

The Economic, Community, and Social Benefits of the

NEIGHBORHOOD PRESERVATION INITIATIVE

City of Philadelphia

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econsultsolutions.com | 215-717-2777

MAKING PHILADELPHIA BETTER BLOCK BY BLOCK

The Neighborhood Preservation Initiative is a $400 million investment to support successful affordable housing and neighborhood revitalization programs in Philadelphia.

In its first two years, the Neighborhood Preservation Initiative has spent or committed ~$200 million on a variety of programs to support affordable housing and commercial revitalization programs.

$200M
INVESTMENT

5,500
HOUSEHOLDS BENEFITED

106
BUSINESSES BENEFITED

The City of Philadelphia Department of Planning maintains an online dashboard that tracks the progress of the program.

Analysis of how the Neighborhood Preservation Initiative (NPI) impacts Philadelphia neighborhoods are categorized as Economic Impacts and Social, Community, Household Benefits.

Economic Impacts

Affordable housing has a two-fold economic impact:

- The spending on development, construction, and preservation of affordable housing and neighborhoods; and,
- The household income savings achieved by residents of affordable housing.

These dollars flow through the economy, generating positive impact and jobs across Philadelphia's diverse economy.

Social, Community, Household Benefits

NPI supports programs that positively impact households and communities, generating numerous quality-of-life benefits, including: healthcare savings and outcomes; improved legal outcomes; neighborhood preservation and small business services; enabling wealth building and addressing homeownership disparities; and, increasing generational wealth.

Economic Impacts

NPI Invests in a Wide Range of Community-Supportive Programs

The programs that NPI invests in each support meaningful economic impacts within the Philadelphia economy. While some of the supported impact is borne from the construction supported by the NPI investment, ongoing economic impact is supported by the household savings created by newly constructed affordable housing.

		Economic Impacts	
Program Name and Purpose	**Investment ($M)**	**One-Time Impact from NPI Investment**	**Affordability Period Impact from HHI Savings**
Adaptive Modification Program (AMP): Free home modifications to improve access and safety for residents who are seniors and/or individuals living with disabilities.	$6.8	✓	
Affordable Housing Preservation: Supplements existing programs that preserve housing developments funded through Low-Income Housing Tax Credits (LIHTC).	$34.9	✓	
Affordable Housing Production: Supports Low-Income Housing Tax Credit (LIHTC) development projects.	$30.6	✓	✓
Basic System Repair Program (BSRP): Free emergency repairs to fix roofing and major home systems.	$36.0	✓	
Eviction Diversion: Supports the Eviction Diversion Program (EDP) which funds housing counseling, legal services, and mediation sessions for tenants and landlords to keep tenants in their homes and avoid eviction proceedings.	$5.7	✓	
Neighborhood Commercial Corridor: Provides grants, loans, and technical assistance for small businesses and local community development corporations (CDCs).	$11.1	✓	
Neighborhood Infrastructure Improvement Program: Funds stabilization of retaining walls that pose a public safety concern and removal of dangerous trees in common alley ways.	$13.3	✓	
Permanent Unhoused Housing: Creates permanent housing options for previously homeless individuals and families.	$7.7	✓	
Philly First Home: Down payment and closing cost assistance for first-time home buyers.	$29.0		✓
Shallow Rent Assistance: Supports the PHLhousing+ guaranteed income pilot program.	$2.2		✓
Small Landlord Loans and Working Capital: Forgivable home repair loans for landlords owning a small number of rental properties.	$3.9	✓	
Tangled Title: Public-private partnership developing up to 1,000 units of affordable workforce housing.	$3.8	✓	
Turn the Key: Develops affordable housing for up to 1,000 Philadelphia families.	$10.0		✓
Total Spent or Committed	**$200.0**		

Above and beyond economic impacts, NPI supported programs provide social, community, and household benefits.

Economic Impacts

NPI Investments Leverage Private Activity to Generate Substantial Spending

NPI programs support direct economic benefits of two types: housing investments enabled by NPI support, and household savings from the housing affordability impacts of NPI programs.

Inputs from NPI Investment
(One-time)

Program	Investment Supported ($M)
Affordable Housing Preservation	$245.9
Affordable Housing Production	$193.6
Basic System Repair Program (BSRP)	$36.0
Neighborhood Infrastructure Improvement Program	$13.3
Neighborhood Commercial Corridor	$11.1
Permanent Unhoused Housing	$7.7
Adaptive Modification Program (AMP)	$6.8
Eviction Diversion	$5.7
Administrative*	$5.0
Small Landlord Loans and Working Capital	$3.9
Tangled Title	$3.8
Total	**$532.8**
Modeled Costs*	**$527.8**

** Administrative costs are not modeled*

Inputs from NPI Investment

NPI investments contribute to a one-time expenditure on goods and services by the listed programs. This encompasses the allocation of the $200 million budget, as well as additional expenditures incurred by private developers involved in building and preserving affordable housing programs. This is on the basis that investments would not have taken place 'but for' the program contribution. The combined total amounts to $528 million.

Inputs from Household Savings
(Over the course of affordability)

Program	Household Savings Supported ($M)
Philly First Home	$76,212,000
Affordable Housing Production	$12,883,200
Turn the Key	$10,000,000
PHLhousing+	$2,160,000
Total	**$101,255,200**

Inputs from Household Savings

Certain NPI supported programs generate long-term household savings. Estimates of these savings were developed using the following assumptions:

Affordable Housing Production Program: This program generates savings by reducing rents for households. The savings were computed as the difference between the median rent in Philadelphia and the maximum rent set by the 60 percent AMI HUD Limit. These savings were then extrapolated for the total number of new affordable housing units over a 15-year affordability period.

Philly First Home: Household savings for this program were determined as the amount saved per mortgage for participating households. It was calculated that approximately 2,900 households are anticipated to participate in this program and receive down payment assistance, each saving $26,000 over the course of a 30-year mortgage.

PHLhousing+ and Turn the Key: Savings in these programs are equivalent to the program investment, as it directly transfers funds to households. For reference, PHLhousing+ acts as a pilot universal income program, while Turn the Key finances direct mortgage buy-down assistance.

Economic Impacts

$875M Total Output from NPI Supported Programs in Philadelphia

FTE means Full-time equivalent jobs

$527.8M
DIRECT NPI SUPPORTED INVESTMENT

$347.1M
INDIRECT & INDUCED SPENDING

$270.0M
TOTAL EMPLOYEE EARNINGS

4,740 FTE
TOTAL EMPLOYMENT

Impacts from NPI Investments

DIRECT
$527.8M
&
INDIRECT & INDUCED SPENDING
$259.6M

TOTAL OUTPUT
$787.4M

TOTAL EMPLOYEE EARNINGS
$239.9M

ANNUAL JOBS
4,320 FTE

Impacts from Household Savings

INDIRECT & INDUCED SPENDING
$87.6M

TOTAL OUTPUT
$87.6M

TOTAL EMPLOYEE EARNINGS
$30.1M

ANNUAL JOBS
420 FTE

Philadelphia Tax Impacts

INCOME TAX REVENUES
$6.5M

SALES TAX REVENUES
$1.4M

BUSINESS TAX REVENUES
$3.0M

$11M
TOTAL CITY TAX REVENUES


Source: Brice Cooper for Unsplash

$899M Total Output from NPI Supported Programs in Pennsylvania

$371.0M
INDIRECT & INDUCED SPENDING

$276.0M
TOTAL EMPLOYEE EARNINGS

4,835 FTE
TOTAL EMPLOYMENT

$10.7M
TOTAL STATE TAX REVENUES

Social, Community, Household Benefits

NPI Investments Foster Social Benefits for Households and Neighborhoods across Philadelphia

The NPI aims to address the down-flow effects of the current housing trends in Philadelphia described below. Through NPI supported programs, holistic interventions aim to spur both neighborhood and household level impacts—understanding that housing is a central determinant in the preservation and revitalization of Philadelphia's communities.

In addition to the economic impacts from investment and household savings, NPI investments benefit Philadelphia on the whole. Factors such as improving healthcare, reducing legal issues, neighborhood preservation, small business support, narrowing wealth and homeownership gaps, and stimulating generational wealth contribute to improving the quality of life in the city. Although these catalytic impacts cannot be analyzed through an economic model, they are central to the mission of NPI.

- HEALTHCARE SAVINGS & OUTCOMES
- LEGAL OUTCOMES
- NEIGHBORHOOD PRESERVATION & SMALL BUSINESS SERVICES
- ADDRESSING WEALTH & HOMEOWNERSHIP DISPARITIES
- INCREASING GENERATIONAL WEALTH

Current Housing Trends

Despite relatively low housing and rental values, housing affordability is a major challenge for many of Philadelphia's low-income households.

92%
OF HOUSING UNITS IN PHILADELPHIA ARE OCCUPIED (695,000 OF 757,000+ UNITS)

$237,900
MEDIAN VALUE OF OWNER-OCCUPIED HOUSING UNITS

51%
OF PHILADELPHIA RENTERS SPEND MORE THAN 30% OF HOUSEHOLD INCOME ON RENT

$1,281
MEDIAN RENT VALUE

$1,000 - $1,499
41% OF RENTAL UNITS

< $1,500
73% OF RENTAL UNITS

The median monthly rent in Philadelphia of $1,281 represents 30% of an annual income of $51,240. This figure is close to the city's median income of $56,500; however, 46% of households in Philadelphia earn less than $50,000 per year.

Social, Community, Household Benefits

HEALTHCARE SAVINGS & OUTCOMES

Applicable NPI Programs

- Adaptive Modification Program
- Basic System Repair Program

Return on Investment

In a 2021 study analyzing a home hazard removal program in St. Louis, researchers from Washington University in St. Louis found that for every intervention dollar spent, per-person healthcare costs declined by approximately $2.11.

Health Equity

In a 2021 study analyzing the BSRP program, researchers from the University of Pennsylvania found that BSRP interventions were associated with an approximate 20% decrease in violent crime.

NPI Programs Support Household Healthcare

Housing has been perceived as providing health benefits. From the physical conditions of homes and surrounding neighborhoods, to the affordability of housing which affects household abilities to make choices to improve its health, NPI support of programs that impact housing and neighborhoods also benefit household health.

Recent research from Columbia University and the Urban Institute examined the impacts of urban blight on public health, finding that living near vacant lots and buildings and substandard housing structures can have significant adverse health effects on residents, including:

- Increase in chronic illness and premature mortality;
- Increase in violence, homicide, and suicide;
- Increase in unhealthy eating and lifestyle habits;
- Breakdown of social networks and capital; and,
- Decrease in literacy scopes for pre-K children.

Physical hazards in homes can bring on numerous health problems. Moreover, poor quality and inadequate housing contributes to health problems such as infectious and chronic diseases, injuries, and poor childhood development. The affordability of housing also impacts health, since financial burden prevents households from making healthy choices and meeting other basic needs, such as nutritious, healthy food and health care.



Source: National Cancer Institute for Unsplash

Sources
The Cost Efficiency of Home Modifications to Reduce Healthcare Costs
Association Between Structural Housing Repairs for Low-Income Homeowners and Neighborhood Crime

Social, Community, Household Benefits

LEGAL OUTCOMES

Applicable NPI Programs

- Eviction Diversion
- Tangled Title Fund

Return on Investment

Based on the analysis by Stout, for every $1 Philadelphia spends on providing legal representation to low-income tenants, it will receive a benefit of approximately $12—representative of avoided costs to the City on transitional shelter, emergency medical and mental health interventions.

Based on the $4.7 million investment, the City could avoid $60 million in costs annually.

NPI Programs Reduce Legal Barriers to Affordable Housing

The Neighborhood Preservation Initiative provides investment to assist Philadelphians with legal matters through the Eviction Diversion Program, and the Tangled Title Fund.

The **Eviction Diversion Program** funds housing counseling, legal services, and mediation sessions for tenants and landlords to keep tenants in their homes and avoid eviction proceedings. The NPI has expended $2.3 million and has committed $0.5 million for a total of $2.8 million investment in this program.

The **Tangled Title Fund** is a grant program to help preserve affordable housing, prevent homelessness, and strengthen communities. TTF grants are awarded to low-income persons seeking to clear legal title to their homes. Grants help to cover administrative, legal, and other costs that may arise in resolving a homeownership issue. The NPI has expended $1.7 million and has committed $0.2 million for a total $1.9 million investment in this program.

Costs that can be avoided and benefits to the City include:

- The education costs, juvenile justice costs, and welfare costs associated with homeless children;
- The negative impact of eviction on tenants' credit score, such as the ability to re-rent and the potential loss of a subsidized housing voucher;
- The cost of providing public benefits when jobs are lost due to eviction;
- The costs associated with homelessness, such as additional law enforcement and incarceration costs;
- The cost of family and community instability; preservation of financial and personal assets;
- Preservation of affordable housing stock; enforcement of rent laws and regulations; and
- A reduction over time of the number of eviction cases filed resulting in improved use of city and court resources.



Source
Economic Return on Investment of Providing Counsel in Philadelphia Eviction Cases for Low-Income Tenants Report of Stout Risius Ross November 13, 2018

Social, Community, Household Benefits

NEIGHBORHOOD PRESERVATION & SMALL BUSINESS SERVICES

Applicable NPI Programs

- Neighborhood Commercial Corridor
- Neighborhood Infrastructure Improvements Program

Corridor Revitalization and Increased Retail Sales

Blight and disinvestment can also impact neighborhood viability by way of business corridor attractiveness. In a 2006 study completed by Econsult Corporation, corridor leadership programs, business support infrastructure and physical improvement of the built environment were shown to have a positive associated effect on shopper patronage and retail sales in Philadelphia's commercial corridors.

NPI Investments Improve Equitable Business Corridors

A strong asset in the City of Philadelphia is its numerous business corridors that provide neighborhood-anchoring, pedestrian-oriented, storefront retail all across the city. These types of business corridors provide valuable jobs. Much of the business development in Philadelphia's commercial corridors is driven by small, newer businesses—22.8 percent of employment within firms having fewer than 50 employees, and 12.1 percent of employment at businesses that opened less than five years ago. In addition to being comprised of many small firms, businesses along these corridors are by and large diverse. More than half (55.6 percent) of the woman or disabled-owned businesses (MWDBEs) on the registry of the Philadelphia Office of Economic Opportunity (OEO) are located within or directly adjacent to neighborhood business corridors.



Source: William Fortunato for Pexels



Sources
City of Philadelphia Office of Economic Opportunity, Minority/Women/Disadvantage Business Enterprise Business Registry, 2019
New and definitive evidence on what works to revitalized urban commercial corridors

Social, Community, Household Benefits

ADDRESSING WEALTH & HOMEOWNERSHIP DISPARITIES

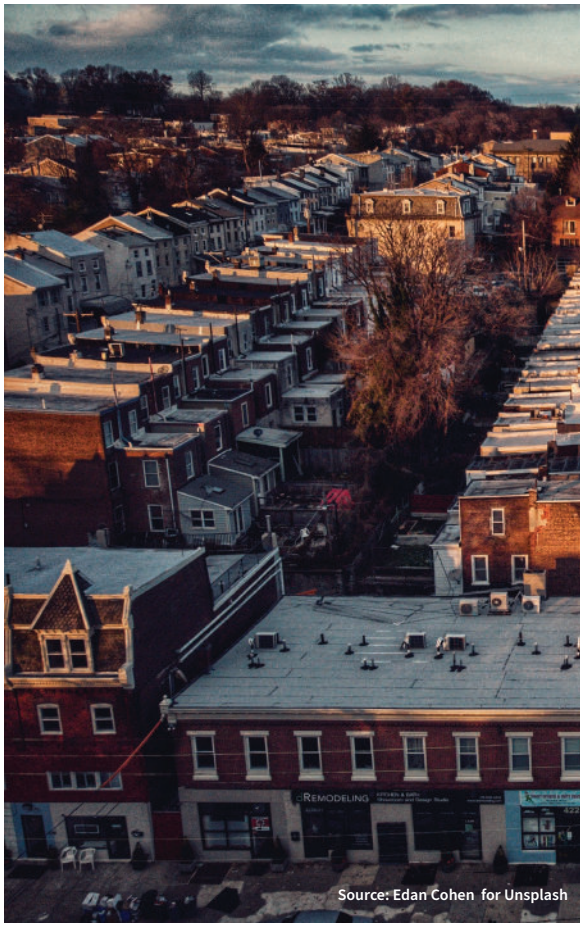
Applicable NPI Programs

- Tangled Title Fund
- Philly First Home
- Turn the Key

Homeownership Gaps

City of Philadelphia, 2022

	Households that Rent	Households that Own
White	43%	57%
Non-White	53%	47%



Source: Edan Cohen for Unsplash

NPI Supports Programs that Help Narrow Disparity Gaps

Homeownership Inequity

In Philadelphia, the homeownership rate differences between Black Philadelphians and White Philadelphians have persisted. Additionally, Black homeownership has steadily declined over the past 30 years. This has has consequently brought difficulty for Black Philadelphians to build wealth and secure other social and economic benefits of homeownership.

In a study completed by the Federal Reserve Bank of Philadelphia on the homeownership gap, it was found that:

- Black mortgage applicants were 2.7 times more likely to be denied by lenders than White applicants.
- Having a high debt-to-income ratio was the most common reason for both Black and White applicants to be denied a mortgage, contributing to roughly 30 percent of denials, regardless of race.
- Credit history was cited as a denial reason for 29 percent of rejected Black applicants, significantly higher than the 16 percent among denied White applicants.
- Limited collateral and insufficient funds for a down payment or closing costs also presented barriers to accessing mortgage credit, for both Black and white applicants, who were denied rates for similar reasons in 2020.



Source: Any Lane for Pexels

Sources

What's Behind the Racial Homeownership Gap in Philadelphia? Federal Reserve Bank of Philadelphia. Jacob Whiton, Theresa Singleton, Lei Ding (2021)
Table S2502: Demographic Characteristics for Occupied Housing Units, ACS 2022 1-Year

Social, Community, Household Benefits

INCREASING GENERATIONAL WEALTH

Applicable NPI Programs

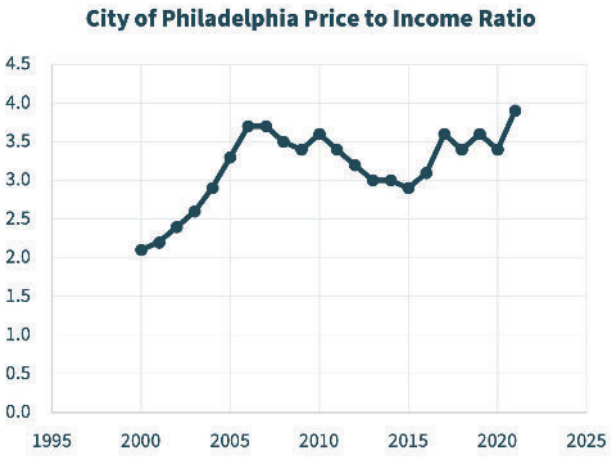
- Philly First Home
- Small Landlord Loans and Working Capital
- Tangled Title Fund
- Turn the Key

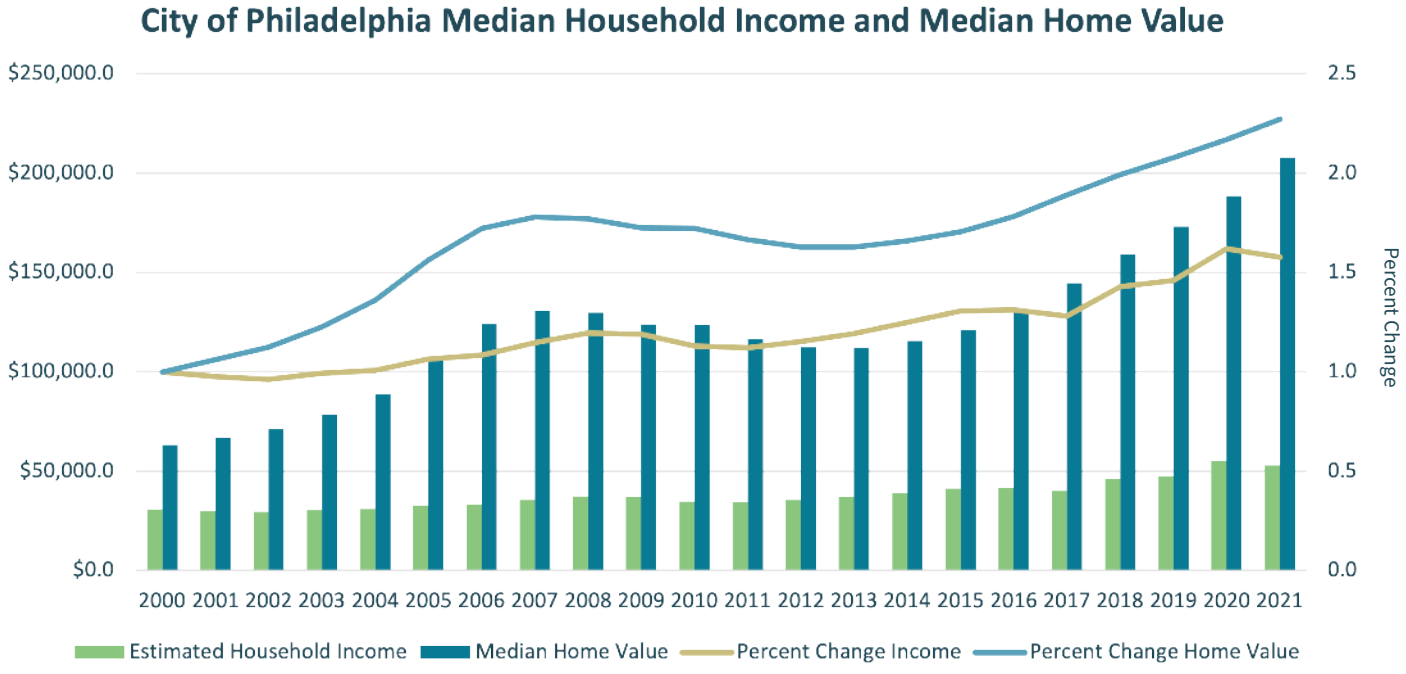
NPI Investments Support Equitable Wealth Building

Home Value Increases Pricing Younger, Non-White Households Out of Homeownership Opportunities

The generational wealth gap is heightened by the increase in residential property prices in Philadelphia, preventing homeownership for many. According to a study by the Economy League of Greater Philadelphia, the median sale price of residential properties in Philadelphia began to climb at an average rate of roughly 0.8 percent per month since 2015, accounting for inflation—this equates to a monthly increase of the median residential sale price of roughly $1,519.

Wages, on the other hand, remained stagnant with an average growth rate of 0.05 percent per month between January 2012 and July 2021, when accounting for inflation—equating to a $0.01 increase in average hourly wages per month during the nine-year period.





Sources
Declining Homeownership in Philadelphia. Economy League of Greater Philadelphia
Zillow Housing Index

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