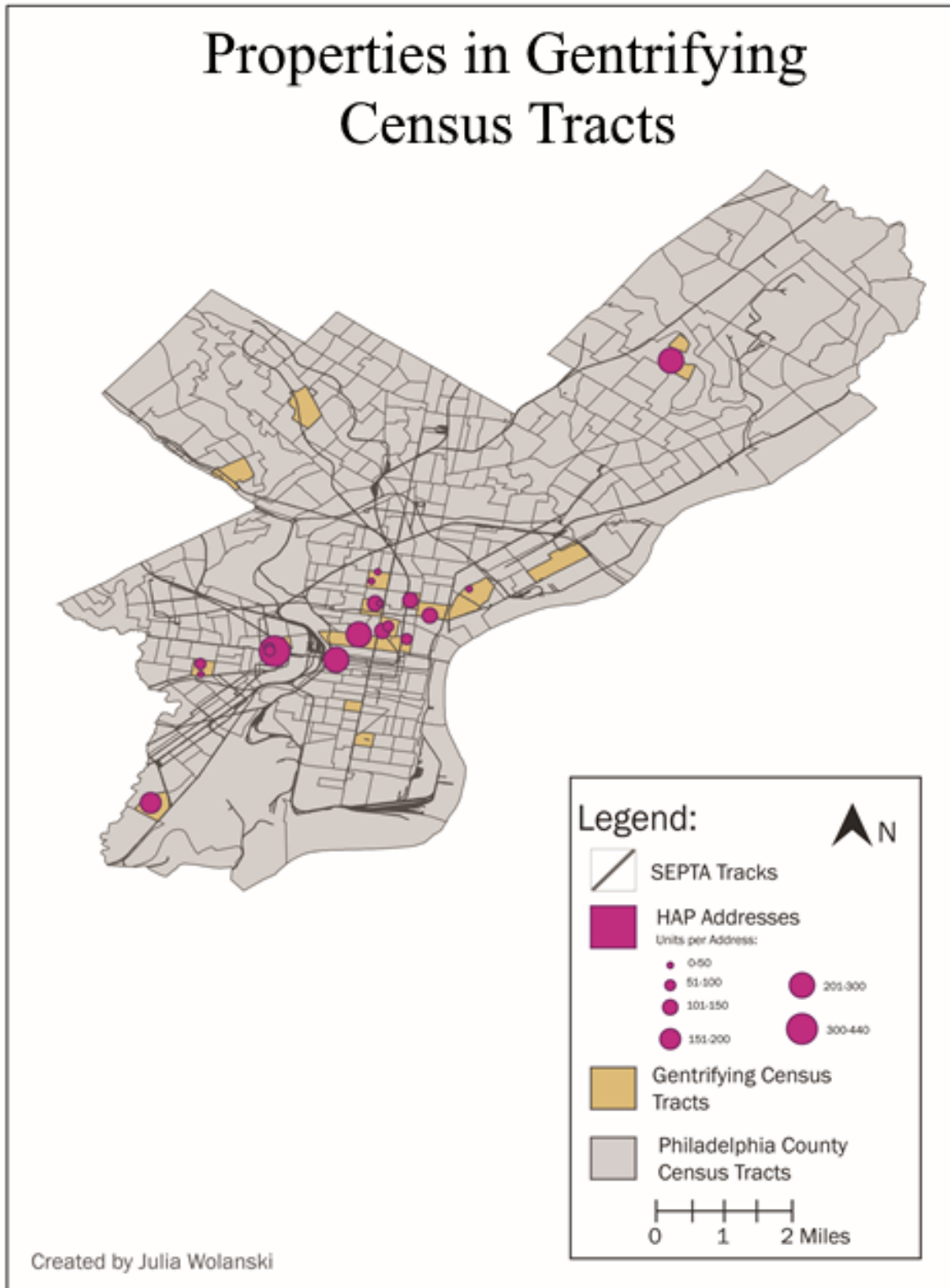


TABLE 1: PROPERTY DETAILS IN GENTRIFYING CENSUS TRACTS

Property Name	Street Address	Zip	Units	Contract Expiration Date
SIDNEY HILLMAN APTS	22 S 22ND ST	19103	260	8/31/2017
SPRING GARDEN TOWERS	1818 SPRING GARDEN ST	19107	208	2/20/2018
WEBSTER STREET HOUSE	5205 WEBSTER ST	19143	7	4/19/2018
CENTER POST VILLAGE	55 N 40th ST	19104	82	2/28/2019
UNIVERSITY SQUARE PLAZA	3901 MARKET ST	19104	440	2/15/2020
JONES MEMORIAL	1927 N 18TH ST	19121	38	5/31/2021
WEST POPLAR APARTMENTS	12TH & WALLACE STREETS	19123	138	10/31/2024
COBBS CREEK NSA	5256 Larchwood ST	19143	85	7/31/2025
GRAY MANOR APTS	1600 N 8TH ST	19122	129	8/31/2025
FRIENDS GUILD HOUSE WEST	1221 FAIRMOUNT AVE	19123	100	5/31/2030
FRIENDS GUILD HOUSE EAST	711 SPRING GARDEN ST	19123	89	3/31/2031
DIAMOND PARK	1700 SUSQUEHANNA AVENUE	19121	47	6/26/2031
BECKETT GARDEN APARTMENTS	1400 N 16TH ST	19121	131	11/13/2032
Samuel Tabas Apartments	2101 STRAHLE ST	19152	300	12/5/2033
CO-MHAR SIRCL	2201 E YORK ST	19125	8	6/30/2034
15TH & JEFFERSON STREET APTS.	1418 N. 15th St.	19121	38	10/31/2034
LARCHWOOD GARDENS APTS	2820 S 81ST ST	19153	179	12/31/2034
OLDE KENSINGTON PAVILLION	1250 N 3RD ST	19122	103	7/21/2035

## Nonprofit v. For-Profit Status of Owners

While the gentrifying nature of a census tract suggests external profit motives for an owner, we were also interested in characteristics of owners that might provide insight into that owner's likelihood to opt-out of a Section 8 project based contract. According to a HUD study from 2005, properties owned by for-profit entities were six times more likely to opt-out than nonprofit entities.<sup>73</sup> A 2015 HUD follow-up study found the same result, though to a lesser degree, finding that for-profit owners were twice as likely to opt-out.<sup>74</sup> Based on this analysis, we used our data to identify the nonprofit or for-profit status of the owner of each property.

Profit Status	Number of Properties	Number of Units
Profit-Motivated / Limited Dividend	44	5,921
Nonprofit	41	3,256

We found that 44 of our list of 86 HAP properties are owned by entities that are for profit in some way – labeled as either profit-motivated or limited dividend in HUD data. A total of 41 properties are owned by nonprofit entities. (We were unable to identify the status of the owner of one property on our list). Despite the relatively even split among properties, the for-profit properties represent 5,921 units while the nonprofit properties only represent 3,256 units. As the HUD study notes, this suggests that a majority of units in Philadelphia are at higher risk of opt-out due to the owner's for profit status. This compounds our gentrification analysis because, in addition to a for-profit owner's general profit motivation, the external factor of gentrification increases the likelihood of an owner opting out of a Section 8 project based contract. A profit-motivated owner is far more likely to opt-out when they are able to obtain higher rents on the private market.

## Real Estate Assessment Center (REAC) Inspection Scores

In addition to characteristics of a property owner or a neighborhood, we also wondered whether characteristics of a property itself increased the risk of opt-out. HUD properties are inspected and receive a score based on the physical condition of the property. An inspection score could indicate that an owner is having trouble affording the maintenance of a property or has chosen to actively let maintenance and repairs lapse because they already intend to enter the private market. We analyzed these property inspection scores to determine which property owners may be more likely to opt-out at the end of their contract terms.

The Real Estate Assessment Center (REAC) provides physical inspections of all HUD housing, whether owned, insured, or subsidized by HUD.<sup>75</sup> REAC Inspection scores range from 1-100. REAC divides the properties into three levels: (1) A score of 90 or higher requires inspection every three years, (2) A score of 80-89 requires inspection every two years, (3) A score of 79 or below requires an inspection every year.<sup>76</sup> A score of 59 and below is considered failing by HUD and may be subject to any number of remedies if it continues, such as civil penalties, abatement of the HAP contract, transfer to a new owner, or certain judicial enforcement.<sup>77</sup>

The 2015 HUD study found that owners with lower REAC inspection scores were more likely to opt-out as compared to owners with higher scores.<sup>78</sup> The study theorized that owners with lower scores may preemptively opt-out rather than face the risk of abatement of HUD subsidies. Further, owners who are already intending to opt-out in the future, may be waiting to invest any physical improvements to the property until after opting out.<sup>79</sup>

We created a measurement for properties within Philadelphia, hypothesizing that a score of 89 or lower may create an increased opt-out risk based partially on the findings of the HUD study.<sup>80</sup> Of the properties that opted out of the contract or prepaid the mortgage, the HUD study found that 66% had a score of 89 or lower, while 44% had a score of 90 or higher.<sup>81</sup> Further, the median score of opt-out or prepayments was 88.<sup>82</sup> Finally, a score of 89 or lower is the first signal that a property has moved below an optimum level because as noted above, it requires inspections every one to two years rather than every three years (as a score of 90 or higher would). Based on this, we used 89 as the cut-off for our own data. Using the REAC inspection scores provided by HUD,<sup>83</sup> we found the following.

- 3 properties had a failing score of 59 or below.
- 24 properties had a score of 89 or below.
- 61 properties had a score of 90 or higher.
- 1 property (Ephraim Goldstein Apartments) was not listed in HUD's data for REAC scores.

Table 2 below provides the details of all 24 properties with a score of 89 or lower, listed from lowest to highest score.

TABLE 2: PROPERTY DETAILS WITH LOW INSPECTION SCORES

Property Name	Street Address	Zip	REAC Score
GERMANTOWN INTERFAITH	14-20 W. Cheltenham AVE	19144	57
WOODSTOCK COOPERATIVE	2829 NORTH LAMBERT ST	19132	59
LIPSCOMB SQUARE	625 S 12th ST	19147	59
HAVERFORD HOUSE	3416 HAVERFORD AVE	19104	60
CHESHIRE HOUSE	427 E WASHINGTON LN	19144	65
UNIVERSITY SQUARE PLAZA	3901 MARKET ST	19104	66
MH RESIDENCE	2027 E ALLEGHENY AVE	19134	67
ST GEORGE ATHENAGORAS	850 LOCUST ST	19107	70
HADDINGTON TOWNHOUSES	5437 Wyalusing AVE	19131	73
ENON TOLAND APTS	245 W QUEEN LN	19144	76
WILLIAM B MOORE MANOR aka TENTH	1999 Ridge Avenue	19121	76
ZION GARDENS APTS	1101 W GIRARD AVE	19123	76
LARCHWOOD GARDENS APTS	2820 S 81ST ST	19153	79
SIMPSON FLETCHER CONESTOGA HSE	5353 W Master ST	19131	80
LEHIGH APARTMENTS	105 E LEHIGH AVE	19125	80
WEBSTER STREET HOUSE	5205 WEBSTER ST	19143	81
SPRING GARDEN TOWERS	1818 SPRING GARDEN ST	19107	85
CO-MHAR RESIDENCE	608 W LEHIGH AVE	19133	85
CO-MHAR SIRCL	2201 E YORK ST	19125	87
FITZWATER HOMES PHASE II	1818 BAINBRIDGE ST	19146	87
MORELANE GARDENS	185 E WALNUT LN	19144	88
SUSQUEHANNA TOWNHOUSES	2233 N 20TH ST	19132	88
JACKIE'S GARDEN	1821 N. 20th Street	19121	89
ON LOK HOUSE	219 N 10TH ST	19107	89

## Philadelphia's Most At-Risk Properties

Having investigated three key variables – for-profit ownership, gentrifying census tract, and inspection score – that are related to a property's risk of opting out, we attempted to combine these variables to identify the highest risk properties. In combination, these factors paint a picture of a for-profit owner motivated to sell or rent in the private market due to higher demands in the neighborhood and who is either unable to afford the upkeep of the building or has actively chosen not to invest in it.

We created a score for each property that measured how many of these risk variables applied to each property. A property received one point each for having a for-profit owner, being in a gentrifying census tract, and having a REAC inspection score under 90. We consider the properties with a score of three are at the highest risk of opt-out, those with a score of two at an intermediate risk, those with a score of one at a lower risk, and those with a score of zero at the lowest risk. We found three at the highest risk, 16 properties at intermediate risk, 46 properties at lower risk, and 21 properties at lowest risk of opt-out.

We believe this analysis reveals a prioritization for housing advocates: the three properties with a score of three and the 16 properties with a score of two should be the object of heightened advocacy to preserve these units as affordable, subsidized housing because they are at the highest risk of opt-out.

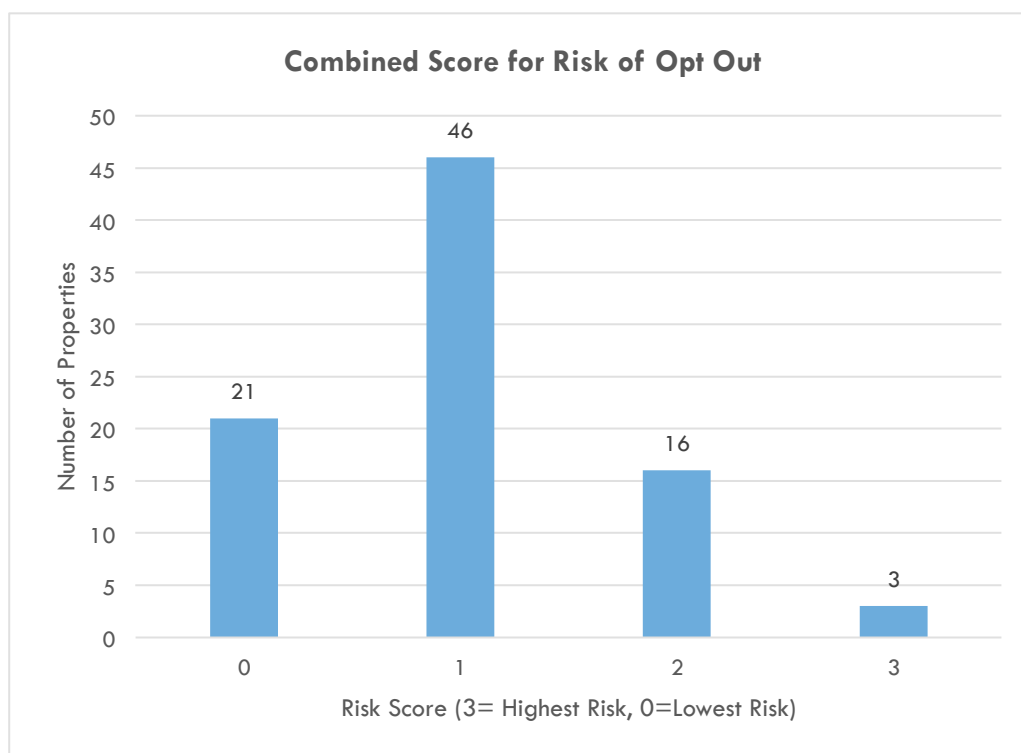


Table 3 below lists the details for each of the 19 properties in the high and intermediate risk categories, listed from highest to lowest risk. These 19 properties represent roughly 24% of all of the units under HAP contract in Philadelphia. Appendix A lists of all 86 HAP contracted properties in Philadelphia and their risk scores. While these tables are sorted by risk scores, contract expiration is also a crucial variable: the sooner a contract is expiring, the sooner advocacy needs to begin.



TABLE 3: PROPERTY DETAILS FOR HIGH AND INTERMEDIATE RISK PROPERTIES

Property Name	Street Address	Zip	Units	Owner Type	Contract Expiration Date	Contract Term in Months	REAC Score	Gentrified Tract?	Risk Score
SPRING GARDEN TOWERS	1818 SPRING GARDEN ST	19107	208	Profit Motivated	2/20/2018	60	85	Y	3
UNIVERSITY SQUARE PLAZA	3901 MARKET ST	19104	440	Profit Motivated	2/15/2020	108	66	Y	3
LARCHWOOD GARDENS APTS	2820 S 81ST ST	19153	179	Profit Motivated	12/31/2034	240	79	Y	3
HAVERFORD HOUSE	3416 HAVERFORD AVE	19104	32	Profit Motivated	9/30/2017	60	60	N	2
WEBSTER STREET HOUSE	5205 WEBSTER ST	19143	7	Non-Profit	4/19/2018	60	81	Y	2
CENTER POST VILLAGE	55 N 40th ST	19104	82	Profit Motivated	2/28/2019	60	90	Y	2
MORELANE GARDENS	185 E WALNUT LN	19144	22	Profit Motivated	5/31/2019	60	88	N	2
JACKIE'S GARDEN	1821 N. 20th Street	19121	134	Profit Motivated	6/30/2024	180	89	N	2
SUSQUEHANN A TOWNHOUSE S	2233 N 20TH ST	19132	36	Limited Dividend	9/30/2024	240	88	N	2
WEST POPLAR APARTMENTS	12TH & WALLACE STREETS	19123	138	Profit Motivated	10/31/2024	180	92	Y	2
HADDINGTON TOWNHOUSE S	5437 Wyalusing AVE	19131	125	Profit Motivated	5/31/2025	180	73	N	2
COBBS CREEK NSA	5256 Larchwood ST	19143	85	Profit Motivated	7/31/2025	240	94	Y	2
FRIENDS GUILD HOUSE EAST	711 SPRING GARDEN ST	19123	89	Profit Motivated	3/31/2031	240	92	Y	2
BECKETT GARDEN APARTMENTS	1400 N 16TH ST	19121	131	Profit Motivated	11/13/2032	240	99	Y	2
Samuel Tabas Apartments	2101 STRAHLE ST	19152	300	Profit Motivated	12/5/2033	240	99	Y	2
CO-MHAR SIRCL	2201 E YORK ST	19125	8	Non-Profit	6/30/2034	240	87	Y	2
15TH & JEFFERSON STREET APTS.	1418 N. 15th St.	19121	38	Profit Motivated	10/31/2034	240	94	Y	2
ZION GARDENS APTS	1101 W GIRARD AVE	19123	89	Profit Motivated	12/22/2034	240	76	N	2
OLDE KENSINGTON PAVILLION	1250 N 3RD ST	19122	103	Profit Motivated	7/21/2035	240	94	Y	2

## Additional Factors

There are other factors that are relevant to prioritizing advocacy. Some of these factors are not explicitly included in our risk scores, yet are still important for advocates to consider. For other factors, we could not access reliable data. This underscores the importance of HUD and especially PHA to maintain and make public reliable, current, thorough data about public housing in Philadelphia. For other factors, we did not have the analytic sophistication to create reliable models for analysis. Finally, for some factors, we recognize that our assumptions and perspective are only one of many. This section describes some of these specific areas for future analysis.

### LENGTH OF CONTRACT TERM

HAP contract terms are most often for 240 months (20 years) or longer. Of the 86 properties on our list, 60 properties have contract terms for 20 years or longer. One indicator of a high risk of opt-out may be a shortened contract term. Owners may agree to a new contract of only one year in order to provide the statutory one-year notice of opt-out. Overmont House is a property in Philadelphia that is a current example: it has a one year HAP contract while it waits for the end of the one year period for the notice it has already provided to tenants. Table 4 below lists the properties with current contracts expiring within 1 year.

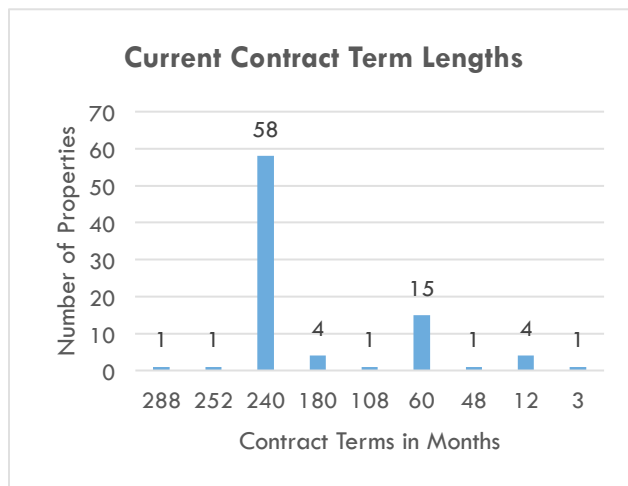


TABLE 4: PROPERTIES WITH CONTRACTS EXPIRING WITHIN ONE YEAR

Property Name	Street Address	Zip	Units	Contract Expiration Date	Contract Term in Months	REAC Score
WISTER TOWNHOUSES	292 East Ashmead Street	19144	198	10/14/2016	3	92
WOODSTOCK COOPERATIVE	2829 NORTH LAMBERT ST	19132	108	8/31/2016	12	59
SIDNEY HILLMAN APTS	22 S 22ND ST	19103	260	8/31/2017	12	91
MAPLE-MT VERNON DEV I	1702 MT VERNON ST	19130	42	11/30/2016	12	95
OVERMONT HOUSE	4001 Monument RD	19131	234	4/30/2017	12	100

Similarly, we believe that owners with contracts of 60 months (5 years) or less may be at higher risk of opting out. Our theory is that owners may be using shorter contracts as a way to bide time to opt-out at a time that maximizes profit, whether it is waiting for better private market rates, finding a viable buyer, a shifting financing situation, or other similar reasons. This is only a hypothesis at this stage, so we only note here that, of the 19 properties we identify as highest risk, 9 have contract terms for periods shorter than 20 years. These properties are listed in Table 5.

TABLE 5: HIGH RISK PROPERTIES WITH SHORTER CONTRACT TERMS

Property Name	Street Address	Zip	Units	Contract Expiration Date	Contract Term in Months
SPRING GARDEN TOWERS	1818 SPRING GARDEN ST	19107	208	2/20/2018	60
HAVERFORD HOUSE	3416 HAVERFORD AVE	19104	32	9/30/2017	60
WEBSTER STREET HOUSE	5205 WEBSTER ST	19143	7	4/19/2018	60
CENTER POST VILLAGE	55 N 40th ST	19104	82	2/28/2019	60
MORELANE GARDENS	185 E WALNUT LN	19144	22	5/31/2019	60
UNIVERSITY SQUARE PLAZA	3901 MARKET ST	19104	440	2/15/2020	108
JACKIE'S GARDEN	1821 N. 20th Street	19121	134	6/30/2024	180
WEST POPLAR APARTMENTS	12TH & WALLACE STREETS	19123	138	10/31/2024	180
HADDINGTON TOWNHOUSES	5437 Wyalusing AVE	19131	125	5/31/2025	180

#### NUMBER OF UNITS IN A PROPERTY

While Map 1 shows the number of units in Section 8 project based units in Philadelphia, the number of units per building was not factored into our risk analysis. Like contract expiration dates and terms, this factor may be an important part of prioritizing advocacy. A property with fewer than ten units opting out would not represent the same loss for Philadelphia as a property with several hundred units opting out. This may argue in some cases for prioritizing advocacy to preserve some properties over others.

For example, University Square Plaza meets the three factors of heightened risk and also represents the largest number of units of any one property – 440 units – in Philadelphia. Thus, proactive advocacy around University Square's 2020 contract expiration date should be a high priority.

#### FUTURE DATA ANALYSIS

There are two specific issues that are excluded from this report. First, while we note the specific REAC inspection score of each property, we group all inspection scores under 90 as at risk without differentiating among them. As a result, our analysis treats a property with a score of 59 receives the same as a property with a score of 89. This is an imprecise measure that likely does not capture the intensity of risk based on the physical condition of properties. Future analysis could address more finely graded differences in property inspection scores to create more specific findings. A second area of analysis concerns our composite risk score, where all three factors are weighed equally. In a future analysis, exact probabilities could be noted of each factor and weighed against each other to rank factors in order of the probability of opt-out or prepayment.

Finally, we analyzed the factors that were possible from the available data. Better data is likely to lead to more robust indicators of risk. This is illustrated by one property, Overmont House, that has already provided the one-year notice to tenants that the owner will be opting out, yet does not match any of the three factors we measured. If HUD and PHA maintained and made available better and more comprehensive data, more precise analysis would be possible.

## BEST PRACTICES FOR PRESERVING AFFORDABLE HOUSING

Our analysis reveals potential priorities for preserving Section 8 project based housing in Philadelphia. The next step is to understand potential strategies for achieving this goal. To answer this question, we how other cities and states have tried to preserve affordable housing. We report our results in three categories: expanded notice, rights of refusal, and creative or ad hoc practices.

### Advanced Notice Requirements

HUD requires that one-year notice be given to tenants when public housing is being eliminated. Philadelphia follows this requirement, but unlike other jurisdictions, has not gone further. At least ten states and eight cities have recognized that this notice is insufficient to preserve public housing. Each of these jurisdictions has created a regulatory process to protect citizens during the expiration process by requiring a longer notice period and/or expanding who receives notice. The requirements are summarized here, with citations to the specific statutes or regulations in the endnotes.

#### NOTICE TO MORE ENTITIES

##### California

California has a statewide policy that requires notice to tenant associations as well as specified qualified entities: certain local and national nonprofits, public agencies, and some profit-motivated organizations.<sup>84</sup> California cities also have additional protections.

Sacramento requires owners to submit notice to tenants and the Sacramento Housing and Redevelopment Agency (SHRA) at 12 and 6 month intervals in order to terminate, opt-out or prepay. In addition, owners may not evict tenants except for good cause for 180 days after the expiration of rental restrictions in the event that the SHRA has arranged to take over the subsidy payments.<sup>85</sup>

San Francisco requires owners to provide 18 months' notice to tenants and the Director of Housing. Information about tenants' rights must be available for any interested parties no less than 14 days prior to a mandatory public hearing, which is held no later than 45 days after the owner gives notice of their intent to prepay or terminate.<sup>86</sup>

Santa Cruz owners must give 12 months' notice to the city director of planning and development. Within 14 days of receiving this notice, the director may send a written "Request for Information and Access," which the owner has 21 days to respond to, certifying that the owner consents to a walk-through and an inspection of the property.<sup>87</sup>

##### Colorado

Colorado "encourages" owners to submit notice to the state 120 days before converting publicly-assisted rental housing.<sup>88</sup> Denver has gone further and mandates notice to tenants and the city. 12 months are given for expiring Section 8 contracts, 210 days' notice are provided for intent to opt-out of long-term contracts, and 150 days for intent to opt-out of one-year contract extensions. The code also requires a 90 day notice any time an owner "takes action which will make the affordable housing no longer affordable." It also prevents owners from taking any action during the required notice period that would "preclude the city or its designee from succeeding to the contract or negotiating with the owner for purchase." Finally, it calls for an

unspecified civil penalty for failure to comply with its provisions, with all fines payable into a housing replacement fund established and run by the city.<sup>89</sup>

### **Connecticut**

Connecticut provides 12 months' notice to tenants as well as state and local governments. Additionally, the state-level agency must post the notice on its website within ten days and send an email notification to a list of persons who have registered to receive such notice via written request.<sup>90</sup>

### **Illinois**

Illinois gives 12 months' notice to tenants, the relevant local government, local public housing agency, and the state housing authority.<sup>91</sup> Chicago expands the Illinois 12 month notice to include the city department of housing which is triggered by prepayment, termination or an intended disposition of the property.<sup>92</sup>

### **Maine**

In Maine, owners must give 90 days' notice to the tenants, the State Housing Authority and the local public housing agency.<sup>93</sup>

### **Minnesota**

Minnesota gives tenants 12 months' notice of an intended mortgage prepayment, the termination or non-renewal of Section 8 contracts or mortgages, or the termination of other housing subsidy programs.<sup>94</sup> The owner must also submit a statement of impact to tenants, the state, and if within the Twin Cities metropolitan area, to the Metropolitan Council. The impact statement must identify the number of units that will no longer be subject to rent restrictions, the estimated non-restricted rents and "actions the owner will take to assist displaced tenants in obtaining other housing."

### **Portland, Oregon**

Portland has adopted similar provisions to Denver in that it requires owners to provide to the city and tenants a one-year notice of pending Section 8 contract expirations, 210 days' notice of intent to opt-out of a long-term contract, and 150 days' notice of intent to opt-out of one-year contract extensions.<sup>95</sup> The ordinance applies to a variety of HUD programs, including properties with project-based rental assistance. It also prevents owners from taking any action during the required notice period that would "preclude the city or its designee from succeeding to the contract or negotiating with the owner for purchase."

### **Texas**

In Texas owners must follow HUD requirements in giving notice 12 months in advance of any proposed sale or other action that would terminate the subsidy. Where Texas differs is that owners must also notify the state housing department. Additionally, the statute ambiguously allows for time to be used by the housing department in an "attempt to locate a buyer who will conform to the development restrictions." There is no accompanying purchase right.<sup>96</sup>

### **Washington**

The State of Washington mandates 12 months' notice to each tenant, local government, public housing agency, and the state when an owner intends to prepay or otherwise allow rent-assisted housing to expire.<sup>97</sup>

### **Washington D.C.**

The District of Columbia requires owners who intend to discontinue participation in a federal assistance program to give 12 months' notice to tenants, the Mayor, the Director of the Department of Housing and Community Development, the Director of the Department of Consumer and Regulatory Affairs, and the Executive Director of the District of Columbia Housing Authority.<sup>98</sup>

### **LONGER ADVANCED NOTICE**

### **Massachusetts**

Massachusetts requires 24 and 12 month notices to tenants, tenant organization, municipality, the state technical finance corporation, and the state housing department.<sup>99</sup>

### **Rhode Island**

Rhode Island owners must give 24 months' notice of any intent to sell, lease, otherwise dispose of or prepay the mortgage on any covered subsidized property to the tenant association, state housing agency, local public housing authority, and the municipality.<sup>100</sup> For terminations of Section 8 assistance, owners must give the same amount of notice, but only to the state agency, which must then promptly post it on the grounds of the property and provide it to the tenant association.

#### **Recommendation for Philadelphia: Expand Notice Requirement**

- Owners should be required to notify City officials, housing advocate organizations, and tenant organizations.
- Owners should be required to provide 24 months' notice of opting out.
- Philadelphia Housing Authority should post every notice of termination or intent to opt-out on its website.

## **Right of First Refusal or Purchase**

In some instances, an owner who chooses to opt-out is looking to sell the property, rather than convert to a private market rental and maintain ownership. In this situation, other jurisdictions have created a right of first refusal or right of first purchase for tenants or other parties.

A right of first refusal gives the tenants or other parties the option of buying the property from the owner before the owner sells to a third party. In many states this right of first refusal is triggered when a third party has been identified and a contingent agreement has been reached with the owner.

A right of first purchase, on the other hand, allows the holder to make an offer of purchase before the owner can solicit an offer from a third party. In the context of subsidized housing, many states extend these rights to tenant associations, nonprofits, related public agencies, or any combination of these. An organization is then given the opportunity to make an offer to buy the building and continue its rent-assisted status. As the list below reveals, different states and cities create these rights in different ways.

### **California**

California state law creates a right of first purchase to qualified entities including tenant associations, nonprofits, and public agencies.<sup>101</sup> Under this statute, when an owner of subsidized housing decides to take any action that would terminate federal assistance, or when federal, state or local restrictions lapse, the right is triggered. In any of these situations, in addition to the notice of intent to terminate, the owner must send tenants and the qualified entities a separate notice of their right to make a purchase offer. Any entity who makes an offer must agree to maintain low-income use at the property for at least 30 years. To facilitate these offers, owners must provide upon request information about the project's rent rolls, vacancy rates, operating expenses, capital improvements, project reserves and financial and physical inspection reports.

Sacramento reinforces the state's right of first purchase requirement.<sup>102</sup> In the first six months after an owner sends the initial one-year notice, it may not sell to or solicit offers from non-qualified entities. Over a second six-month period, an owner is permitted to negotiate with any potential purchaser, but any sales agreement is made contingent upon this right of first refusal. If such a contingent agreement is made, it must be immediately provided to the Sacramento Housing and Redevelopment Agency, which in turn must make it available to qualified entities. The entities are given 60 days to make an offer that is substantially economically identical to the private buyer. If they do not make this offer, then the owner is free to sell the property to the private buyer. Finally, the law states that any person aggrieved by the potential termination is empowered to enforce this provision.

San Francisco has an ordinance that gives the city, tenant associations and affiliated nonprofit groups the equivalent of a right of first refusal when an owner proposes to sell or transfer any HUD-subsidized housing.<sup>103</sup> The ordinance reaches a "fair return price" that is not to exceed the appraised value of the property based on its highest and best use, and also creates civil remedies for violations, while mandating that owners pay relocation fees of up to \$5,250 to low-to-moderate income tenants affected by the conversion.

Santa Cruz requires owners to give notice to the director of planning and development three months prior to offering to sell their property to anyone. If an owner receives an offer from a qualified entity under California state law during this three-month period, the owner must make a reasonable effort to negotiate and must allow the qualified entity a reasonable amount of time to obtain necessary financing and government approvals. Within 12 months of an offer by a qualified entity, an owner may not accept an offer that is equal to it or less, provided the offer remain valid.<sup>104</sup>

### **Illinois**

The state of Illinois extends the right to tenant associations and, if chosen, their non-profit or private partners.<sup>105</sup> Here, tenants are given 60 days from their 12 month notice to notify the owner that they have formed a tenant association, which triggers another 60 day period in which the owner must submit a bona fide offer to sell. This offer must include the essential terms of the sale, and the tenant association has 90 days to respond with a written notice of intent to purchase. If parties are unable to agree on a price, each is permitted to hire an independent appraiser. Should these appraisers not agree, then the parties can take the average of each estimation or jointly hire a third, binding, appraiser. Once an agreement is struck, the tenants have 90 days from the signing of the purchase contract to close. Finally, similar to California, owners must be able to provide, on request, access to the project's rent rolls, vacancy rates, operating expenses, capital improvements, project reserves and financial and physical inspection reports.

In Chicago, where a tenant association has not exercised its purchase rights under the state law, owners must still give qualified entities the right of first refusal prior to sale of the property to a non-qualified entity, unless an affordability preservation agreement has been entered into extending for a period of at least ten years.<sup>106</sup> This works by having owners enter into contingent sales agreements when dealing with a non-qualified entity which must be submitted to the city housing commissioner. The commissioner must then make this agreement available to all qualified entities, who are given 120 days to make a bona fide offer of purchase on substantially identical economic terms as the contingent agreement. If they are able to close on the sale within 120 days, the owner must sell to them and enter into an affordability preservation agreement. If a bona fide offer is not made, or if closing does not occur within 120 days, the owner may sell to the buyer identified in the contingent sales agreement under terms that do not substantially differ from the original arrangement.

### **Maine**

Maine gives a right of first refusal to purchase to the Maine State Housing Authority.<sup>107</sup> The scope of this law covers certain properties that are both subject to federal or state income eligibility restrictions and where the rents within the projects are controlled, regulated, or assisted by a federal or state agency pursuant to a regulatory or rental assistance agreement. Despite its name, the trigger for exercising this right is "the sale, transfer, or other action that would result in termination of the financial assistance," and therefore a private buyer or contingent sales agreement is not necessary for the housing authority to act. They have 90 days from the initial notice to respond in writing that they wish to invoke this right, which gives them an additional 90 days to buy or produce a buyer for the property. If an owner fails to give proper notice before selling or converting their subsidized property, the state may impose a civil penalty of at least \$2,500.

### **Maryland**

Maryland takes an expansive approach. Local housing authorities, local jurisdictions, state-registered groups representing tenants, registered non-profit low-income developers and other registered persons with low-



income housing experience that are unrelated to an owner are all permitted to use a right of first purchase.<sup>108</sup> This is triggered only by a proposed sale or transfer of subsidized property; however, notice rights and other procedural protections are more broadly triggered by a proposed prepayment or other termination as well. A potential buyer under this right must commit the property to specified extended use terms equal to the original use restrictions for at least the greater of 20 years or the remaining term of the mortgage or rental assistance agreement. The property must be appraised at fair market value, but if a buyer outside the above groups makes a bona fide offer higher than this appraisal, then the qualified buyer must match the higher price.

### **Massachusetts**

Massachusetts grants the state housing department or its designee an opportunity to submit an offer to first purchase as well as a right of first refusal.<sup>109</sup> Owners must notify the department prior to a sale, at which point the department has 90 days to submit a purchase offer, though the owner is under no obligation to sell. If an offer is not made within 90 days, the owner has up to two years from the original notice to the department to execute a purchase contract with a third party. However, within seven days of execution, the owner must submit the third-party purchase contract, along with a separate proposed purchase contract to the department, containing substantially the same terms and conditions, which the department has 30 days to accept. Both the opportunity to submit an offer and the right of first refusal are exempt from certain situations, including sales of project-based Section 8 properties where the buyer agrees in a regulatory agreement to renew in whole all such contracts or successor program.

Furthermore, Massachusetts provides that for three years following a termination, the rent charged to a low-income tenant who does not receive an enhanced voucher may be increased annually by no more than the consumer price index plus three percent. For the same three-year period, any tenant who resided in the housing as of the termination date may not be evicted except for good cause.

### **Rhode Island**

Rhode Island's Affordable Housing Preservation Act creates purchase rights for tenant associations, the state housing agency, the local housing agency and the local municipality (in that order of priority) in any instance where an owner seeks to terminate assistance or restrictions on certain federally insured or assisted housing.<sup>110</sup> Mirroring HUD requirements, an offer of sale with detailed terms must be provided to these organizations at minimum 12 months before the termination of a Section 8 contract. For prepayments or the sale of the building, notice must still be provided but the statute is silent as to the amount. In the offer, the owner may charge no more than fair market value as determined by the average of two independent appraisals, with the state agency allowed to choose one from a set list.

### **Washington D.C.**

Washington D.C. provides a general right of first purchase for tenants, triggered by a proposed sale or transfer of interest by the owner.<sup>111</sup> This appears to apply to all units, subsidized or not. The code requires that each offer of sale include a summary of the tenants' rights and sources of technical assistance, as published by the city. This notice must also state that the owner will promptly provide a floor plan of the building, an itemized list of monthly operating expenses, utility consumption rates, capital expenditures for each of the two preceding calendar years, the most recent rent roll, list of tenants, and list of vacant

apartments.<sup>112</sup> A portion of the city's code extends this right to the city itself where subsidized housing is concerned, but the city may not exercise this power unless planned sale would result in the end of the assistance program or the termination of any low-income residency requirements.<sup>113</sup>

**Recommendation for Philadelphia: Create a Right of First Refusal**

- Require owners intending to sell their properties to first allow tenants, the city, and advocacy organizations the opportunity to make an offer.
- Prevent owners from accepting an outside offer that is substantially identical.
- Use a longer (24 month) notice period to allow tenants to organize or seek representation.

## **Creative Subsidized Housing Preservation Strategies**

The measures included in this section are not necessarily similar to one another, but are listed together because they all seek to address the loss of habitable subsidized housing outside of a notice or purchase framework. These ideas include:

- Rent control
- Prepayment of mortgages
- State-level databases
- Housing condition requirements
- Displacement assistance
- General preservation measures

### **California**

In California, an owner is prohibited from selling the property within five years of being eligible to prepay or end participation in a federal, state or local subsidy program, without having extended the right of first refusal.<sup>114</sup> Additionally, local governments are required to produce a housing report that analyzes the local assisted housing stock and identifies resources available to help preserve the affordability of the housing.<sup>115</sup>

San Francisco has a rent ordinance that limits annual increases and provides eviction protections.<sup>116</sup> The ordinance does not generally apply to subsidized units or anything regulated by a government agency/authority, but when a Section 8 project-based contract expires or terminates those units fall under the scope and are subject to rent control at the same rate as the contract. Similarly, if prepayment or expiration of a HUD-insured mortgage should occur, the units become subject to the ordinance and the base rent is set at the contract rate.

Los Angeles has tried and failed to pass any notice or right of refusal ordinances, but a working group made recommendations to the city for future action. These recommendations include extending state preservation provisions to the much broader set of properties covered under the local rent control ordinance; requiring relocation payments to tenants displaced by a conversion event; requiring the acceptance of any Section 8 or successor form of rental assistance if it provided a reasonable rent equivalent to the other non-subsidized units; instituting a series of graduated rent increases for tenants not receiving further federal rental assistance; imposing fines for flagrant violations of the ordinance; granting standing to housing advocates to enforce the law against non-compliant owners; and, issuing required form notices with multilingual addendums. Whether or not the city adopts any of these recommendations, housing advocates continue to rely on the LA Rent Stabilization Ordinance.<sup>117</sup>

### **Colorado**

Colorado requires the state to maintain a database of properties filing notice and authorizes it to “explore options for preserving the affordable housing resources.”<sup>118</sup>

### **Illinois**

Illinois has addressed the issue of mortgage prepayment.<sup>119</sup> In order to be permitted to prepay their mortgage, the owner may enter into an agreement with the state housing authority to extend the affordability restrictions to the full term of the original mortgage or to create a comparable number of new low-income units. However, if the owner declines to enter into such an agreement, the law prohibits the authority from accepting a prepayment prior to the owner giving the tenants nine months notice, as well as extending to the tenants a right to purchase the housing that is similar to that of the Illinois Federally Assisted Housing Preservation Act.

### **Ohio**

An Ohio law seeks to address inadequate conditions by authorizing cities, neighbors, tenants and nonprofit corporations to bring an action alleging that a federally-subsidized building is a public nuisance and seeking relief in the form of an injunction and, if necessary, the appointment of a receiver.<sup>120</sup> This statute applies to properties receiving rental assistance under a variety of federal project-based programs. Prior to commencement of such an action, the opposing party must give the owner 60 days' notice of the defective conditions that constitute a public nuisance.<sup>121</sup> If the nuisance is not abated within that period, a judge may find that the building constitutes a public nuisance and may issue an injunction requiring the owner to abate the nuisance within 30 days.

Alternatively, if the judge determines that the owner already has been afforded a "reasonable opportunity" to abate the nuisance and has failed to do so, the judge is required to offer any mortgagee, lienholder or other interested party (in order of priority of interest in title) the opportunity to abate the nuisance. If no interested party is willing or able to do this, then the judge may appoint a receiver (including potentially a nonprofit that originally brought the action) to take possession and control of the building. The receiver must receive judicial approval of an abatement plan and the judge may empower the receiver to, among other things, manage the building, establish and collect rents, lease units and evict tenants, pay all operating expenses, enter into contracts, obtain financing necessary for the abatement of the property and collect a receiver's fees.

### **Seattle, Washington**

Outside of HUD requirements, Seattle also entitles tenants to 90 days' notice in the event of displacement caused by demolition, change of use, substantial rehabilitation or removal of a use restriction. In addition, low-income tenants are eligible for a relocation assistance payment of \$2,000, paid in equal halves by the landlord and the city. This notably excludes properties and units owned by the Seattle Housing Authority, condominium conversions, or cases where tenants are entitled to other relocation payments under federal, state or other law.<sup>122</sup>

### **Texas**

Texas created a housing preservation incentives program to provide loans, loan guarantees, and grants for the acquisition and rehabilitation of certain affordable multifamily housing developments.<sup>123</sup>

**Recommendation for Philadelphia: Get Creative with Preservation**

- Provide rent control to units after the termination of a federal subsidy.
- Require owners to assist tenants who are displaced through their decision to opt-out. This could take the form of financial benefits, communication with housing advocates, or any other resource tenants may need.
- Maintain the length of the subsidy at its original contracted length even if an owner wishes to prepay their mortgage.
- Prevent owners from selling their property within a year of prepayment.
- Mandate notice of intent to prepay well in advance.

## CONCLUSION: PHILADELPHIA CAN OPT IN TO LONG TERM AFFORDABLE HOUSING

Philadelphia needs preemptive advocacy strategies to preserve its project-based Section 8 Housing. As it stands, owners must only provide notice of their intent to terminate the subsidy to HUD and tenants themselves. This does not allow enough time for effective preservation measures that seek to prevent owners from terminating in the first place. This report's analysis identifies trends in Philadelphia housing to identify properties that are at high risk for opt-out. These properties must be priorities in advocacy to preserve affordable housing. To address these priorities, Philadelphia can draw on the best practices summarized in the report.

Housing advocates must demand that Philadelphia not lose its already limited supply of affordable housing. Philadelphia's leaders must bolster the protections afforded to tenants, include housing advocates in the opt-out process, and develop real solutions when opt-out cannot be avoided. With these steps, Philadelphia can opt in to long term affordable housing.

## ENDNOTES

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<sup>1</sup> See Staff of the National Housing Trust, Project-Based Rental Assistance, 2016 Advocates' Guide, National Low Income Housing Coalition, [http://nlihc.org/sites/default/files/2016AG\\_Chapter\\_4-6.pdf](http://nlihc.org/sites/default/files/2016AG_Chapter_4-6.pdf)

<sup>2</sup> See Mass Legal Help, Types of Housing Programs, <http://www.masslegalhelp.org/housing/housing-programs-types>

<sup>3</sup> U.S. Department of Housing and Urban Development, *Affirmatively Furthering Fair Housing*, [https://www.huduser.gov/portal/affht\\_pt.html#affh](https://www.huduser.gov/portal/affht_pt.html#affh),

<sup>4</sup> Division of Housing and Community Development and Philadelphia Housing Authority, *Affirmatively Furthering Fair Housing*, <http://www.phila.gov/dhcd/affirmatively-furthering-fair-housing/>, (Oct. 27, 2016)

<sup>5</sup> U.S. Department of Housing and Urban Development, *Affirmatively Furthering Fair Housing Data and Mapping Tool*, Philadelphia, Table 6, <https://www.hudexchange.info/resource/4867/affh-data-and-mapping-tool/>

<sup>6</sup> U.S. Census Bureau, Quick Facts, Philadelphia County, Pennsylvania, <http://www.census.gov/quickfacts/table/INC910214/42101>

<sup>7</sup> U.S. Department of Housing and Urban Development, *Affirmatively Furthering Fair Housing Data and Mapping Tool*, Philadelphia, Table 10, <https://www.hudexchange.info/resource/4867/affh-data-and-mapping-tool/>

<sup>8</sup> Harvard Joint Center for Housing Studies, *Low-Income Households Face Severe Housing Cost Burdens*, <http://harvard-cga.maps.arcgis.com/apps/MapSeries/index.html?appid=9a24bdf3ae8c4272a58b0309890d5835>

<sup>9</sup> For further information about poverty and deep poverty rates in Philadelphia, see The Pew Charitable Trusts, Philadelphia: The State of the City, A 2016 Update, [http://www.pewtrusts.org/~media/assets/2016/03/philadelphia\\_the\\_state\\_of\\_the\\_city\\_2016.pdf](http://www.pewtrusts.org/~media/assets/2016/03/philadelphia_the_state_of_the_city_2016.pdf); Philly.com, Of big cities, Phila. worst for people in deep poverty, March 19, 2013, [http://www.philly.com/philly/news/20130319\\_Of\\_big\\_cities\\_Philadelphia\\_worst\\_for\\_people\\_in\\_deep\\_poverty.html](http://www.philly.com/philly/news/20130319_Of_big_cities_Philadelphia_worst_for_people_in_deep_poverty.html); Governing.com, Philadelphia Has Worst Poverty Among Major Cities, Sept. 30, 215 <http://www.governing.com/topics/health-human-services/philadelphia-has-worst-poverty-among-major-cities.html>.

<sup>10</sup> See Mass Legal Help, Types of Housing Programs, <http://www.masslegalhelp.org/housing/housing-programs-types>

<sup>11</sup> See Mass Legal Help, Differences Between Public and Subsidized Housing, <http://www.masslegalhelp.org/housing/public-subsidized-differences>

<sup>12</sup> *Id.*

<sup>13</sup> HUD Housing Programs: Tenant's Rights 8 (National Housing Law Project, 4th ed. 2012).

<sup>14</sup> *Id.* at 1

<sup>15</sup> See Mass Legal Help, What Types of Multifamily Subsidized Housing Programs Are There?, <http://www.masslegalhelp.org/housing/multi-family-subsidized-housing>

<sup>16</sup> See *supra* note 13.

<sup>17</sup> See *supra* note 15.

<sup>18</sup> See *supra* note 13 at 9.

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

<sup>21</sup> See *supra* note 15.

<sup>22</sup> See *supra* note 13 at 810.

<sup>23</sup> See *supra* note 15.

<sup>24</sup> See *supra* note 13 at 9.

<sup>25</sup> See *supra* note 15. See Staff of the National Housing Trust, Project-Based Rental Assistance, 2016 Advocates' Guide, National Low Income Housing Coalition, [http://nlihc.org/sites/default/files/2016AG\\_Chapter\\_4-6.pdf](http://nlihc.org/sites/default/files/2016AG_Chapter_4-6.pdf)

<sup>26</sup> *Id.*

<sup>27</sup> See *supra* note 15.

<sup>28</sup> See Staff of the National Housing Trust, Project-Based Rental Assistance, 2016 Advocates' Guide, National Low Income Housing Coalition, [http://nlihc.org/sites/default/files/2016AG\\_Chapter\\_4-6.pdf](http://nlihc.org/sites/default/files/2016AG_Chapter_4-6.pdf)

<sup>29</sup> See *supra* note 13, at 33.

<sup>30</sup> *Id.*

<sup>31</sup> See National Law Center on Homelessness and Poverty, *Racial Discrimination in Housing and Homelessness in the United States: A Report to the U.N. Committee on the Elimination of Racial Discrimination* (July 3, 2014).

<sup>32</sup> See *supra* note 36.

<sup>33</sup> See *supra* note 13 at 2.

<sup>34</sup> See Staff of the National Housing Trust, Project-Based Rental Assistance, 2016 Advocates' Guide, National Low Income Housing Coalition, [http://nlihc.org/sites/default/files/2016AG\\_Chapter\\_4-6.pdf](http://nlihc.org/sites/default/files/2016AG_Chapter_4-6.pdf)

<sup>35</sup> See *supra* note 13 at 1.

<sup>36</sup> See Policy Link and James Grow, *Equitable Development Toolkit: Expiring Use: Retention of Subsidized Housing* 101,

<http://www.policylink.org/sites/default/files/expiring-use.pdf>

<sup>37</sup> See *supra* note 13 at 9.

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*

<sup>40</sup> See *supra* note 13 at 696.

<sup>41</sup> *Id.*

<sup>42</sup> See *supra* note 40.

<sup>43</sup> See 42 U.S.C. § 1437f(c)(8)(2012).

<sup>44</sup> See U.S. Housing and Urban Development Section Office of Housing, Section 8 Renewal Policy Guide Book (Updates – Dec. 9, 2010), §11-4 at 5, <http://www.hud.gov/offices/hsg/mfh/exp/guide/s8renew.pdf>.

<sup>45</sup> § 1437f(c)(8)

<sup>46</sup> See U.S. Department of Housing and Urban Development Section Office of Housing, *supra* note 44.

<sup>47</sup> See *id.*

<sup>48</sup> *Id.*

<sup>49</sup> *Id.*

<sup>50</sup> See *id.*

<sup>51</sup> See *id.* §11-1 at 1.

<sup>52</sup> See *id.* at 2.

<sup>53</sup> See Ed Gramlich, Vouchers: Tenant Protection Vouchers, 2016 Advocates' Guide, National Low Income Housing Coalition, [http://nlihc.org/sites/default/files/2016AG\\_Chapter\\_4-13.pdf](http://nlihc.org/sites/default/files/2016AG_Chapter_4-13.pdf).

<sup>54</sup> See U.S. Department of Housing and Urban Development, Notice PIH 2016-12, 2–3, Aug. 18, 2016) <http://portal.hud.gov/hudportal/documents/huddoc?id=PIH-2016-12andH2016-07.pdf>.

<sup>55</sup> See *id.* at 57–58 (of the Pennsylvania counties, Philadelphia is not listed).

<sup>56</sup> See Gramlich *supra* note 53.

<sup>57</sup> See U.S. Department of Housing and Urban Development Office of Multifamily Housing Programs, Tenant Protection Vouchers, Aug. 26, 2015, <http://www.hudexchange.info/course-content/hud-multifamily-affordable-housing-preservation-clinics/Preservation-Clinic-Tenant-Protection-Vouchers.pdf>.

<sup>58</sup> U.S. Department of Housing and Urban Development, Download the Multifamily Assistance and Section 8 Contracts Database, [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/mfh/exp/mfhdiscl](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/exp/mfhdiscl) (Updated as of Oct. 26, 2016).

<sup>59</sup> U.S. Department of Housing and Urban Development, Multifamily Portfolio Datasets, [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/mfh/presrv/mfhpreservation](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/presrv/mfhpreservation) (Updated as of Oct. 26, 2016).

<sup>60</sup> Philadelphia Housing Authority, *HUD Section 8 Subsidized Units in Philadelphia*,

[http://www.pha.phila.gov/media/101285/hud\\_section\\_8\\_subsidized\\_units\\_in\\_philadelphia\\_10\\_3\\_13.pdf](http://www.pha.phila.gov/media/101285/hud_section_8_subsidized_units_in_philadelphia_10_3_13.pdf).

<sup>61</sup> Governing, *Philadelphia Gentrification Maps and Data*, <http://www.governing.com/gov-data/philadelphia-gentrification-maps-demographic-data.html>.

<sup>62</sup> U.S. Census, American Community Survey 5-Year Data (2009-2014)

<http://www.census.gov/data/developers/data-sets/acs-5year.2013.html>.

<sup>63</sup> John Logan, et al., Census geography: Bridging data for census tracts across time, <https://s4.ad.brown.edu/Projects/Diversity/Researcher/Bridging.htm>.

<sup>64</sup> See U.S. Department of Housing and Urban Development Office of Policy Development and Research, *Multifamily Properties: Opting In, Opting Out and Remaining Affordable*, [https://www.huduser.gov/Publications/pdf/optiming\\_in.pdf](https://www.huduser.gov/Publications/pdf/optiming_in.pdf) (January 2006) (Hereinafter HUD Study 1); U.S. Department of Housing and Urban Development Office of Policy Development and Research, *Opting In, Opting Out a Decade Later*, [https://www.huduser.gov/portal/sites/default/files/pdf/508\\_MDRT\\_Opting%20In\\_Opting%20Out.pdf](https://www.huduser.gov/portal/sites/default/files/pdf/508_MDRT_Opting%20In_Opting%20Out.pdf) (May 8, 2015) (Hereinafter HUD Study 2).

<sup>65</sup> See *Multifamily Assistance and Section 8 Contracts Database*, *supra* note 58.

<sup>66</sup> *Id.*

<sup>67</sup> City of Philadelphia and Philadelphia Housing Authority, Assessment of Fair Housing, October 27, 2016, <http://www.phila.gov/dhcd/wp-content/uploads/2016/10/assessment-of-fair-housing-october-2016.pdf>.

<sup>68</sup> For a sample of gentrification studies, see Justin Feldman, *Gentrification, Urban Displacement and Affordable Housing: Overview and Research Roundup*, August 15, 2014, <http://journalistsresource.org/studies/economics/real-estate/gentrification-urban-displacement-affordable-housing-overview-research-roundup>.

<sup>69</sup> See Governing, *supra* note 61.

<sup>70</sup> See HUD Study 2 *supra* note 64, at Appendix 3.

<sup>71</sup> Pew Charitable Trust, *Philadelphia's Changing Neighborhoods*, [http://www.pewtrusts.org/~media/assets/2016/05/philadelphias\\_changing\\_neighborhoods.pdf](http://www.pewtrusts.org/~media/assets/2016/05/philadelphias_changing_neighborhoods.pdf) (May 2016).

<sup>72</sup> For a more thorough critique of income-based definitions of gentrification see PlanPhilly, Parsing Income-Based Definitions of Gentrification, <http://planphilly.com/articles/2016/07/28/parsing-income-based-definitions-of-gentrification> (July, 28, 2016).

<sup>73</sup> See HUD Study 1 and HUD Study 2, *supra* note 64. The HUD studies reference whether owner is for profit or nonprofit and inspection scores as contributing factors to



owner opt-out probability. Other factors provided in the HUD studies were not included here due to limited available data. See HUD Study 2 *supra* note 64 at 25-26 (explaining the distinction between the original study and the follow-up study).

<sup>74</sup> *Id.*

<sup>75</sup> U.S. Department of Housing and Urban Development, Physical Inspection Scores, HUD.GOV, [http://portal.hud.gov/hudportal/HUD?src=/topics/physical\\_inspection\\_scores](http://portal.hud.gov/hudportal/HUD?src=/topics/physical_inspection_scores) (last visited Nov. 19, 2016).

<sup>76</sup> See 24 C.F.R. § 200.857.

<sup>77</sup> National Low Income Housing Coalition, Multifamily Notice Highlights Appropriation Acts Changes to Failing REAC Scores Procedures, <http://nlihc.org/article/multifamily-notice-highlights-appropriation-acts-changes-failing-reac-scores-procedures> (March 09, 2015).

<sup>78</sup> See HUD Study 2 *supra* note 64 at 26.

<sup>79</sup> *Id.*

<sup>80</sup> *Id.*

<sup>81</sup> *Id.* at 13.

<sup>82</sup> *Id.*

<sup>83</sup> U.S. Department of Housing, Physical Inspection Scores by State, HUD.GOV, Sept. 15, 2016, [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/mfh/remss/remssinspcores/remssphysinspcores](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/remss/remssinspcores/remssphysinspcores).

<sup>84</sup> Cal. Gov't Code §§ 65863.10, 65863.11, 65863.13

<sup>85</sup> Sacramento, Cal., Code §§ 5.148.010-100

<sup>86</sup> S.F., Cal. Admin. Code §§ 60.1-14

<sup>87</sup> Santa Cruz, Cal. Mun. Code §§ 21.05.010-090

<sup>88</sup> Colo. Rev. Stat. §§ 24-32-701 - 24-32-721

<sup>89</sup> Denver, Colo. Mun. Code §§ 27-45 - 27-52

<sup>90</sup> Conn. Gen. Stat. § 8-68c

<sup>91</sup> 310 Ill. Comp. Stat. 60/1-60/10.1

<sup>92</sup> Chicago, Ill. Mun. Code § 2-44-111

<sup>93</sup> Me. Rev. Stat. tit. 30-A, §§ 4971-4978

<sup>94</sup> Minn. Stat. §§ 471.9997, 504B.255

<sup>95</sup> Portland, OR. Code §§ 30.01.010-110

<sup>96</sup> Tex. Gov't Code § 2306.185

<sup>97</sup> Wash. Rev. Code §§ 59.28.010-902

<sup>98</sup> D.C. Code §§ 42 -2851.01-08

<sup>99</sup> Mass. Gen. Laws. Ann. Ch. 40T, §§ 1-10

<sup>100</sup> R.I. Gen. Laws §§ 34-45-1 - 34-45-12

<sup>101</sup> See *supra* note 84.

<sup>102</sup> See *supra* note 85.

<sup>103</sup> See *supra* note 86.

<sup>104</sup> See *supra* note 87.

<sup>105</sup> See *supra* note 91.

<sup>106</sup> See *supra* note 92.

<sup>107</sup> See *supra* note 93.

<sup>108</sup> Md. Code, Hous. & Cmty. Dev. §§ 7-101 - 7-501

<sup>109</sup> See *supra* note 99.

<sup>110</sup> See *supra* note 100.

<sup>111</sup> Harrison Institute for Public Law, *Washington, D.C. Tenant Survival Guide*, Georgetown University Law Center (Dec. 2006).

<sup>112</sup> D.C. Code §§ 42-3404.01-13

<sup>113</sup> *Id.*

<sup>114</sup> See *supra* note 84.

<sup>115</sup> Cal. Gov't Code §§ 65580-65589.8

<sup>116</sup> S.F., Cal. Admin. Code §§ 37.1-15

<sup>117</sup> L.A., Cal. Mun. Code §§ 151.00-151.29

<sup>118</sup> See *supra* note 88.

<sup>119</sup> 20 Ill. Comp. Stat. 3805/8.1

<sup>120</sup> Ohio Rev. Code § 3767.41

<sup>121</sup> Public nuisance is defined as housing that fails to meet standards set forth in relevant federal rules, and the law provides that in no case will nuisance be found where HUD's real estate assessment center has issued a score of seventy-five or higher within the last 12 months and there has been no significant change in the property's condition.

<sup>122</sup> Seattle, Wash., Mun. Code §§ 22.210.010-180

<sup>123</sup> Tex. Gov't Code § 2306.805

APPENDIX A – Project-Based Section 8 Properties in Philadelphia and Contributing Factors to Opt-Out Risk

Property Name	Street Address	City	State	Zipcode	Unit Count	Owner Type	Contract Expiration Date	Contract Term in Months	REAC Score	Gentrified Tract?	Matching Factors
15TH & JEFFERSON STREET APTS.	1418 N. 15th St.	PHILADELPHIA	PA	19121	38	Profit Motivated	10/31/2034	240	94	Y	2
AMERICAN POSTAL WORKERS HOUSE	801 LOCUST ST	PHILADELPHIA	PA	19107	299	Profit Motivated	12/31/2030	240	97	N	1
ANN THOMAS PRESBYTERIAN APTS.	2000 S 58TH ST	PHILADELPHIA	PA	19143	74	Non-Profit	12/31/2031	240	99	N	0
ASCENSION MANOR	911 N FRANKLIN ST	PHILADELPHIA	PA	19123	229	Non-Profit	2/28/2034	288	91	N	0
AWBURY VIEW	6320 CHEW AVE	PHILADELPHIA	PA	19138	124	Profit Motivated	10/31/2034	240	96	N	1
BECKETT GARDEN APARTMENTS	1400 N 16TH ST	PHILADELPHIA	PA	19121	131	Profit Motivated	11/13/2032	240	99	Y	2
BRESLYN APTS	4640 WALNUT ST	PHILADELPHIA	PA	19104	60	Profit Motivated	10/31/2035	240	95	N	1
CARL MACKLEY APARTMENTS	1401 E Bristol St Bldg A	Philadelphia	PA	19124	92	Profit Motivated	8/31/2018	60	94	N	1
CASA FARNESE	1300 LOMBARD ST	PHILADELPHIA	PA	19147	298	Non-Profit	9/24/2033	240	99	N	0

Property Name	Street Address	City	State	Zipcode	Unit Count	Owner Type	Contract Expiration Date	Contract Term in Months	REAC Score	Gentrified Tract?	Matching Factors
CENTER POST VILLAGE	55 N 40th ST	PHILADELPHIA	PA	19104	82	Profit Motivated	2/28/2019	60	90	Y	2
CHESHIRE HOUSE	427 E WASHINGTON LN	PHILADELPHIA	PA	19144	12	Non-Profit	12/3/2034	240	65	N	1
CLARA BALDWIN APTS	2600 W SUSQUEHANNA AVE	PHILADELPHIA	PA	19121	54	Profit Motivated	7/31/2034	240	96	N	1
COBBS CREEK NSA	5256 Larchwood ST	PHILADELPHIA	PA	19143	85	Profit Motivated	7/31/2025	240	94	Y	2
CO-MHAR RESIDENCE	608 W LEHIGH AVE	PHILADELPHIA	PA	19133	18	Non-Profit	1/13/2032	240	85	N	1
CO-MHAR SIRCL	2201 E YORK ST	PHILADELPHIA	PA	19125	8	Non-Profit	6/30/2034	240	87	Y	2
CORINTHIAN SQUARE	6201 WISTER ST	PHILADELPHIA	PA	19138	60	Non-Profit	10/22/2032	240	91	N	0
DIAMOND PARK	1700 SUSQUEHANNA AVENUE	PHILADELPHIA	PA	19121	47	Non-Profit	6/26/2031	240	90	Y	1
DORADO VILLAGE	2642 N MARSHALL ST	PHILADELPHIA	PA	19133	80	Profit Motivated	8/31/2024	240	96	N	1
DYNASTY COURT	1011 RACE STREET	PHILADELPHIA	PA	19107	56	Profit Motivated	10/12/2017	60	93	N	1

Property Name	Street Address	City	State	Zipcode	Unit Count	Owner Type	Contract Expiration Date	Contract Term in Months	REAC Score	Gentrified Tract?	Matching Factors
ENON TOLAND APTS	245 W QUEEN LN	PHILADELPHIA	PA	19144	66	Non-Profit	5/31/2021	252	76	N	1
EPHRAIM GOLDSTEIN APARTMENTS	12003 Bustleton Ave	Philadelphia	PA	19116	268	Profit Motivated	12/18/2034	240		N	1
FITZWATER HOMES PHASE II	1818 BAINBRIDGE ST	PHILADELPHIA	PA	19146	22	Non-Profit	8/31/2035	240	87	N	1
FOP SR CITIZEN INC	730 BYBERRY RD	PHILADELPHIA	PA	19116	52	Non-Profit	9/30/2020	60	99	N	0
FOUR FREEDOMS HOUSE	6101 MORRIS ST	PHILADELPHIA	PA	19144	220	Profit Motivated	12/22/2035	240	97	N	1
FRIENDS GUILD HOUSE EAST	711 SPRING GARDEN ST	PHILADELPHIA	PA	19123	89	Profit Motivated	3/31/2031	240	92	Y	2
FRIENDS GUILD HOUSE WEST	1221 FAIRMOUNT AVE	PHILADELPHIA	PA	19123	100	Non-Profit	5/31/2030	240	94	Y	1
GERMANTOWN INTERFAITH	14-20 W. Cheltenham Ave	PHILADELPHIA	PA	19144	95	Non-Profit	12/31/2034	240	57	N	1
GRAY MANOR APTS	1600 N 8TH ST	PHILADELPHIA	PA	19122	129	Non-Profit	8/31/2025	240	99	Y	1
HADDINGTON ELDERLY	5600 Race Street	PHILADELPHIA	PA	19139	135	Profit Motivated	2/28/2017	60	93	N	1

Property Name	Street Address	City	State	Zipcode	Unit Count	Owner Type	Contract Expiration Date	Contract Term in Months	REAC Score	Gentrified Tract?	Matching Factors
HADDINGTON TOWNHOUSES	5437 Wyalusing AVE	PHILADELPHIA	PA	19131	125	Profit Motivated	5/31/2025	180	73	N	2
HAVERFORD HOUSE	3416 HAVERFORD AVE	PHILADELPHIA	PA	19104	32	Profit Motivated	9/30/2017	60	60	N	2
HEDGEROW APTS	3147 N 16TH ST, A-1	PHILADELPHIA	PA	19132	80	Profit Motivated	8/31/2033	240	90	N	1
JACKIE'S GARDEN	1821 N. 20th Street	PHILADELPHIA	PA	19121	134	Profit Motivated	6/30/2024	180	89	N	2
JONES MEMORIAL	1927 N 18TH ST	PHILADELPHIA	PA	19121	38	Non-Profit	5/31/2021	240	95	Y	1
KEARSLEY HOME	2100 N 49TH ST	PHILADELPHIA	PA	19131	87	Profit Motivated	5/31/2033	240	98	N	1
KENSINGTON TOWNHOUSES	2607 NORTH HOWARD ST	PHILADELPHIA	PA	19133	70	Profit Motivated	11/30/2032	240	95	N	1
LARCHWOOD GARDENS APTS	2820 S 81ST ST	PHILADELPHIA	PA	19153	179	Profit Motivated	12/31/2034	240	79	Y	3
LEHIGH APARTMENTS	105 E LEHIGH AVE	PHILADELPHIA	PA	19125	10	Non-Profit	6/20/2034	240	80	N	1
LIPSCOMB SQUARE	625 S 12th ST	PHILADELPHIA	PA	19147	46	Non-Profit	5/31/2019	60	59	N	1

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Property Name	Street Address	City	State	Zipcode	Unit Count	Owner Type	Contract Expiration Date	Contract Term in Months	REAC Score	Gentrified Tract?	Matching Factors
MAGNOLIA MEWS	5915 MAGNOLIA ST	PHILADELPHIA	PA	19144	63	Profit Motivated	12/11/2032	240	91	N	1
MAPLE-MT VERNON DEV I	1702 MT VERNON ST	PHILADELPHIA	PA	19130	42	Non-Profit	11/30/2016	12	95	N	0
MERCY DOUGLAS RESIDENCES	4511 WALNUT ST	PHILADELPHIA	PA	19139	60	Non-Profit	6/25/2031	240	96	N	0
MH RESIDENCE	2027 E ALLEGHENY AVE	PHILADELPHIA	PA	19134	13	Non-Profit	2/13/2021	60	67	N	1
MONTE VISTA APTS	931 N 63rd St	PHILADELPHIA	PA	19151	158	Profit Motivated	10/31/2026	240	93	N	1
MORELANE GARDENS	185 E WALNUT LN	PHILADELPHIA	PA	19144	22	Profit Motivated	5/31/2019	60	88	N	2
MOUNT CARMEL GARDENS	5700-5726 RACE ST	PHILADELPHIA	PA	19131	47	Non-Profit	5/31/2035	240	100	N	0
MOUNT VERNON MANOR	3311 WALLACE STREET	PHILADELPHIA	PA	19104	54	Profit Motivated	12/31/2034	240	92	N	1
MR RESIDENCES	129 W ALLEGHENY AVE	PHILADELPHIA	PA	19133	7	Non-Profit	7/6/2016	60	91	N	0
NEWHALL MANOR	5323 NEWHALL ST	PHILADELPHIA	PA	19144	26	Non-Profit	12/12/2031	240	92	N	0

Property Name	Street Address	City	State	Zipcode	Unit Count	Owner Type	Contract Expiration Date	Contract Term in Months	REAC Score	Gentrified Tract?	Matching Factors
OLDE KENSINGTON PAVILLION	1250 N 3RD ST	PHILADELPHIA	PA	19122	103	Profit Motivated	7/21/2035	240	94	Y	2
ON LOK HOUSE	219 N 10TH ST	PHILADELPHIA	PA	19107	54	Non-Profit	6/30/2034	240	89	N	1
OPPORTUNITIES FOR AGING	1717 W HUNTING PARK AVE	PHILADELPHIA	PA	19140	275	Profit Motivated	7/16/2032	240	100	N	1
OPPORTUNITIES TOWERS III	5524 HAVERFORD AVE	PHILADELPHIA	PA	19131	59	Non-Profit	7/7/2031	240	99	N	0
OVERMONT HOUSE	4001 Monument RD	PHILADELPHIA	PA	19131	234	Non-Profit	4/30/2017	12	100	N	0
P.A.T.H. GROUP HOMES	1835 BEYER AVE	PHILADELPHIA	PA	19115	24	Non-Profit	5/8/2034	240	97	N	0
PARK TOWER	4001 CONSHOHOCKEN AVE	PHILADELPHIA	PA	19131	156	Profit Motivated	9/4/2034	240	94	N	1
PATH Housing Associates, Inc.	7965 ALGON AVENUE	PHILADELPHIA	PA	19136	25	Non-Profit	3/28/2033	240	97	N	0
PHILIP MURRAY HOUSE	6300 OLD YORK ROAD	PHILADELPHIA	PA	19141	299	Profit Motivated	12/22/2035	240	98	N	1
RIEDER HOUSE A/K/A CENTER PARK	10102 JAMISON AVE	PHILADELPHIA	PA	19116	77	Non-Profit	10/31/2019	60	98	N	0

Property Name	Street Address	City	State	Zipcode	Unit Count	Owner Type	Contract Expiration Date	Contract Term in Months	REAC Score	Gentrified Tract?	Matching Factors
RIVERSIDE PRESBYTERIAN	158 N 23rd ST	PHILADELPHIA	PA	19103	150	Profit Motivated	12/31/2032	240	99	N	1
ROBERT SALIGMAN HOUSE	8900 ROOSEVELT BLVD	PHILADELPHIA	PA	19115	180	Profit Motivated	12/18/2034	240	97	N	1
Samuel Tabas Apartments	2101 STRAHLE ST	PHILADELPHIA	PA	19152	300	Profit Motivated	12/5/2033	240	99	Y	2
SCOTTISH RITE HOUSE	1525 FITZWATER ST	PHILADELPHIA	PA	19146	125	Non-Profit	11/20/2034	240	98	N	0
SIDNEY HILLMAN APTS	22 S 22ND ST	PHILADELPHIA	PA	19103	260	Non-Profit	8/31/2017	12	91	Y	1
SIMPSON FLETCHER CONESTOGA HSE	5353 W Master ST	PHILADELPHIA	PA	19131	60	Non-Profit	2/9/2033	240	80	N	1
SOMERSET VILLAS	200 E SOMERSET ST	PHILADELPHIA	PA	19134	99	Non-Profit	10/28/2033	240	97	N	0
SOMERVILLE HOMES	5325 N. 13TH STREET	PHILADELPHIA	PA	19141	24	Limited Dividend	12/31/2019	60	94	N	1
SPRING GARDEN TOWERS	1818 SPRING GARDEN ST	PHILADELPHIA	PA	19107	208	Profit Motivated	2/20/2018	60	85	Y	3
ST GEORGE ATHENAGORAS	850 LOCUST ST	PHILADELPHIA	PA	19107	94	Non-Profit	5/31/2019	48	70	N	1



Property Name	Street Address	City	State	Zipcode	Unit Count	Owner Type	Contract Expiration Date	Contract Term in Months	REAC Score	Gentrified Tract?	Matching Factors
ST GEORGE'S MANOR	540 S 61ST ST	PHILADELPHIA	PA	19143	6	Non-Profit	2/5/2034	240	95	N	0
ST MATTHEW MANOR	230 N 57TH ST	PHILADELPHIA	PA	19139	58	Non-Profit	8/19/2035	240	96	N	0
STEPHEN SMITH TOWERS	1030 BELMONT AVE	PHILADELPHIA	PA	19104	113	Non-Profit	2/17/2036	240	98	N	0
SUSQUEHANNA TOWNHOUSES	2233 N 20TH ST	PHILADELPHIA	PA	19132	36	Limited Dividend	9/30/2024	240	88	N	2
THE PAVILION	3901 CONSHOHOCKEN AVE	PHILADELPHIA	PA	19131	295	Non-Profit	5/31/2032	240	97	N	0
UNICO VILLAGE	7199 BRANT PL	PHILADELPHIA	PA	19153	164	Profit Motivated	2/28/2035	240	97	N	1
UNIVERSITY CITY TOWNHOUSES	3990 MARKET ST	PHILADELPHIA	PA	19104	70	Profit Motivated	5/8/2018	60	93	N	1
UNIVERSITY SQUARE PLAZA	3901 MARKET ST	PHILADELPHIA	PA	19104	440	Profit Motivated	2/15/2020	108	66	Y	3
VENANGO HOUSE	2104 W VENANGO ST	PHILADELPHIA	PA	19140	105	Limited Dividend	5/16/2032	240	98	N	1
VILLAS DEL CARIBE APARTMENTS	167 W. Allegheney Avenue	PHILADELPHIA	PA	19140	37	Profit Motivated	12/31/2027	180	97	N	1
WASHINGTON SQUARE WEST	220 S 11TH ST	PHILADELPHIA	PA	19107	132	Profit Motivated	11/22/2024	240	92	N	1

Property Name	Street Address	City	State	Zipcode	Unit Count	Owner Type	Contract Expiration Date	Contract Term in Months	REAC Score	Gentrified Tract?	Matching Factors
WEBSTER STREET HOUSE	5205 WEBSTER ST	PHILADELPHIA	PA	19143	7	Non-Profit	4/19/2018	60	81	Y	2
WEST POPLAR APARTMENTS	12TH & WALLACE STREETS	PHILADELPHIA	PA	19123	138	Profit Motivated	10/31/2024	180	92	Y	2
WILLIAM B MOORE MANOR aka TENTH MEMORIAL BAPTIST H	1999 Ridge Avenue	PHILADELPHIA	PA	19121	59	Non-Profit	4/28/2034	240	76	N	1
WISTER TOWNHOUSES	292 East Ashmead Street	PHILADELPHIA	PA	19144	198	Profit Motivated	10/14/2016	3	92	N	1
WOODSTOCK COOPERATIVE	2829 NORTH LAMBERT ST	PHILADELPHIA	PA	19132	108	Non-Profit	8/31/2016	12	59	N	1
ZION GARDENS APTS	1101 W GIRARD AVE	PHILADELPHIA	PA	19123	89	Profit Motivated	12/22/2034	240	76	N	2

## APPENDIX B – Race/Ethnicity of Residents of Project-Based Section 8 Properties in Philadelphia and Corresponding Census Tract Information

Development name	# Units	% Project head of household race/ethnicity				% with children	Census Tract number	% Census Tract race/ethnicity				Census Tract poverty rate
		White	Black	Hispanic	Asian			White	Black	Hispanic	Asian	
15th & Jefferson Street Apts.	37	3	97	0	0	81	42101014000	12.79	75.25	5.71	3.92	46.38
American Postal Workers House	299	17	15	1	65	0	42101000902	64.66	6.13	4.04	23.04	38.14
Ann Thomas Presbyterian Apts.	74	3	96	1	0	0	42101006600	4.75	77.71	3.97	11.07	35.98
Arbor House	114	98	0	1	1	0	42101035900	78.11	3.58	4.56	11.26	5.6
Ascension Manor	229	14	28	43	16	0	42101014100	8.98	74.12	12.18	3.34	47.79
Awbury View	124	0	98	2	0	56	42101025200	4.89	87.97	3.79	0.46	23.02
Beckett Garden Apartments	129	0	98	2	0	53	42101014000	12.79	75.25	5.71	3.92	46.38
Breslyn Apts	60	0	97	3	0	87	42101008602	10.07	79.57	3.59	3.52	25.83
Carl Mackley Apartments	92	18	26	56	0	59	42101019000	17.18	20.67	55.8	4.53	38.46
Casa Farnese	192	76	20	1	2	0	42101001101	77.11	9.4	4.52	6.33	28.96
Center Post Village	78	1	96	3	0	37	10005050902	87.84	6.43	2.73	0.38	11.68
Cheshire House	12	0	100	0	0	0	42101025200	4.89	87.97	3.79	0.46	23.02
Clara Baldwin Apts	45	2	96	0	0	0	42101015102	0.45	95.6	2.04	0.33	61.68
Cobbs Creek Nsa	84	0	99	1	0	73	42101008000	9.42	83.3	3.49	1.16	24.83
Co-Mhar Residence	12	33	58	8	0	0	42101016400	1.23	37.97	59.36	0.42	49.27
Co-Mhar Sirci	8	0	0	0	0	0	42101016000	86.95	2.61	6.06	2.24	14.65
Corinthian Square	60	3	95	2	0	0	9001070600	20.29	37.18	34.72	5.24	40.54

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Diamond Park	46	0	98	2	0	7	42101015300	44.98	44.84	2.72	5.28	59.32
Dorado Village	80	27	41	33	0	54	42101016400	1.23	37.97	59.36	0.42	49.27
Dynasty Court	56	2	0	2	96	13	42101000200	22.64	9.67	2.69	63.16	7.19
Enon Toland Apts	62	2	95	3	0	0	42101024200	10.55	82.58	2.93	0.4	32.63
Federation Apts	298	98	1	0	1	0	24510272006	49.44	47.58	1.27	0.23	28.09
Fitzwater Homes Phase II	19	0	89	11	0	68	42101001400	60.41	25.9	5.27	5.52	14.57
Fop Sr Citizen Inc	46	100	0	0	0	0	42101035900	78.11	3.58	4.56	11.26	5.6
Four Freedoms House	209	23	76	0	0	0	42101023900	18.01	71.98	3.55	4.11	21.63
Friends Guild House East	85	15	81	0	4	1	42101037600	34.56	33.59	8.61	20.33	28.13
Friends Guild House West	99	2	95	3	0	0	42101013200	7.76	78.83	7.65	3.33	39.82
Germantown Interfaith	93	2	94	1	2	0	42101027700	0.88	91.33	2.17	3.91	22
Gray Manor Apts	129	2	83	15	0	0	42101014500	19.24	57.83	17.33	4.14	50.66
Haddington Elderly	135	1	97	1	0	0	42101009400	0.55	95.51	1.99	0.21	45.04
Haddington Townhouses	125	1	95	2	2	59	42101010200	0.63	95.89	1.07	0.22	37.86
Haverford House	28	0	100	0	0	50	42101010900	17.16	74.49	2.51	3.11	47.09
Hedgerow Apts	80	1	95	4	0	36	42101020101	2	91.03	3.92	1.01	42
Jackie's Garden	134	0	99	0	1	58	42101015200	1.86	93.45	2.32	0.33	61.96
Jones Memorial	37	0	97	3	0	57	42101015300	44.98	44.84	2.72	5.28	59.32
Kearsley Home	84	10	88	0	1	0	42101012100	24.89	66.23	2.12	4.2	20.11

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Kensington Townhouses	70	0	26	74	0	62	42101016300	4.62	13.36	74.94	6.53	55.9
Larchwood Gardens Apts	150	1	98	1	1	80	42101005600	7.65	83.8	2.34	3.69	13.1
Lehigh Apartments	10	0	0	0	0	0	42101017601	2.09	5.48	91.23	0.47	62.69
Lipscomb Square	44	5	91	5	0	23	42101001500	67.98	16.65	6.35	6.79	7.38
Magnolia Mews	61	0	97	2	2	64	42101024600	6.6	87.25	3.42	0.37	51.21
Maple-Mt Vernon Dev I	42	2	63	35	0	47	42101013402	71.05	10.37	11.88	4.38	14.06
Mercy Douglas Residences	57	5	91	0	4	4	42101008602	10.07	79.57	3.59	3.52	25.83
Mh Residence	13	29	43	29	0	0	42101018800	24.59	25.79	46.44	1.06	52.2
Monte Vista Apts	155	1	97	1	0	43	42101011400	2.42	91.71	2.19	0.83	31.61
Morelane Gardens	22	0	100	0	0	86	42101025200	4.89	87.97	3.79	0.46	23.02
Mount Carmel Gardens	45	0	100	0	0	71	42101009400	0.55	95.51	1.99	0.21	45.04
Mount Vernon Manor	49	2	96	2	0	51	42101010900	17.16	74.49	2.51	3.11	47.09
Mr Residences	6	0	0	0	0	0	42101019501	4.4	10.88	83.21	0.67	46.36
Newhall Manor	26	0	96	4	0	0	42101024200	10.55	82.58	2.93	0.4	32.63
Olde Kensington Pavillion	102	6	4	90	0	0	42101014400	41.93	15.72	36.91	1.93	27.41
On Lok House	54	0	0	2	98	0	42101000200	22.64	9.67	2.69	63.16	7.19
Opportunities For Aging	150	0	92	0	8	0	42101020500	3.33	89.82	1.77	3.55	31.28
Opportunities Tower li	125	2	77	2	19	0	42101020500	3.33	89.82	1.77	3.55	31.28
Opportunities Towers Ili	59	0	100	0	0	0	42101010200	0.63	95.89	1.07	0.22	37.86

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Overmont House	232	17	75	3	3	0	42101012203	39.55	30.18	3.3	22.77	54.15
P.A.T.H. Group Homes	24	79	21	0	0	0	42101034502	64.11	15.8	7.66	9.23	12.76
P.A.T.H. Mr Housing	25	76	24	0	0	0	42101033600	70.43	8.01	9.89	8.03	11.42
Park Tower	148	12	86	2	1	0	12127080901	69.63	21.18	5.98	0.61	29.18
Philip Murray House	284	1	54	1	43	0	42101027700	0.88	91.33	2.17	3.91	22
Rieder House A/K/A Center Park	77	90	1	3	6	0	42101036000	62.7	8.78	4.31	20.81	6.61
Riverside Presbyterian	150	27	55	2	16	0	6075012502	19.97	13.95	21.09	40.43	40.01
Robert Saligman House	180	93	4	1	2	0	42101034501	68.99	8.84	5.46	14.9	21.08
Scottish Rite House	125	13	85	2	0	0	42101001400	60.41	25.9	5.27	5.52	14.57
Shalom Apartments	153	97	1	2	0	0	42101035900	78.11	3.58	4.56	11.26	5.6
Sidney Hillman Apts	258	16	35	1	48	0	42101000401	49.36	17.69	5.04	24.42	34.69
Simpson Fletcher Conestoga Hse	60	2	95	0	2	0	42101011100	1.7	92.97	2.21	1	46.01
Somerset Villas	99	21	2	77	0	0	42101017601	2.09	5.48	91.23	0.47	62.69
Somerville Homes	22	5	86	9	0	0	42101028200	3.16	82.53	5.67	6.14	21.03
Spring Garden Towers	208	34	36	19	9	0	42101012500	65.89	10.79	5.39	15.28	18.67
St George Athenagoras	91	60	6	6	29	0	6075012502	19.97	13.95	21.09	40.43	40.01
St George's Manor	4	0	0	0	0	0	42101008301	2.35	92.6	2.08	1	30.77
St Matthew Manor	56	0	98	0	0	0	42101009400	0.55	95.51	1.99	0.21	45.04
Stephen Smith Towers	105	4	93	3	0	1	13063040303	15.1	51.32	27.15	4.93	27.65

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Susquehanna Townhouses	36	0	97	0	3	49	42101016800	1.07	94.79	2.13	0.38	35.05
The Pavilion	295	72	26	1	1	0	42101012201	39.75	37.41	3.85	14.91	36.85
Unico Village	160	38	51	2	8	0	42101006000	17.24	71.21	2.64	6.36	4.05
University City Townhouses	70	0	99	1	0	71	42101008802	52.41	11.2	5.01	26.97	75.05
University Square Plaza	435	6	69	2	23	0	6037213320	1.89	3.14	64.01	29.75	34.14
Venango House	105	0	100	0	0	4	42101020200	2.6	92.54	2.35	0.23	34.08
Villas Del Caribe Apartments	35	3	0	94	0	52	42101019501	4.4	10.88	83.21	0.67	46.36
Washington Square West	131	26	70	2	1	23	42101000902	64.66	6.13	4.04	23.04	38.14
Webster Street House	7	0	0	0	0	0	42101008000	9.42	83.3	3.49	1.16	24.83
William B Moore Manor Aka Tenth Memor	59	0	100	0	0	0	42101013900	11.11	80.42	5.63	0.85	58.86
Wister Townhouses	198	0	99	1	0	68	42101024500	2.97	92	2.8	0.2	38.54
Woodstock Cooperative	100	0	99	1	0	68	42101017300	2.75	90.93	4.08	0.7	33.82
Zion Gardens Apts	87	1	96	2	0	34	42101014100	8.98	74.12	12.18	3.34	47.79

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