

# The Case for Housing Justice in Philadelphia



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# Acknowledgments

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**Cover, lower left:** Cecil B. Moore, president of the Philadelphia chapter of the National Association for the Advancement of Colored People, stands in front of crowd during protest at school construction site in 1963. (*Dominic Ligato. Courtesy of the Special Collections Research Center. Temple University Libraries. Philadelphia, PA*)

**Cover, upper left:** NAACP protesters in 1965 calling for the desegregation of Girard College, a school in North Philly established exclusively for White, male orphans. (*Courtesy of the Special Collections Research Center. Temple University Libraries. Philadelphia, PA*)

**Cover, right:** Houses on the 1800 block of N. Franklin Street in North Philadelphia in 1975. (Salvatore C. DiMarco Jr. *Courtesy of the Special Collections Research Center. Temple University Libraries. Philadelphia, PA*)

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# Foreword:

## A Time of Grave Risk

We are completing this report in summer 2020, several months into the most devastating public health crisis in the last 100 years, and facing an immense economic and housing crisis for millions of workers and residents. What we're saying is not new, but the history and drivers of racial inequities in Philadelphia's housing market are more relevant than ever. By illuminating our history, this report provides much-needed answers to the questions that have taken on new urgency: In this time of shelter-in-place, why do so many people in this city, especially people of color, lack housing stability? How did we get here?

To be clear, COVID-19 didn't create America's housing crisis. Flawed policies and market failures have been hurting low-income people and people of color for years. But the economic and health emergencies brought on by the current pandemic have changed the equation. Those Philadelphians already struggling to make ends meet now face a nearly impossible decision: either pay their rent or buy the food and medicine needed to survive. Many refuse to accept these terms. Fed up with generations of oppression and violence experienced by Black, Latinx, and other communities of color, and enraged by the back-to-back killings of Black people, Philadelphians are protesting to demand a just and equitable future. If Philadelphia is to deliver on this demand and emerge from the housing and COVID-19 crises stronger and more resilient, we need to create a different reality.

That starts with reimagining housing not as a commodity that enriches investors, but as an essential basic need.

Even before the pandemic, more than half of renters in Philadelphia were paying more than they could afford on housing, including more than a third paying more than half their income toward rent, contributing to the more than 4,400 households that are unhoused. Women of color suffer the highest eviction rates and housing cost burden, and Black people experience a disproportionately high rate of homelessness.

Housing insecurity of this depth creates chronic health disparities, exacerbating hypertension, diabetes, and other medical conditions that contribute to the alarmingly high COVID-19 death rates in communities of color.

This housing crisis did not happen by accident. It is a direct consequence of our history—decisions made by governments and policymakers that suppressed an entire race of people by controlling where they lived, whether they could access financing, and the health of their neighborhoods.

To reimagine housing as a basic need, we cannot leave it to “market forces” to dictate where people can live, how much they'll pay, and if they can access opportunity. Instead, we must be willing to do the work to ensure that all Philadelphia residents have safe, healthy, and affordable housing. This report provides a path forward to accomplish this.

Coming out of this crisis, we as a nation must lead with urgency and accountability that results in realizing the promise of equity—a just and fair society in which all can participate, prosper, and reach their full potential. By centering racial equity, we can serve the people most in need and accomplish this bold vision.

In solidarity,

**Susan Thomas**  
President  
Melville Charitable Trust

**Michael McAfee, EdD**  
President and CEO  
PolicyLink

# Executive Summary

**Below:** Dr. Martin Luther King Jr. addresses the crowd at a civil rights demonstration in 1965 while Cecil B. Moore (in the gray suit), then president of the Philadelphia chapter of the NAACP, looks on. (*Richard Rosenberg. Courtesy of the Special Collections Research Center. Temple University Libraries. Philadelphia, PA*)



Philadelphia is facing a great housing challenge that cuts across race and class but with particular implications for the city's Black, Latinx, and low-income Asian and Pacific Islander residents. Across the city, half of all renters and almost a quarter of homeowners are paying more than one-third of their incomes toward housing costs, leaving little money for other needs. Philly ranks fourth among major cities for the number of eviction filings each year, with one in 14 renter households facing eviction in 2016. However, Black households are more likely than White households to be forced to move. Furthermore, evictions are more likely to occur in predominantly Black neighborhoods even when controlling for neighborhood median income and share of rental housing. Similarly, Black households are overrepresented among those experiencing homelessness in the city. African Americans represent 79 percent of those served in housing and crisis programs from the city's Office of Homeless Services (OHS), despite comprising only 42 percent of the city's population.<sup>1</sup> The public health and economic crises brought on by the COVID-19 pandemic have been exacerbated by Philadelphia's housing issues. Early research indicates that residents in the city's low-income neighborhoods have less access to testing, and that Black Philadelphians account for more than half of the COVID-related deaths where the race of the deceased is known.

While the scale of the challenge is enormous, the solutions have often failed to adequately consider or address the size of the problem and the deep racial and economic disparities that have been embedded in the city's housing system. For years, Philadelphia's approach to neighborhood revitalization focused on promoting market-rate construction in Center City. This approach has succeeded in increasing the city's population, and growing the tax base, while also creating new development pressures in Chinatown and other communities in or near Center City. However, this also means that neighborhoods surrounding Center City, made up mostly of people of color, have not received as much investment. Redlining, restrictive covenants, and housing discrimination, outlawed over half a century ago, baked racial disparities into our landscape and created racialized neighborhoods of concentrated poverty. Regrettably, today's housing policies do little to undo these barriers, and in many instances continue to reinforce deep patterns of racial segregation.

This report was completed to inform, refocus, and inspire local housing policy discussions. It provides a historical overview of Philadelphia's housing landscape and explores how discriminatory policies, violence, post-war urbanization, and suburban development intentionally and systematically laid the groundwork for the deep racial disparities in housing access, quality, and affordability that we currently see. The effect of these policy approaches has been to set the stage for an escalating emergency—and for the racially disparate shocks the COVID-19 pandemic is now delivering to the housing system. The report identifies five key drivers of housing insecurity for low-income people of color in Philadelphia—resulting from policymakers' decisions—that have driven Philadelphia's racial inequities in housing access:

- 1. Economic insecurity.** Housing insecurity for people of color in Philadelphia is being driven by high levels of economic insecurity. While Philadelphia continues to have the highest poverty rate among all major cities, with roughly one in four residents earning below the federal poverty level, Black residents are twice as likely to be living in poverty, and Black workers are three times as likely to be unemployed as their White counterparts. Some of the challenges contributing to these disparities include occupational segregation, discrimination, an overrepresentation of people of color in low-wage jobs, and the loss of much of Philly's manufacturing sector in the 1970s which had previously offered job opportunities with family-sustaining wages for workers without a college degree.
- 2. Segregation.** The Assessment of Fair Housing in Philadelphia completed in 2016 highlighted the number of racially or ethnically concentrated areas of poverty throughout the city. People of color in these neighborhoods have less access to health care, experience more health problems, and have significantly shorter life expectancies than White Philadelphians. Redlining and restrictive covenants were common approaches used to create and maintain racial segregation in the mid-20th century and contemporary banking and lending practices continue to limit housing opportunities for communities of color.
- 3. Direct racism and discrimination.** More than 20 percent of residents surveyed as part of the Assessment of Fair Housing reported facing potential discrimination. This discrimination has impacted the ability of low-income people and people of color to access quality, affordable housing. Refusal to accept housing choice vouchers and other forms of discrimination continues to negatively impact the housing outcomes of low-income people and people of color.

#### **4. Housing market dynamics caused by government**

**intervention.** Flawed local, state, and federal policies have directly contributed to the housing inequities facing people of color in Philadelphia. The G.I. bill created opportunity for thousands of veterans to become homeowners but Black veterans were unable to access these benefits. Urban Renewal allowed the special interests of private developers and industry leaders to guide neighborhood revitalization efforts across the city often perpetuating widespread displacement and destroying entire neighborhoods such as Society Hill. Similarly, at the local level, the Neighborhood Transformative Initiative was promoted as a program necessary to revive the city. However, the focus on demolition and land assemblage, paired with the 10-year tax abatement on new construction, created a housing market where luxury units proliferated and property taxes increased for the low-income homeowners and renters left with little protections.

**5. Inequitable housing market trends.** Although the Fair Housing Act of 1968 outlawed redlining and the use of restrictive covenants, for the next half century the federal government refused to enforce the law's mandate to promote integration. As a result, mortgage, credit, tax, and leasing discrimination persisted on a widespread basis. Without adequate guard rails on development, new neighborhood investment has translated into increased property taxes and higher rents, making it virtually impossible for low-income families to stay in place.

While these drivers can feel intractable, a growing movement of community leaders, housing advocates, philanthropists, government, and private sector leaders are committing to take bold action to redress the above drivers of inequity and to lay the foundation for a more just and racially equitable housing system. To support this important work, the report presents five priority policy efforts that, if adopted, would improve housing outcomes for all Philadelphians, and in particular would improve outcomes for the communities of color our housing policies have too often failed. These priorities are:

#### **1. Increase economic security for low-income Philadelphians**

**of color:** Maximize social safety net programs or minimize the barriers to jobs that pay wages that sustain families.

- Explore a local, universal basic income program
- Reduce barriers to job training and adult education
- Raise the state minimum wage
- Reduce barriers to employment for returning citizens
- Invest in infrastructure
- Create a federal job guarantee

#### **2. Build assets and expand wealth in communities of color:**

In order to address the deleterious, intergenerational impacts that redlining and restrictive covenants have made on low-income communities of color, policymakers must take steps to address the racial wealth gap.

- Enforce MWBE (minority-, women-owned business enterprise) participation goals for city contracting and procurement
- Minimize barriers to homeownership for people of color
- Update school funding policies to be more equitable
- Institute a matched savings program such as Individual Development Accounts (IDAs)
- Make it easier for low-income families to save

#### **3. Curb displacement of low-income Philadelphians of color:**

Strategies must be developed to support both renters and homeowners struggling to keep pace with increased neighborhood housing costs.

- Create an eviction diversion program
- Pass just cause eviction legislation
- Enact statewide rent control

#### **4. Expand resources available for affordable housing:**

Low-income Philadelphians need additional housing options that they can afford. This can be accomplished through the preservation of existing affordable housing and the construction of new affordable units.

- Reform local tax policies to capture the value in hot-market neighborhoods and redirect revenue to affordable housing
- Preserve existing affordable housing
- Modify state tax codes to support affordable housing

#### **5. Disrupt the speculative housing market:**

Promote housing security by taking steps to level the playing field for low-income Philadelphians of color seeking to find affordable housing options.

- Reform the Community Reinvestment Act so that it does not promote gentrification
- Enact social housing (the production and ownership of housing at a range of income levels outside of the private market)



## 2.0 Introduction

**Below:** Former Trenton Pottery China building in Old City.  
(Picturepest)



Housing impacts much more than where we live. It also influences our health, as well as our ability to access good schools, quality jobs, and reliable transportation. These determinants collectively define one's ability to succeed and achieve economic mobility. Many low-income Philadelphians of color are struggling to access safe, healthy housing options. While the threat of gentrification has dominated headlines and a great deal of discourse in recent years, it is only one example of the ways that housing has perpetuated the racial inequities facing low-income people of color in the city. These conditions are driven by flawed local, state, and federal policies; racist lending practices; and the vagaries of an unchecked housing market, all of which have had long-term, intergenerational implications for families and for neighborhoods. For example, research by the Pew Charitable Trust confirms that 55 percent of Philadelphia residents living in poverty also grew up poor.<sup>2</sup> Furthermore, Black and Latinx Philadelphians of all income levels are much more likely than Whites to live in areas where the poverty rate is high, while poor Whites tend to live in neighborhoods where the poverty rate is low.<sup>3</sup>

Racial disparities in the city's housing systems were documented in the Assessment of Fair Housing (AFH) that was completed in 2016. To complete the analysis, the city convened a team of housing and community development advocates, researchers, and practitioners that analyzed racially disaggregated data and interviewed stakeholders to better understand the barriers that people of color in Philadelphia face in trying to access quality, affordable housing. The AFH confirmed several challenges facing residents of color in Philadelphia. For example, in an analysis of levels of segregation in the region, the AFH confirmed a high level of segregation in Philadelphia and the region.<sup>4</sup> Moreover, this segregation has meant that racially and ethnically concentrated areas of poverty (R/ECAPs) have been maintained throughout the city.

The outbreak of COVID-19 and the ensuing global pandemic has highlighted the correlation between access to affordable housing options, residential segregation, and health. While all people are at risk of contracting the coronavirus, people of color, particularly Black people, are being hit the hardest. Initial research on the spread of the virus has confirmed that "White and rich zip codes in Philadelphia have lower COVID-19 positive test rates than their less White, poorer counterparts."<sup>5</sup> Sadly, this data aligns with the AFH findings, which confirmed that residents of color in and around R/ECAPs have less access to health care, experience health problems, and have significantly shorter life expectancies than White Philadelphians.<sup>6</sup> The disparate impact of COVID-19 on low-income people of color is particularly concerning given that residential segregation also

negatively impacts the ability for Black residents to access health care. Black communities are more susceptible to hospital closings, and there is a correlation between an increase in the number of Black people in a neighborhood and a corresponding decrease in the availability of surgical equipment.<sup>7</sup> In addition, Black workers are overrepresented in nine of the 10 low-wage, high-contact jobs considered to be providing essential services, further elevating their risk of contracting the virus.<sup>8</sup> In Philly, these racialized disparities have grave implications. Black residents account for 56 percent of those infected by the virus, and 57 percent of COVID deaths, despite comprising only 42 percent of the city's population, as reported as of April 8, 2020,<sup>9</sup> and the trend has continued. (This data is based on cases for which the race of the individual is known. Racial information for 77 percent of all positive cases in the city was unknown as of that time.)

A shift in the leadership at the US Department of Housing and Urban Development after the 2016 election disincentivized jurisdictions from using the Assessment of Fair Housing analysis to guide future urban redevelopment efforts. However, housing advocates and city leadership in Philly had already begun to acknowledge the need to focus on equity—just and fair inclusion into a society in which all can participate, prosper, and reach their full potential—as a framework for addressing racialized neighborhood disparities. In 2015, the Philadelphia Association of Community Development Corporations launched *Beyond Gentrification Toward Equitable Neighborhoods: An Equitable Development Policy Platform*.<sup>10</sup> In June 2018, the city began participating in the Racial Equity Here initiative, a cross-sector collaboration with the Government Alliance on Race and Equity and Living Cities. Shortly thereafter, the city began issuing comprehensive strategy documents with a racial equity lens. In October 2018, Mayor Jim Kenney released *Housing for Equity: An Action Plan for Philadelphia* with strategies to preserve and create affordable housing opportunities for low-income residents. This was followed by the city's new economic development agenda, *Growing with Equity: Philadelphia's Vision for Inclusive Growth* launched in May 2019.

If city leaders truly seek to advance racial equity, it is important to begin with an honest look at both current conditions and the complex systems that have produced racial inequities. This is especially true as city leaders begin to develop and implement recovery strategies for the unprecedented impact of COVID-19. The goal for recovery should not be to return to the way that things were before the outbreak, given that the systems in place before the pandemic were already inequitable. Indeed, history has illustrated how people of color have been left out of national recovery strategies in the past with grave intergenerational

implications. In the national recovery following the Civil War, the federal government disadvantaged African Americans by woefully underfunding the Department of Freedmen and Abandoned Lands which had been established in 1865 to develop schools and integrate freed slaves into the American body politic.<sup>11</sup> Furthermore, President Andrew Johnson vacated Special Order 15 which General William T. Sherman had signed as the war was drawing to a close setting aside 400,000 acres of confiscated land to be divided up among freed slaves, with each family receiving up to 40 acres.<sup>12</sup> Similarly, people of color were left out of the New Deal programs that President Roosevelt established as part of the recovery package following the Great Depression. For example, the New Deal created long-term mortgage markets, and reduced the down-payment required for homeownership, thereby transforming the housing landscape and making the American Dream attainable for many working-class renter households.<sup>13</sup> However, the Federal Housing Administration (FHA) refused to lend to prospective homeowners of color, thereby locking people of color out of the largest economic expansion in the nation's history. Only 2 percent of the \$120 billion in FHA loans that were distributed between 1934 and 1962 went to non-White families.<sup>14</sup> The lack of access that so many Philadelphians of color had to these loan products stunted their ability to expand their wealth, negatively impacted their ability to move out of neighborhoods of concentrated poverty, and ensured their inability to pass that wealth on to the next generation.

In order to develop a recovery strategy that works for everyone, we must understand the failures of prior efforts and craft equitable policies that address the barriers preventing people of color from accessing housing and neighborhoods in this city that would allow them to thrive and reach their full potential. This type of targeted focus challenges the widely held societal fear that economic advancement is a zero-sum effort, and intentionally supporting one group will undoubtedly hurt another. On the contrary, research and history demonstrates that when the walls of exclusion are torn down, and accessible pathways to opportunity are developed, everyone benefits. The “curb-cut effect” provides a useful example. In the early 1970s, jurisdictions around the country began to cut ramps into curbs in order to promote accessibility and comply with the Architectural Barriers Act of 1968. As curb-cuts became more common, unexpected but remarkable ripple effects began to appear. It became clear that everyone was benefitting from the curb-cuts, not only people in wheelchairs. Parents pushing strollers, workers pushing carts, travelers wheeling luggage, even runners and skateboarders all headed straight for the curb-cut when crossing the street. A study of pedestrian behavior even confirmed that nine out of 10 unencumbered pedestrians got out of their way to use a curb

cut.<sup>15</sup> The decision to support the most vulnerable resulted in a tangible outcome from which everyone could benefit.

This report explores the historical drivers of racialized housing inequities in Philadelphia and makes the case for a stronger housing justice lens as the city, state, and federal governments develop plans to reboot the economy following the COVID-19 pandemic. This approach entails a focus on the low-income residents of color who are disproportionately likely to live in neighborhoods of concentrated poverty and vulnerable to displacement. The report begins with some context about the current conditions contributing to housing insecurity experienced by low-income families and people of color. It then outlines five drivers of these racialized housing inequities: (1) Economic Insecurity; (2) Segregation; (3) Racism and Discrimination; (4) Government Policies; and (5) Inequitable Housing Market Dynamics. The report culminates with an overview of how an equity lens could inform a progressive housing justice recovery agenda in Philadelphia.

**Below:** Council President Clarke and Councilwoman Parker (not pictured) announce funding for housing preservation May 17, 2017. (*Jared Piper. Philadelphia City Council*)



## 4.0

# The Context of Growth and Change in Philadelphia

**Below:** Two neighbors chatting outside home in Brewerytown section of Philadelphia in 1975. (Charles T. Higgins. Courtesy of the Special Collections Research Center. Temple University Libraries. Philadelphia, PA)



The population of Philadelphia has grown annually since 2006, outpacing suburban Pennsylvania counties and southern New Jersey.<sup>16</sup> The city's population has increased by more than 63,000 since 2000 and is projected to grow by an additional 25,000 households over the next 10 years.<sup>17</sup> Philadelphia will need to generate 10,000 housing units per year to meet the needs of its population, of which two-thirds could result from the repair of existing substandard units, such as the existing 27,000 units that do not have working plumbing.<sup>18</sup> The city has experienced a development boom in recent years, but new construction skews toward the higher end of the market, rather than housing affordable for low- and middle-income families. In their analysis of the affordable housing shortage, the National Low-Income Housing Coalition found that the Philadelphia region had only 34 units of housing available for extremely low-income families for every 100 families in need,<sup>19</sup> and Pennsylvania had 42 units of available housing for households at that income level statewide.<sup>20</sup> The shortage of affordable housing is also evidenced by the 42,900 families on the waiting list for public housing.<sup>21</sup> This figure would likely have been higher had the waiting list not been closed in 2010.

There are a number of reasons for Philadelphia's shortage of affordable housing stock, the primary one being the city's high poverty rate. Despite positive recent trends, Philadelphia remains the poorest major city in the country. The poverty rate in Philadelphia declined from 25.7 percent in 2016 to 24.5 percent in 2018. Concurrently, the median household income increased from \$43,372 to \$46,116.<sup>22</sup> While these data are encouraging, it is unclear how much of this change reflects residents being lifted out of poverty, or demographic shifts resulting from gentrification.

The inflated cost of housing construction in the city is also often cited as a reason for the shortage of low-income affordable units. A recent study ranked Philly sixth out of 50 metropolitan areas in terms of obstacles to building apartments. Some of the barriers expressed include multiple approval processes, lengthy review times, and use of control density with minimum lot size restraint.<sup>23</sup> Although these challenges may potentially deter new development, they do not fully explain the current housing crisis. Simultaneously, there is a surplus of luxury rental units. Over 10 percent of the Center City rental units were vacant at the close of 2018, and this figure is projected to keep growing.<sup>24</sup>

As low-income families struggle to find affordable housing, they are often forced to settle for substandard housing in distressed neighborhoods, putting their health and safety at risk. A recent study by The Pew Charitable Trusts found that 17 percent of low-income households live in moderately or severely inadequate housing.<sup>25</sup> The city has also seen an increase in the number of illegal rooming houses.<sup>26</sup> Twenty-eight percent of rental units in high-poverty neighborhoods are unlicensed.<sup>27</sup> This further puts low-income families of color at risk for potential health, safety, and fire hazards. Philadelphia's disparities mirror national trends regarding the link between poor housing conditions and health. With Black, Latinx, and Native American residents living disproportionately in disadvantaged neighborhoods, these groups are more likely to experience chronic stress and other burdens that negatively contribute to health outcomes.<sup>28</sup>

**Below:** Protesters at Thomas Paine Plaza in Philly for the Break the Silence on Puerto Rico's Crisis rally following Hurricane Maria in 2017. (Aries McFadden)



## 4.1

### Driver #1: Economic Insecurity

Affordability was outlined as one of the primary barriers facing low-income Philadelphians of color in the Assessment of Fair Housing. This highlights the role that disproportionate economic insecurity plays in the housing outcomes for people of color in the city. Economic security—having enough money to cover basic needs, and enough savings to weather setbacks and invest for the future—is critical to the health and well-being of families, neighborhoods, and local economies. Neighborhoods thrive when their residents have sufficient income to buy goods and services from local businesses and invest in their homes and neighborhoods. Researchers have confirmed that Black workers are the first to be fired during economic downturns such as the one projected to occur following the shuttering of businesses due to the COVID-19 outbreak.<sup>29</sup> However, many low-income Philadelphians were already struggling to make ends meet prior to the outbreak of the virus. Philadelphia is the poorest of the 10 largest cities in the country, with roughly one in four residents earning below the federal poverty level.<sup>30</sup> The media coverage of recent analyses of Census Bureau data showed massive differences in poverty rates and income levels across neighborhoods, and amplified that the overall poverty rate for residents of color stagnated or decreased, while the poverty rate for White residents “exploded.” (The White poverty increase was largely limited to certain neighborhoods where low-income Eastern European immigrants had moved in, and longtime residents had grown older and hence had lower incomes.)<sup>31</sup> However, other local analyses have confirmed that Black Philadelphians are still about twice as likely as White residents to live in poverty. Black workers are also three times as likely to be unemployed as their White counterparts, and twice as likely to be among the working poor—those working full-time but still earning an income below the poverty line.<sup>32</sup> Latinx workers in Philly have the highest working-poverty rate among all racial/ethnic groups in the city, and are three times as likely as White workers to be working poor.<sup>33</sup> In fact, Pennsylvania has been ranked as the second worst state in the nation with regard to White/Latinx income inequality.<sup>34</sup>

The racialized income, employment, and poverty disparities significantly impact housing and neighborhood conditions, as well as the ability of Philadelphians of color to accrue wealth. Racial income inequality reproduces itself in housing wealth inequality, with people of color who face discrimination and other barriers to the labor market less able to build equity in their homes.<sup>35</sup> Barriers in access to quality employment opportunities also impact income and wealth, and the resources available to residents to invest in expenses such as home repair or neighborhood improvements. Workers of color tend to not only be paid less than their White counterparts, but they are also more likely to be employed in jobs that fail to offer critical benefits such as health insurance, paid sick leave, retirement plans, or tax incentives supporting other employer-sponsored wealth-building vehicles.<sup>36</sup> These racialized wealth disparities reinforce economic insecurity by leaving Philadelphians of color with less disposable income to invest in home maintenance and less savings to weather a financial emergency.<sup>37</sup>

### Historical Context of Economic Insecurity in Philadelphia

Achieving racial equity requires first understanding the complex systems that have produced racial inequities. Much of Philadelphia’s current poverty rate can be traced back to the deindustrialization and White flight that took place in the middle of the 20th century. The city lost roughly 300,000 manufacturing jobs between 1950 and 1980, and still more similar jobs in the years that followed, which has created generations of unemployed or underemployed residents, kept families in poverty, and perpetuated an underperforming school system.<sup>38</sup> The city’s location as a port along the Delaware River and proximity to a breadth of natural resources made it an early site of the Industrial Revolution.<sup>39</sup> Textiles, brewing, and cigar making were some of the major industries and large employers in the city at that time.

Philly’s booming industrial sector was a significant motivating factor for many of the people of color who migrated to the city, and a major destination for African Americans during the Great Migration. In the early 20th century, millions of African Americans left the South for urban centers in the North, but their movements had roots in prior decades. Shortly after the withdrawal of federal troops at the end of Reconstruction, disgruntled Whites across the South began waging campaigns of fear and violence against African Americans. White nationalist organizations such as the Ku Klux Klan began to thrive, and record numbers of African Americans across the South were lynched.

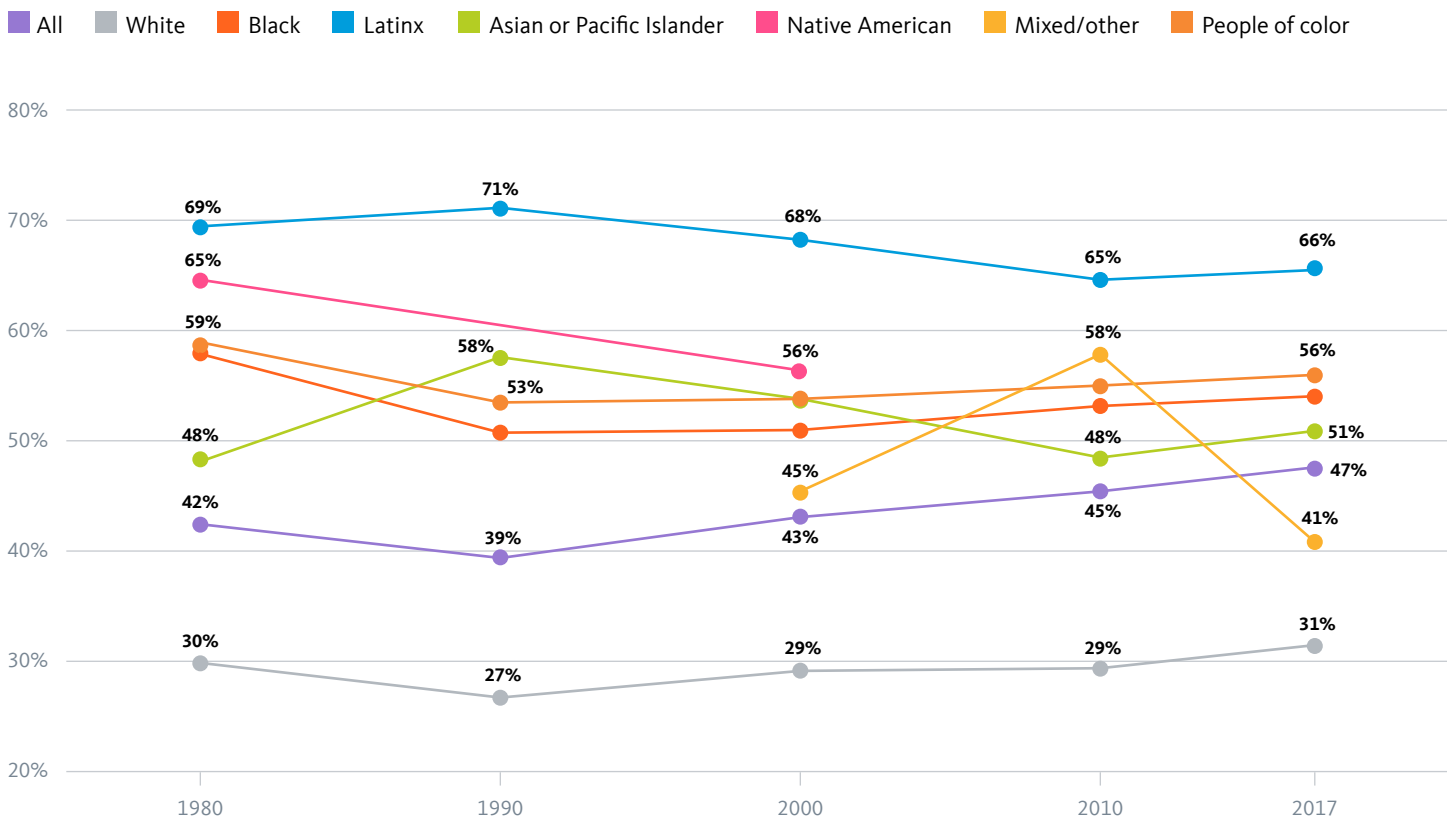
Hoping to flee the violence and intimidation rampant in the South, and take advantage of the increasing number of jobs in the country's growing manufacturing sector, many African Americans decided to move to cities in the Northeast and Midwest. Approximately four million African Americans left the South *en masse*. Many of these families put down roots in Philadelphia. At its peak in 1916–1918, an estimated 150 Black migrants were arriving in Philly from the South each week.<sup>40</sup>

The vast majority of Philly's Latinx population migrated from Puerto Rico. Philadelphia has the second largest population of Puerto Ricans living off the island. While there was a nominal Puerto Rican presence in Philly in the late 18th and 19th century, the population did not increase significantly until the regional labor shortages during World War I incentivized employers to recruit directly from the island.<sup>41</sup> Puerto Rican workers typically came to the Philadelphia region to pursue readily available seasonal farm work, but soon left agricultural employment in favor of manufacturing jobs, particularly the garment industry in Kensington and North Philadelphia.<sup>42</sup>

As the major manufacturing plants in Philly began to close in the 1950s, the pathways for workers varied along racial lines. At the time, the only employment growth in the region was occurring outside the city in the surrounding suburbs. Workers with access to capital were able to purchase homes in the suburbs and take advantage of these jobs. Conversely, the city's Black and Latinx residents were left with limited housing options due to redlining. The flight of industrial capital continued well into the 1990s and led to municipal disinvestment in many neighborhoods outside of Center City. As neighborhoods declined, the number of vacant and abandoned homes grew, crime increased, and property values plummeted.

In Philadelphia today, people of color are more likely to be economically insecure, earning less than 200 percent of the poverty level (roughly \$41,000 per year for a family of three). As a result, the loss of affordable housing units for low-income households disproportionately impacts Philadelphians of color. As many neighborhoods across the city become increasingly desirable, low-income people of color are more likely to be displaced.

**Percent of people below poverty by race/ethnicity: Philadelphia, PA, 200% of poverty level, 1980–2017**



Sources: IPUMS; PolicyLink/ERI National Equity Atlas, [www.nationalequityatlas.org](http://www.nationalequityatlas.org)

## Causes and Impacts of Economic Insecurity Vary Across Race and Gender

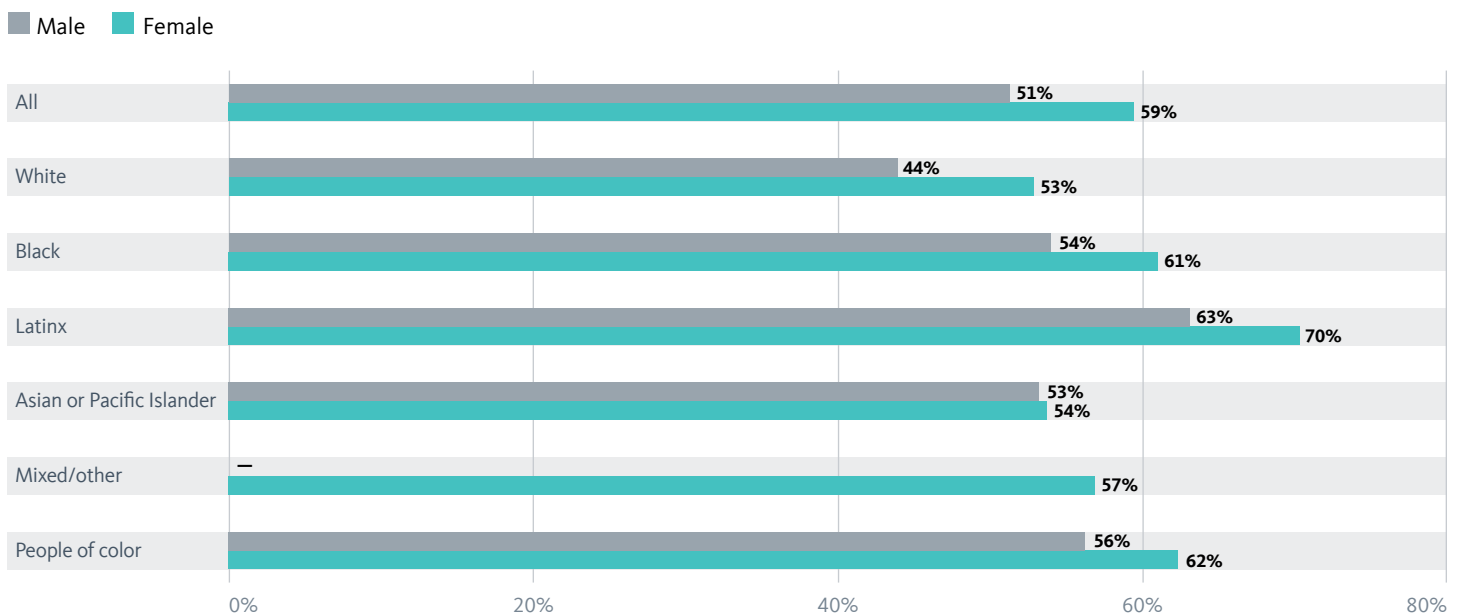
Over 67 percent of Latinx, and over 55 percent of Black Philadelphians, are economically insecure.<sup>43</sup> The root of economic insecurity varies slightly for Latinx and Black Philadelphians. Latinx workers are more likely to face depressed wages, while Black workers are more likely to struggle to find employment. Latinx workers in Philadelphia have the lowest median wage (\$15 per hour) of all racial/ethnic groups, eight dollars less than their White counterparts.<sup>44</sup> Conversely, Black workers are the most likely to be unemployed, and the share of Black workers that is unemployed (12 percent) is more than double the share of White workers (5 percent).<sup>45</sup> This trend persists even when controlling for education. The unemployment rate among Black workers with a college degree or higher (6 percent) is double the unemployment rate for White workers with the same level of education (3 percent).<sup>46</sup>

The disparity in median wages also highlights the intersectional nature of economic insecurity. In the United States, women earn roughly 80 cents for every dollar that men are paid, and Black and Latinx women are paid the least relative to White men.<sup>47</sup> For every dollar earned by a White man for full-time year-round work, Black women earn just 61 cents and Latinx women earn 53 cents.<sup>48</sup> The majority of the gender pay gap is due to occupational

and sector segregation. Women and men tend to work in different types of jobs, and the jobs primarily filled by men tend to pay more. Labor trends indicate that women of color will continue to struggle to find jobs that pay a living wage. The occupations adding the largest number of new jobs, and which employ a high number of women of color, tend to be low-wage jobs. For example, personal care aides are one of the fastest growing jobs in the country, with an additional 777,000 new jobs projected by 2026.<sup>49</sup> The average annual salary of \$21,300 is not enough to lift a woman with two children out of poverty.<sup>50</sup> Given the current glacial pace of change toward pay parity, the Institute for Women's Policy Research found that it will take roughly 40 years—until 2059—before the gender pay gap is closed. For women of color it will take even longer, until 2130 for Black women and 2224 for Latinx women.

Given the gender pay gap and occupational segregation, it is not surprising that women of color are the most likely to be housing cost burdened. Among renter households in Philadelphia, those headed by Latinx women are the most likely to be housing cost burdened, with 70 percent of such households paying more than 30 percent of their income toward rent. Similarly, 61 percent of renter households headed by Black women are housing cost burdened, compared to 53 percent of renter households headed by White women, and 44 percent of renter households headed by White men.<sup>51</sup>

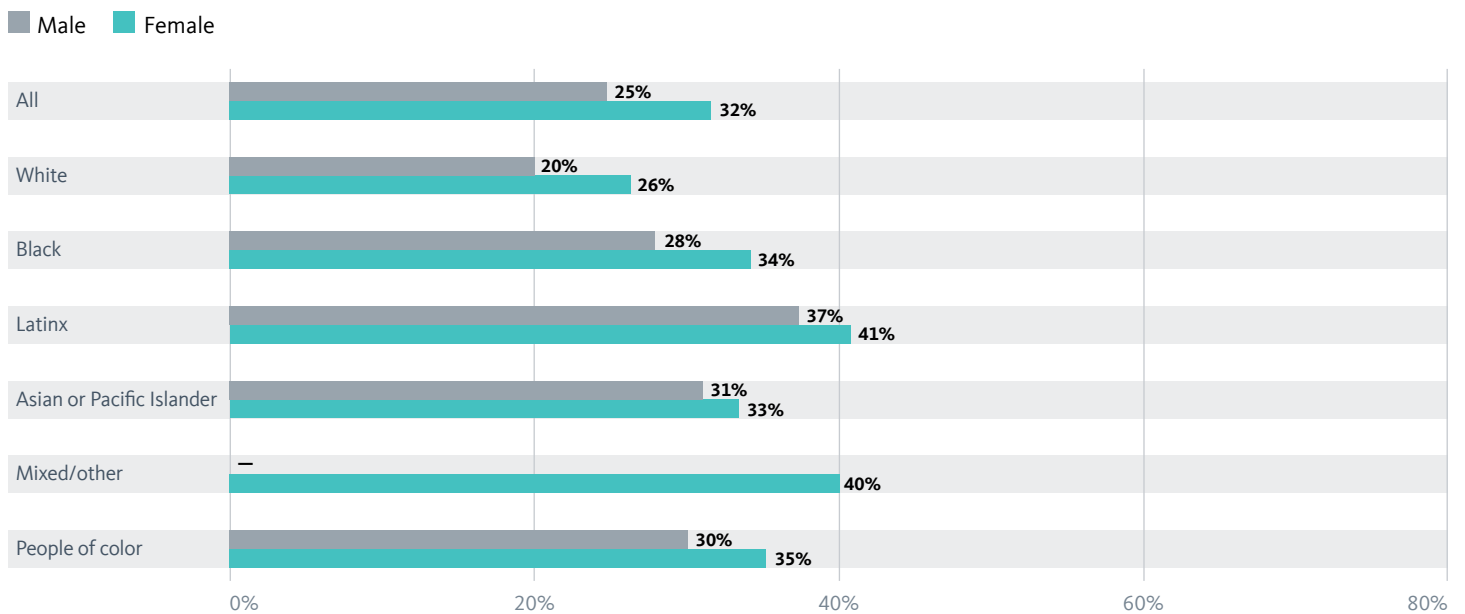
### Housing burden for renters by race/ethnicity and gender, Philadelphia, 2017



Sources: IPUMS; PolicyLink/ERI National Equity Atlas, [www.nationalequityatlas.org](http://www.nationalequityatlas.org)



## Housing burden for owners by race/ethnicity and gender, Philadelphia, 2017



Sources: IPUMS; PolicyLink/ERI National Equity Atlas, [www.nationalequityatlas.org](http://www.nationalequityatlas.org)

The Mayor’s Task Force on Eviction Prevention and Response also confirmed that households headed by Black women with children, particularly those with low educational attainment, are most likely to be evicted.<sup>52</sup> Furthermore, evictions are more likely to occur in predominantly Black neighborhoods, even when controlling for the neighborhood median income and the share of rental housing.<sup>53</sup> An eviction has impact beyond causing a family to lose their home and forcing children to switch schools. Families facing an eviction must establish new social networks, which low-income families often depend on for support. In addition, the court record resulting from a legal eviction can impede a family’s ability to secure quality housing in the future. Research has also shown that navigating the protracted eviction process can result in a level of stress and distraction that causes job loss.<sup>54</sup>

The disparate impact of housing insecurity facing women of color is not limited to renters. Among homeowners, households headed by Latinx women or women who identify as being of more than one race were most likely to be housing cost burdened. Forty-one percent of those headed by Latinx women in Philadelphia were housing cost burdened. Comparatively, only 26 percent of homeowner households headed by White women were housing cost burdened.

## Credit-Scoring Models

Another way that economic insecurity impacts housing stability for Philadelphians of color is how landlords assess a prospective tenant’s ability to pay their monthly rent. Current credit-scoring models do not take into account several expenses that demonstrate creditworthiness, such as data on rent, utility, and cell phone bill payments.<sup>55</sup> These payments often constitute a significant portion of the monthly living expenses for a low-income family. Yet, even when consistently paid on time, these families are unable to build the credit that could help them access valuable capital and other resources necessary to obtain better housing options.



**Left:** Stetson factory being demolished in 1979. (Michael J.J. Maicher. Courtesy of the Special Collections Research Center. Temple University Libraries. Philadelphia, PA)

## Returning Citizens

There are roughly 25,000 formerly incarcerated residents who return to Philadelphia each year.<sup>56</sup> These are individuals who have paid their debt to society. However, having a criminal record has multiple economic consequences that impact people long after incarceration. Studies show that more than 60 percent of formerly incarcerated individuals remain unemployed one year after being released. Those who are able to find employment earn 40 percent less income on average than they earned prior to incarceration.<sup>57</sup> The impact of a criminal record is more severe for people of color compared to their White counterparts. White men with a record are more likely to receive a promising response from an employer than Black men who do not have a record.<sup>58</sup> Similarly, the effect of a criminal record was 40 percent more damaging for Black men than for White men.<sup>59</sup>

The formerly incarcerated are not currently covered as a protected category in Philadelphia's Fair Housing ordinance. An analysis of formerly incarcerated people in the United States found that they are almost 10 times more likely to be homeless than the general public.<sup>60</sup> Further analysis of the data by race and gender reveals that among the formerly incarcerated, Black people are disproportionately more likely to be homeless. Formerly incarcerated Black men have significantly higher rates of unsheltered homelessness than White or Latinx men.<sup>61</sup> Similarly, formerly incarcerated Black women experience sheltered homelessness at nearly four times the rate of White men, and twice as high as the rate for Black men.<sup>62</sup> A large part of the propensity for formerly incarcerated individuals to be homeless is due to the barriers they face in obtaining employment.

## Racialized Disparities in Homelessness

The disproportionate likelihood that Philadelphians of color are paying too much for housing costs, the shortage of affordable rental housing, and disparities in access to loans for home repair, collectively help to explain why Black residents are also the most likely to become homeless. This aligns with national trends that indicate that the factors pushing families into homelessness differ for Black households in comparison with White households. Whereas serious mental illness and family problems are more likely to be precursors of homelessness for White individuals, socioeconomic disadvantage furthered by racial discrimination are more frequent precursors for Black households.<sup>63</sup> People of color are more likely to be struggling to make ends meet, or they have a past eviction, the salary to pay rent but cannot

afford the lump-sum security deposit required to move into a new place, or the landlord may not accept government-funded housing vouchers.<sup>64</sup>

While the goal of reducing the number of households experiencing homelessness is the same regardless of the population subgroup, the approach that would be the most impactful differs. African Americans are less likely to have access to the strong personal networks that can often keep a family from becoming homeless. Hispanic or Latinx households are more likely than Black households to be able to “double up” and stay with family or friends to avoid homelessness.<sup>65</sup> Black households were found to be as willing to “double up” as Hispanic households, but this option was less available to them due to fragile social networks that lacked the financial means and emotional support for people to sustain each other.<sup>66</sup> These trends align with the data on Philly's homeless population. Black households are overrepresented among the city's homeless. African Americans represent 79 percent of those served in housing and crisis programs from the city's Office of Homeless Services (OHS), despite comprising 44 percent of the city's population.<sup>67</sup> Conversely, Latinx residents comprise approximately 15 percent of the population, but only 9 percent of those served by OHS housing crisis and assistance programs in Fiscal Year 2019.<sup>68</sup> Finally, White households are 45 percent of Philadelphia's population, and 17 percent of those served by OHS.<sup>69</sup>

Further disaggregating data on homelessness by age and gender identity highlights the need for an intersectional lens in developing policy solutions. For example, Black youth are at a higher risk of homelessness. Nationally, Black youth have an 83 percent higher risk of experiencing homelessness compared to other groups.<sup>70</sup> This disproportionality holds true in Philadelphia, where 70 percent of homeless youth are Black.<sup>71</sup> Among youth, homelessness disparately impacts those who do not identify as cisgender and/or heterosexual. In Philadelphia, 31 percent of youth identified as LGBTQ, a higher share than in any of the other counties studied.<sup>72</sup> LGBTQ youth are a particularly vulnerable subset of the homeless population as they are more likely to be forced to engage in “survival sex,” putting their health and safety at risk to find a place to sleep at night.<sup>73</sup>

## 4.2

### Driver #2: Segregation

The Assessment of Fair Housing highlighted the number of racially or ethnically concentrated areas of poverty throughout the city. Neighborhoods of concentrated poverty disadvantage residents in several ways. Residents in these neighborhoods face higher crime rates and are less likely to move up the economic ladder compared to those in more affluent neighborhoods.<sup>74</sup> Living in a neighborhood of concentrated poverty can also negatively impact the health of poor families as the body responds physiologically to stress. Research shows that “the stress of poverty triggers neurochemical changes in the brain that can lead to changes in blood pressure, heart rate, and inflammation that wear on health over time.”<sup>75</sup> Cumulatively, these stressors can take their toll, exacerbating other health disparities and ultimately impacting on an individual’s longevity. People of color in distressed neighborhoods have less access to health care, experience more health problems, and have significantly shorter life expectancies than White Philadelphians.<sup>76</sup> In fact, residents in the poorest areas of Philadelphia have life expectancies that are up to 20 years shorter than residents in wealthier parts of the city.<sup>77</sup> The segregation of people of color in Philadelphia’s housing market is no accident. These conditions were intentionally created and are the result of years of flawed local, state, and federal policies, racist lending practices, and outright racial discrimination.

### The History of Redlining

One of the most pernicious causes of segregation is redlining. The Federal Deposit Insurance Corporation (FDIC) defines redlining as “a form of illegal disparate treatment in which a lender provides unequal access to credit, or unequal terms of credit, because of the race, color, national origin, or other prohibited characteristic(s) of the residents of the area in which the credit seeker resides or will reside, or in which the residential property to be mortgaged is located.”<sup>78</sup> The practice of redlining became increasingly prevalent when the Home Owners’ Loan Corporation (HOLC) was created by Congress in 1933 to ensure that the newly formed Federal Housing Administration (FHA) was making sound investments. As a federal agency, HOLC relied on local surveyors and real estate industry professionals to develop the maps that would guide public investment. This meant that, in effect, US tax dollars were used to codify the findings of appraisers, brokers, and other private citizens, who institutionalized their own personal interests and racial biases.

For example, before serving as a HOLC map consultant for Philadelphia, J.M. Brewer had already created a map of the city categorized by where Jews, Italians, and ‘Colored’ people lived during his time as chief appraiser for the Metropolitan Life Insurance Company.<sup>79</sup>

Ultimately, redlining is responsible for a great deal of the segregation and gentrification we see today. In addition to limiting where loans could be made, the FHA also inequitably allocated federal funds to ensure that White families benefitted. For example, economists often point to the 30-year fixed-rate mortgage product initiated by the FHA as a pivotal resource in expanding homeownership in this country and, as a result, entrée into the middle class for millions of families. However, only 2 percent of the \$120 billion in FHA loans that were distributed between 1934 and 1962 went to non-White families.<sup>80</sup> The lack of access that so many Black Philadelphians had to this loan product stunted their ability to expand their wealth, and their ability to pass that wealth on to the next generation.

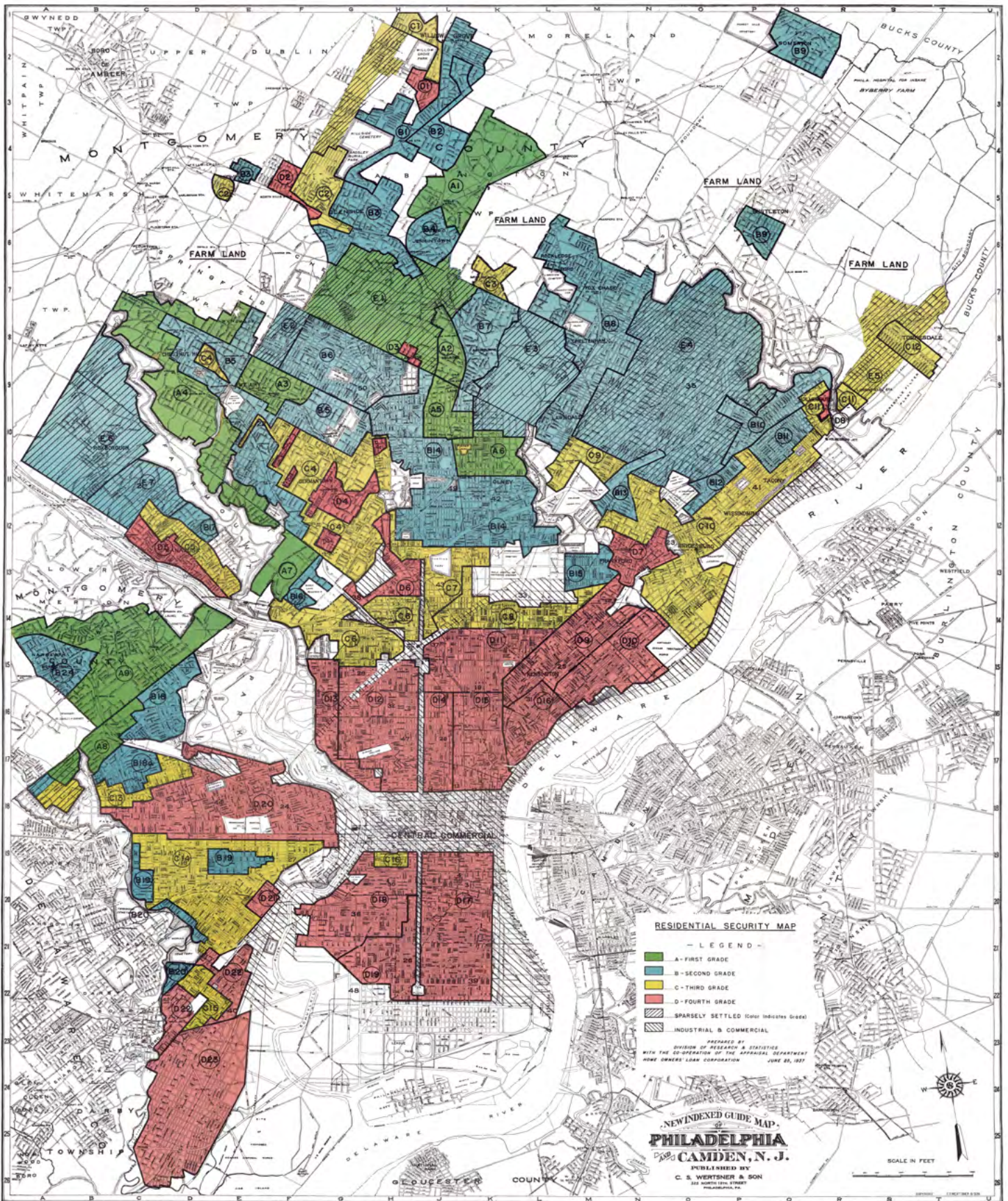
Racially concentrated poverty can also lead to disproportionate contact with the police. In the 1980s, the War on Drugs initiated under President Ronald Reagan led many cities to embrace a “broken windows” policing model where police officers aggressively pursued quality-of-life offenses as a vehicle for detecting broader drug violations. The flaw in this model was that it waged the War on Drugs squarely in urban neighborhoods of concentrated poverty, despite data that show drugs are used equally across races and in urban, suburban, and rural neighborhoods.<sup>81</sup> Ultimately, it is the demographic composition of a neighborhood that elicits additional police presence, not necessarily the fact that more crime is taking place. In his analysis of police data, Villanova University professor Lance Hannon found that Black neighborhoods elicited 70 percent more frisks than non-Black areas,<sup>82</sup> despite the fact that, “frisks of Black Philadelphians are less likely to recover contraband than frisks of White pedestrians.”<sup>83</sup> The Philadelphia Police Department disparately employed stop-and-frisk so much that they were forced to enter into a consent decree in 2011 after a federal lawsuit regarding racial disparities.<sup>84</sup>



**Left:** Cecil B. Moore and Stanley Branche lead protest at Girard College in 1966. (Hamilton. Courtesy of the Special Collections Research Center. Temple University Libraries. Philadelphia, PA)

**Below:** Home Owners' Loan Corporation Map of Philadelphia in 1937. Whole neighborhoods, mapped in red and largely inhabited by people of color, were deemed too risky for mortgage support.

(Robert K. Nelson, LaDale Winling, Richard Marciano, Nathan Connolly, et al., "Mapping Inequality," *American Panorama*, ed.)



## Modern Day Redlining

Not only did redlining prevent many Black families from accruing wealth through homeownership in certain neighborhoods, it also accelerated the loss of property for many Black homeowners by precluding them from accessing critical funds for home repair. Philadelphia is an old city with an aging housing stock, and older homes are more costly to maintain. The city's Assessment of Fair Housing confirms that a significant share of the privately owned homes in distressed neighborhoods were built before 1939 and in need of repairs that low-income owners would need access to fair credit in order to afford.<sup>85</sup> As these properties continue to deteriorate, the surrounding neighborhoods experience increased disinvestment.

Since the housing market collapse of 2007, Black homeowners have struggled to obtain approval for the funds needed to make home repairs.<sup>86</sup> This persistent challenge that Black Philadelphians face in accessing conventional loans was a major reason why so many chose to take out the predatory loans that contributed to the housing market collapse preceding the Great Recession. During the pinnacle of homeownership in the United States in 2004, almost half of all Black families owned a home. That figure fell to 43 percent in 2017, erasing all of the gains that had been made since the Fair Housing Act of 1968 was enacted.<sup>87</sup> Although Philadelphia saw a lower foreclosure rate than many other big cities during the housing crisis, the effects lingered longer and the city was much slower to recover.<sup>88</sup> In fact the homeownership rate for Black and Latinx Philadelphians is lower now than it was in 1980. The Black homeownership rate is 13 percent lower at 39 percent, and the share of Latinx homeowners is 7 percent lower, also at 39 percent.<sup>89</sup>

A recent investigative report confirmed widespread lending discrimination in the current housing market that resembles the original redlined maps drawn from the 1930s.<sup>90</sup> This discrimination is contributing to the racial wealth gap in the city by preventing Black Philadelphians from becoming new homeowners, and from accruing the increased equity arising from home repairs and improvements. In 2018, the Center for Investigative Journalism conducted an analysis of loan applications and decisions made by banks operating in Philadelphia. Their findings concluded that Philadelphia was one of the largest cities in the country where Black applicants were disproportionately turned away when they attempted to buy a home.<sup>91</sup> In fact, when considering home purchase loans, refinancing, and home equity lines of credit, banks were more likely to deny a loan application than to grant it in 40 percent of Philadelphia neighborhoods. People of color were the majority in almost all of these neighborhoods.<sup>92</sup>

Lending discrimination exacerbates the gentrification and displacement pressures facing low-income people of color in speculative housing markets. In these instances, White residents are increasingly moving to non-White, mostly Black neighborhoods.<sup>93</sup> Longstanding homeowners of color are systematically denied the ability to try and remain in place as property values increase. For example, in Point Breeze, the majority of the loan activity went to White newcomers rather than the longtime Black residents.<sup>94</sup> In fact, financial institutions issued \$154 million worth of home loans in Point Breeze to White borrowers between 2012 and 2016.<sup>95</sup> At the same time, they denied nearly twice as many loans to Black borrowers as they made in the neighborhood, regardless of whether the applicant wanted to buy a home, refinance, or take out a home equity line of credit. It is worth noting that Philadelphia has instituted several programs that have become national models for supporting low-income homeowners facing displacement. For example, the Longtime Owner Occupant Program (LOOP) for income-eligible households that have lived in their home for 10 years or more, and the Low-Income Senior Citizens Real Estate Tax Freeze for low-income homeowners over age 65, have collectively earned the more than 29,000 participating property owners roughly \$21 million in property tax relief.<sup>96</sup>

## Restrictive Covenants

In addition to redlining, restrictive covenants were another tool used by White property owners in order to maintain racial segregation in Philadelphia. Restrictive covenants are legal restrictions included by developers at the point of sale forbidding “the premises from being occupied or owned by persons not of Caucasian descent.”<sup>97</sup> The practice was employed in cities and suburbs across the country, but a recent study by the Federal Reserve of Philadelphia found that at least 4,000 deeds with restrictive covenants were issued in Philadelphia between 1920 and 1932, primarily in the Northeast section of the city.<sup>98</sup> Much like redlining, these covenants locked Philadelphians of color out of certain neighborhoods, especially those with homes that were growing in property value. Although restrictive covenants were outlawed by the US Supreme Court in *Shelley v. Kraemer* in 1948,<sup>99</sup> the effects of the practice can still be felt today. A study in Minneapolis confirmed that homes with restrictive covenants in the 1940s and 1950s are now worth 15 percent more than similar homes in neighborhoods that did not have covenants.<sup>100</sup>

## 4.3

### Driver #3: Direct Racism and Discrimination

Philadelphia's Assessment of Fair Housing confirmed that, while housing discrimination has increasingly become more subtle, more than 20 percent of residents surveyed reported potential discrimination.<sup>101</sup> In fact, racist violence and discrimination has shaped the settlement patterns of Black residents across the country, including Philadelphia.

#### The Persistence of Discrimination: South Philly Over Time

In its analysis of segregation in Philadelphia, the Assessment of Fair Housing found that in South Philly, near the Stadium Complex and approaching the Navy Yard, was segregated with a large concentration of White people.<sup>102</sup> This trend dates back to the era of the Great Migration when White residents in several South Philadelphia neighborhoods were particularly hostile to their new Black neighbors. In fact, racial animus in South Philadelphia has erupted into violence on multiple occasions. For example, on July 26–31, 1918, roughly 100 White men and boys terrorized Black residents with racially motivated violence designed to drive them out of the neighborhood. The melee spread from Dickinson Street to Washington Avenue, and 23rd Street to 30th Street.<sup>103</sup> As a result of this riot, four people died, hundreds were injured, and Black-owned properties were significantly damaged. The racial tensions ignited by the 1918 riots lingered for years and continued to shape African American settlement patterns.

Years later, racism again hindered opportunities for Black residents in another South Philly neighborhood in the 1970s when the city attempted to construct a public housing development called Whitman Park. Local White residents vehemently protested, blocked equipment, and stalled construction for years until then Mayor Frank Rizzo intervened and put pressure on the US Department of Housing and Urban Development to quash the project altogether.<sup>104</sup> After a lawsuit from the developer, Mayor Rizzo was forced to pay \$3.5 million in damages. During the lawsuit, it was revealed that the Mayor had felt that White neighborhoods shouldn't be forced to accept public housing developments like Whitman Park since the tenants were almost all Black.<sup>105</sup>

#### Discrimination based on Source of Income

Many low-income renters are housing insecure because of discrimination from landlords. For example, source of income discrimination is still rampant in Philadelphia despite being explicitly outlawed. Philadelphia Fair Practices Ordinance, Chapter 9-1100 of the Philadelphia Code, prohibits housing discrimination based on race, ethnicity, color, sex, sexual orientation, gender identity, religion, ancestry, age, disability, marital status, familial status, source of income or domestic violence victim status.<sup>106</sup> The Philadelphia Housing Authority (PHA) is responsible for administering and overseeing the public housing, project-based Section-8, and the Housing Choice Voucher (HCV) programs in the city. PHA serves 32,600 households, including 18,720 families that use HCV.<sup>107</sup> A recent study found that 67 percent of landlords in Philadelphia refused to accept housing choice vouchers from these families.<sup>108</sup> The denial rate was even higher in the low-poverty neighborhoods that the HCV program was designed to help low-income families gain access. In low-poverty areas, the denial rate was 83 percent.<sup>109</sup> This overwhelming discrimination against HCV holders in Philadelphia aligns with broader national trends. Despite the fact that Whites make up the majority of Americans receiving housing assistance, many Americans continue to associate public housing with people of color.<sup>110</sup> This persistent stigma and racialization of public housing makes refusal to accept housing choice vouchers tantamount to racial discrimination.

#### Devaluation of Assets in Neighborhoods of Color

Another way that racism and discrimination negatively impact people of color in Philadelphia is in how property values are assessed. While fair housing laws ostensibly preclude racial biases in housing and lending practices, the perceived value of assets is inextricably linked to the perceptions of the people who own or make use of them. National research by the Brookings Institution has confirmed that homes of similar quality in neighborhoods with similar amenities, are worth 23 percent less (approximately \$48,000 on average) in neighborhoods that were majority Black compared to neighborhoods with very few or no Black residents.<sup>111</sup> According to data for the Philadelphia region, homes in Black neighborhoods are worth about 28 percent less than comparable homes in neighborhoods with a few or no Black people.<sup>112</sup> This devaluation has implications on school funding and the quality of education since school budgets are derived from property taxes on assessed values. Researchers at Brookings also found that, "metropolitan areas

with greater devaluation of Black neighborhoods are more segregated and produce less upward mobility for the Black children who grow up in those communities.”<sup>113</sup> The inability to accrue all of their home equity and underfunding of neighborhood schools collectively reinforce intergenerational racial disparities in wealth and economic mobility for Philadelphians of color.

**Below:** Throng gathers outside of the John Billington Post, Veterans of Foreign Wars to discuss plans to prevent a Black family from occupying a home in Levittown, PA in 1957. (Courtesy of the Special Collections Research Center, Temple University Libraries, Philadelphia, PA)



## 4.4

### Driver #4: Housing Market Dynamics Caused by Government Intervention

#### Urban Renewal

Flawed public policies have directly contributed to the current housing inequities facing people of color in Philadelphia. One such policy is Urban Renewal, which allowed the special interests of private developers and industry leaders to guide neighborhood revitalization efforts across the city. Urban Renewal was a federal program to revitalize central cities that were facing significant population loss and an eroding tax base as more affluent Whites took advantage of FHA loans and fled to the suburbs. The program was established through the Housing Act of 1949, and later expanded with the Housing Act of 1954. Philadelphia quickly began taking advantage of these funds, and by the end of 1965 the city had reserved more funds (\$209 million) than any other city in the country.<sup>114</sup> Under the guidance of Planning Commissioner Edmund Bacon, Philadelphia's Urban Renewal efforts prioritized the restoration of historic residences and low-rise development. In Society Hill, members of the Old Philadelphia Development Corporation (OPDC) were responsible for screening Society Hill homeowners to ensure that they could afford to make the necessary repairs to bring their homes into compliance with the Planning Commission's vision for the neighborhood.<sup>115</sup> Those that could not afford to make the repairs were forced to sell their homes in the name of "slum clearance" to make way for new housing developments targeted for Whites. It is worth underscoring that the policymakers were knowing and willing accomplices to the widespread displacement of the low-income families of color who lived in Society Hill at the time. The city Planning Commission had calculated that 34 percent of existing residents would be displaced. However, at the time Commissioner Bacon felt that, "it was more important to restore the area than to maintain the low-income residents."<sup>116</sup>

#### Blight and Eminent Domain

The massive displacement associated with Urban Renewal could not have occurred without the widespread abuse of eminent domain powers. Eminent domain is the authority given to the government to seize land from private property owners. However, in order for eminent domain to be employed, an area must first be designated as "blighted." Literally, the term "blight" is borrowed from the field of botany, originating from the lexicon of plant diseases. In community development, the term blight is usually used to describe neighborhood conditions stemming from disinvestment, economic insecurity, and lack of access to capital. In reality, urban blight is a social construct mired in popular conceptualizations of race, poverty, and who is considered to be a contributing resident of the city. In its vagueness, "blight" gave municipalities the cover to dismantle property rights and tear apart communities under the guise of protecting urban infrastructure.<sup>117</sup> For example, throughout the 1950s and 1960s the Redevelopment Authority of Philadelphia used its powers of eminent domain to declare the Eastwick neighborhood as blighted. In the process, the city condemned and seized at least 2,140 acres of property, displaced 8,636 people from their homes and dismantled what was once a racially integrated community for a development that never happened.<sup>118</sup> In 2016, the Redevelopment Authority commissioned a study to help guide future development of the site which has remained vacant since 1961.<sup>119</sup>

#### The G.I. Bill

The Serviceman's Readjustment Act of 1944, more commonly known as the G.I. Bill, also denied African Americans access to homeownership, assets, and wealth-building opportunities. While the legislation did include provisions for Black veterans, it allowed local governments to decide how to allocate those funds. Black veterans received much less generous subsidies.<sup>120</sup> Conversely, many White veterans were able to use the G.I. Bill and the FHA loans to become suburban homeowners and help to anchor the nation's economic expansion. The most noteworthy example of the impact the G.I. Bill had on the local housing market can be found in the large White-only suburbs developed by Levitt & Sons. The Philadelphia region is home to two Levittowns, one in Bucks County, Pennsylvania, and one in Willingboro, New Jersey. In both of these communities, the Black veterans who hoped to use the G.I. Bill to buy homes were denied. According to historian Richard Rothstein, the FHA and Veteran's Administration supported Levitt and Sons' developments only after they explicitly committed "never to sell a home to an African American in Levittown."<sup>121</sup>



## The Neighborhood Transformation Initiative

Although launched 20 years ago, the Neighborhood Transformation Initiative (NTI) continues to have significant long-term implications for Philly's low-income people and people of color. NTI was launched in April 2001 as an attempt by then Mayor John Street to attract private investment, and revitalize Philly neighborhoods outside of Center City. The program established \$295 million in bonds to finance property acquisition, demolish derelict buildings and unsafe structures, and assemble large tracts of land for housing development.<sup>122</sup> While NTI's primary focus was on vacant and abandoned buildings, there were a limited number of occupied units for which the city seized ownership through eminent domain.

NTI was a marked shift in the city's neighborhood development policy for several reasons. First, the focus on outlying neighborhoods was unique. Previous administrations had attempted to spur development by focusing on projects in Center City. This inequitable distribution of resources left the many neighborhoods of color in the outlying areas of Philadelphia to deteriorate. NTI also utilized a very data-driven market analysis to guide how properties and neighborhoods were selected, and the timing of demolitions. The city relied on The Reinvestment Fund (TRF) for these analyses. TRF's methodology was based on data indicators of housing market strength such as vacancy rates, housing sale price, owner occupancy rate, age of housing stock, demolition activity, and consumer credit profiles, rather than being grounded in the community voice of those most directly impacted.<sup>123</sup> This prevented more equitable planning and decision-making that could have helped to better integrate residents into the current market conditions we see in NTI neighborhoods.

Brewerytown is an example of a neighborhood where many of the NTI goals around demolition and land assemblage were accomplished, but where the initiative also played a direct role in facilitating the residential and cultural displacement of low-income residents of color. For example, the Assessment of Fair Housing determined that Brewerytown was one of a handful of neighborhoods with concentrated private investment that had also experienced a significant decline in Black population.<sup>124</sup> Prior to NTI, Brewerytown was also home to several horse stables. This is a fairly rare occurrence in many urban neighborhoods of color and, as a result, this served as a unique amenity and source of pride for many residents. It was common for residents to see urban cowboys on horseback in the neighborhood, and for local youth to learn about horses and farm life. With NTI, the stables were closed and slated for demolition.<sup>125</sup> This loss

of a neighborhood feature is an example of the "cultural displacement" that takes place when the tastes, norms, and desires of newcomers supplant and replace those of incumbent residents.<sup>126</sup> Brewerytown residents who had endured years of disinvestment were now a part of a changing neighborhood that no longer reflected their cultural values.

**Below:** Philadelphia row homes in 2014. (*Ann Forsyth. Design for Health*)



## 4.5

### Driver #5: Inequitable Housing Market Trends

Although the Fair Housing Act of 1968 outlawed redlining and the use of restrictive covenants, for the next half century the federal government refused to enforce the law's mandate to promote integration. As a result, mortgage, credit, tax, and leasing discrimination persisted on a widespread basis. As some neighborhoods experience new investment, many of the long-term residents of color who have endured years of decline are now at risk of being displaced. Without any guard rails on development, new neighborhood investment can translate into increased property taxes and higher rents, making it virtually impossible for low-income families to stay in place.

#### Increase in Large Private Investors

Another factor influencing the housing market and the ability of low-income families of color to access affordable housing is the proliferation of private individuals and corporations investing in Philadelphia residential real estate. As rising construction costs, restrictive zoning rules, and changing consumer preferences lead to a dearth of affordably priced housing in many cities, private investors, fueled by Wall Street capital, are snatching up the remaining affordable housing stock.<sup>127</sup> Aging single-family houses were once considered “starter” homes for families seeking to become first-time homebuyers and enter the middle class. Today, such properties are now increasingly being purchased by private investors seeking to capitalize on shifting trends in the local housing market by renting out those homes. Last year, investors nationwide bought about one in five starter homes in the United States (defined as priced in the bottom third of the local market), and as much as one-quarter of all single-family homes.<sup>128</sup> The dominance of institutional investors in the multifamily rental market is even more striking. Nationwide, institutional investors now own 62 percent of five- to twenty-four-unit multifamily rental properties, compared to 35 percent in 2001—as well as a near majority of all rental units.<sup>129</sup> The disappearance of the neighborhood landlord has implications for the housing security of low-income renters of color. An analysis of the largest institutional owners of single-family home rentals in Atlanta conducted by the Federal Reserve found that they were 18 percent more likely to file eviction notices than small landlords, after controlling for property and neighborhood characteristics.<sup>130</sup> These trends are also visible in Philadelphia. According to one business journal, “Chinese and German

investors are increasingly looking to cities like Philadelphia, Denver, Atlanta, and Phoenix. Philadelphia experienced the largest growth, recording a massive 516 percent uptick in the first three quarters of 2018 from the same period in 2017.”<sup>131</sup> Other real estate publications have highlighted the stability of the housing markets surrounding Philly’s anchor institutions. Specifically, potential investors are being steered toward the residential neighborhoods surrounding universities in Philadelphia as neighboring cities such as New York begin passing new rent control legislation.<sup>132</sup> The areas surrounding the University of Pennsylvania and Drexel University in West Philadelphia, and Temple University in North Philadelphia have already seen increased development,<sup>133</sup> and advocates have already begun to document an increased threat of displacement of the low-income people of color in these neighborhoods.<sup>134</sup>

#### North Philly Civil Unrest and its Long-Term Aftermath

North Philadelphia serves as an illustrative case study on the nexus of race, disinvestment, and gentrification, particularly the area that was the site of the 1964 civil unrest. In the preceding years, the Black population in North Philadelphia had grown due to new migrants from the South and Black Philadelphians from elsewhere in the city who had been restricted by segregation or displaced by the Urban Renewal program.<sup>135</sup> By the 1960s, almost half of Philadelphia’s 530,000 African American residents lived in North Philly.<sup>136</sup> Meanwhile, the remaining Jewish families in the area left for newer homes in West Philadelphia or the suburbs. However, they maintained their stores and businesses in North Philly which provided services and employment opportunities to the Black folks who moved into the neighborhood.<sup>137</sup>

Incomes in the areas around the civil unrest were at least 30 percent lower than the citywide average, and the jobless rate was between 13.5 percent to 20 percent, about two or three times the rate elsewhere in the city.<sup>138</sup> Segregation in the area also impacted residents’ quality of life as they had fewer parks and libraries than other neighborhoods. The isolation and disenfranchisement of Black residents in North Philly were physically exemplified by the massive 10-foot wall surrounding Girard College. The school was established in 1848 by wealthy businessman and slave owner Stephen Girard in his will, along with the 10-foot stone wall as a perimeter, and explicit instructions that only White, male orphans would be educated there.<sup>139</sup> For the growing Black population in North Philadelphia in the 1940s and 50s, the Girard wall became a symbol of exclusion, inequality, and racism.<sup>140,141</sup>

The 1964 protest accelerated the onset of post-industrial disinvestment. After the unrest, insurance companies revoked business policies, making it virtually impossible for stores to reopen.<sup>142</sup> The significant number of vacant storefronts further devalued the local housing market and deterred any new development for decades. In the years following the unrest, more than half of North Philadelphia's population left, and there is only about one-third as many merchants as there were 50 years ago.<sup>143</sup>

In recent years a new pattern of neighborhood change has emerged. Since 2000, the neighborhood where the civil unrest occurred has begun to experience new investment, due to the continued expansion of Temple University. The increased demand for housing has pushed rental prices up not just for students seeking to live off-campus, but also for the low-income families of color who live in the housing surrounding the university. Median sales prices in the area west of Temple's campus jumped from \$11,250 in 2000–01 to \$149,000 in 2013–14. These inflated housing costs may have already proven to be unaffordable for many low-income Black families. Three of the 14 census tracts that were majority Black in 2000, but not in 2014, surround Temple University's campus.<sup>144</sup>

## Graduate Hospital

The area of the city known as Graduate Hospital has also changed dramatically over the past 20 years. A significant number of parcels in the neighborhood were left vacant due to planning for a proposed expressway that was never built. This widespread vacancy fostered conditions for speculative development that left many residents of color unprepared to participate in the resurging housing market. Graduate Hospital was one of three Philadelphia neighborhoods to exhibit signs of gentrification in a recent analysis by The Pew Charitable Trusts. In one area of the neighborhood, the share of Whites in the overall population grew from 4 percent to 52 percent between 2000 and 2014. In the same neighborhood, the percentage of Blacks dropped from 90 percent to 38 percent.<sup>145</sup>

**Below:** Children play in Yorktown in 1980. (James J. Craig. Courtesy of the Special Collections Research Center. Temple University Libraries. Philadelphia, PA)



## 5.0

# Developing a Housing Justice Policy Agenda

**Below:** Eastwick residents meet with Redevelopment Authority staff in 1957 to learn about proposed development. (Courtesy of the Special Collections Research Center, Temple University Libraries, Philadelphia, PA)



If the risk and factors contributing to homelessness and housing insecurity did not differ from one group to another, a neutral approach to addressing them would be understandable. On the contrary, given the striking disparities outlined above, any strategy to address these challenges that ignores the impact of racial discrimination is inherently suboptimal. In order to solve these challenges, there must be an intentional focus on supporting those most adversely impacted by the legacy of racist policies and government inaction as speculative forces invade the housing market. This effort must take place at the local, state, and federal level. Below are some recommendations for more equitable policy solutions to the region's housing and homelessness crises.

## 5.1

### Increase Economic Security for Low-Income Philadelphians of Color

One of the most efficient ways to reduce the disproportionate housing cost burden facing low-income Philadelphians of color is to increase their economic security. This can be accomplished by maximizing social safety net programs and minimizing the barriers to jobs that pay wages that sustain families. These include:

#### Local Policies

**Explore a local, universal basic income program.** As part of the stimulus plan drafted in response to the coronavirus pandemic, Congress authorized one-off payments of \$1,200 for individuals and \$2,400 for couples in addition to an extra \$500 for each child 16 or younger for those earning under \$75,000 annually. These payments would be scaled down for those with incomes greater than \$75,000, and phase out to zero for those earning more than \$99,000 annually. This government transfer was a critical resource for many economically insecure families. Several cities are currently exploring how to enact a similar program on a permanent basis. In February 2019, the Mayor of Stockton, California, launched a universal basic income pilot providing a \$500 per month transfer for 125 families earning below the city's median income.<sup>146</sup> Leaders in Newark, New Jersey, and Milwaukee, Wisconsin, are also exploring partnerships with philanthropic and private donors to implement similar programs.<sup>147</sup>

**Reduce barriers to job training and adult education.** It is increasingly challenging to find a job that pays family-sustaining wages with only a high school education and a willingness to work. Currently, a majority of all jobs in the US labor market require some type of post-secondary education or training.<sup>148</sup> However, low-income workers often struggle to access training opportunities due to the lack of affordable childcare options, transportation, or an inability to participate because they cannot afford to take time away from their current job. City leaders should aim to minimize these barriers through direct financial support to participants to mitigate childcare and travel expenses, or working with the state to amend the state childcare subsidy program, Child Care Works, so that participants remain eligible if they receive more than 10 hours of training in one week.<sup>149</sup>

## State Policies

**Raise the state minimum wage.** One way to advance racial equity would be to raise the minimum wage. People of color would immediately benefit given they are disproportionately more likely to be employed in jobs that pay minimum wage. In December 2018, Mayor Jim Kenney raised the minimum wage for city workers to \$13.25 per hour. State law currently prohibits local jurisdictions from passing minimum-wage legislation, and the state assembly has not raised the minimum wage since 2009. Governor Tom Wolf has vocally supported proposed legislation that will raise the minimum wage to \$12 per hour in 2020 and increasing 50 cents per year until reaching \$15 per hour in 2026. Given that people of color, particularly women of color, are overrepresented in jobs that pay minimum wage, they would benefit the most if this policy were to be passed.

### **Reduce barriers to employment for returning citizens.**

The Pennsylvania General Assembly should streamline the ability for low-income workers and workers of color to access the training and certifications that can help them climb up the ladder of economic mobility, particularly for those more likely to struggle when seeking employment. For example, in Pennsylvania there are currently 119 mandatory restrictions on employment for people with felony convictions,<sup>150</sup> despite the fact that the state supreme court has found that a lifetime employment ban in certain industries is unconstitutional.<sup>151</sup> In addition, many Pennsylvanians are barred from obtaining an occupational license to work, which is now required for more than one in four jobs in this country.<sup>152</sup> Governor Wolf is examining this issue and, in June 2018, he called on the General Assembly to repeal the current license requirement for 13 jobs and replace them with less restrictive ones.<sup>153</sup> In January 2020, Governor Wolf unveiled a broader set of recommendations based on the Keystone Economic Development and Workforce Command Center report analyzing barriers to employment faced by Pennsylvanians, including returning citizens. Some of the proposed recommendations include expanding the current Clean Slate legislation that allows minor, nonviolent cases to be automatically sealed after time has passed without a felony or misdemeanor conviction, exploring a statewide Ban the Box policy that would prevent employers from conducting a criminal background check until after a conditional offer of employment is made (currently, only public sector job applications are covered by the Ban the Box law in Pennsylvania), and locating state workforce CareerLink centers within correctional facilities.<sup>154</sup>

## Federal Policies

**Invest in infrastructure.** Low-income people of color are far more likely than affluent White people to live in neighborhoods that lack the most basic characteristics of safe, healthy places, such as safe drinking water, clean air, quality schools, grocery stores, parks, libraries, and services. The coronavirus pandemic spotlights the need to bolster national investments in public health and community infrastructure, particularly in the communities hit worst by health inequities. There is currently an estimated \$2 trillion of infrastructure investments needed in the United States by 2025 to address failing systems.<sup>155</sup> Developed with a focus on racial equity, such investments can ensure that historically underserved and marginalized communities can be healthy and safe, and can offer the resilience needed for all to recover and thrive. Investing in the physical infrastructure of disinvested communities can restore the aging systems of water, transportation, housing, and toxic remediation that have outsized impacts on community health and can create new pathways for employment and business opportunities in the communities most impacted by COVID-19 job losses.

**Enact a federal job guarantee.** Given the growing economic insecurity and persistent racial economic inequity, a federal job guarantee can be the cornerstone of an inclusive, thriving, and sustainable 21st century American economy. A federal job guarantee would provide a job, at nonpoverty wages, for all citizens above the age of 18 that sought one. Congress could implement a model similar to the one outlined by the Center for Budget and Policy Priorities where federal funds would support a National Investment Employment Corps (NIEC) that would provide universal job coverage for all adult Americans.<sup>156</sup> By ensuring that every person who wants to work has access to a quality job, a job guarantee would eliminate involuntary unemployment and the racialized disparities in those able to find work, decrease poverty, and raise the floor on low-wage work while building stronger, more vibrant, and more connected communities.<sup>157</sup>

## 5.2

### Build Assets and Expand Wealth in Communities of Color

In order to address the deleterious, intergenerational impacts that redlining and restrictive covenants have had on low-income communities of color, policymakers must take steps to address the racial wealth gap.

#### Local Policies

**Enforce MWDBE (minority-, woman-, or disabled-owned business enterprises) participation goals for city contracting and procurement.** City officials have indicated a goal whereby 35 percent of all city and quasi-public agencies' spending should go to MWDBEs. However, the disparity study of city contracts conducted in 2016 revealed that only 30 percent of Philadelphia's business went to such firms in a city that is roughly 60 percent people of color. Moreover, the utilization rate of MWDBE workers in city-related projects fell from 38.6 percent in 2015 to 29.2 percent in FY 2018.<sup>158</sup> Given that these firms have a strong record of hiring people of color, addressing these disparities has the potential for a double bottom line of expanding the assets of business owners of color and increasing economic security for workers of color. City leaders must aim for contracting and procurement targets that mirror Philadelphia's population.

**Minimize barriers to homeownership for people of color.** White people are “far more able to give inheritances or family assistance for down payments due to historical wealth accumulation,” and to start acquiring equity an average of eight years earlier than Black families.<sup>159</sup> City leaders should explore partnerships and innovative financing models to create pathways to homeownership for people of color. The impact that the partnership between the Redevelopment Authority, Bright Hope Baptist Church, and Lincoln National Bank had in creating the Yorktown section of Philly is a noteworthy example of what is possible. In the late 1950s, the Redevelopment Authority provided parcels of city-owned land, while Reverend William Gray Jr. worked with Lincoln National Bank to develop a mortgage program that made it easier for middle-income African Americans to purchase homes in the neighborhood with limited down payments.<sup>160</sup> The city could also help facilitate access to homeownership for people of color in other ways, such as waiving the transfer tax for first-time homebuyers.

#### State Policies

**Update school funding policies to be more equitable.** Access to a quality education is critical for achieving economic mobility. Local, state, and federal governments all play important roles in minimizing inequities in education funding, but states will have the greatest opportunity to guarantee that all students under their purview have access to a high-quality education. Research has shown that increases in school spending result in improved educational and economic outcomes for all students, and particularly for children from low-income families.<sup>161</sup>

**Institute a matched savings program such as Individual Development Accounts (IDAs).** IDAs provide states with a vehicle to help residents save for targeted goals—most commonly post-secondary education, homeownership, or business ownership—by matching their savings at rates ranging from 2:1 to 8:1.<sup>162</sup> Since the federal government is no longer funding IDA programs, states have an opportunity to design and fund matched savings programs that can be used to increase business ownership prospects, expand homeownership, and facilitate access to higher education by meeting the short- and long-term needs of low-income savers. Oregon leads the nation in using state funds for IDAs, and has committed \$10.7 million annually through 2022, an investment that will help more than 3,500 Oregonians build their assets through homeownership, education, and entrepreneurship each year.<sup>163</sup>

#### Federal Policy

**Make it easier for low-income families to save.** The Earned Income Tax Credit is one of the primary vehicles that the federal government uses to reduce poverty. However, there are ways the program could be amended to make it easier for low-income tax filers to save. For example, eliminating the cap on assets. In April 2019, Senator Cory Booker sponsored the Refund to Rainy Day Savings Act that would allow taxpayers to defer up to 20 percent of their refund as emergency savings for later in the year. The savings would be transferred into the account six months later with interest. There has been no action on the Refund to Rainy Day Act since it was introduced.<sup>164</sup>

## 5.3

### Curb Displacement of Low-Income Philadelphians of Color

There are several steps that policymakers can take to help low-income Philadelphians of color struggling to keep pace with increased neighborhood housing prices. Strategies must be developed to support both renters and homeowners. Potential strategies include:

#### Local Policies

**Create an eviction diversion program.** Landlords in Philadelphia are currently not required to file notice with the city in advance of seeking an eviction against a tenant in municipal court. This hinders the city's ability to track those families being evicted, or any trends in eviction cases in certain neighborhoods or with specific landlords. Requiring landlords to file notice with the city and pay a nominal fee before seeking an eviction will incentivize mediation with tenants and provide city agencies and advocates with critical data on families facing displacement. For example, in Massachusetts, the Jim Brooks Stabilization Act requires landlords to inform the city when they intend to evict tenants.<sup>165</sup> Moreover, the eviction registration process could be a touchpoint for additional intervention or resources. In May 2020, City Councilwoman Helen Gym proposed an eviction diversion program that would require both renters and landlords to meet with a mediator, housing counselor, or advocate to provide additional education and resources that could facilitate the achievement of sustainable resolutions.

**Pass just cause eviction legislation.** In January 2019, Mayor Kenney signed legislation that would protect month-to-month renters from discriminatory or retaliatory evictions. However, these protections were not extended to renters with a lease lasting one year or more.<sup>166</sup> This legislation should be updated to cover all renters.

#### State Policy

**Pass statewide rent control.** Oregon became the first state to impose rent control on landlords in February 2019. The legislation limits annual rent increases to 7 percent adjusted for inflation. Newly constructed units are exempt for 15 years. While critics often claim that rent control will deter construction and thereby exacerbate the affordable housing crisis, recent research by economists at the University of Southern California and the University of California at Berkeley has shown those claims to be unsubstantiated.<sup>167</sup> For rent control measures to be optimally impactful, they should be paired with strong renter protections, such as just cause eviction legislation.



## 5.4

### Expand Resources Available for Affordable Housing

Low-income Philadelphians need additional housing options that they can afford. This can be accomplished through the preservation of existing affordable housing and the construction of new affordable units.

#### Local Policies

##### **Reform local tax policies to capture the value in hot-market neighborhoods and redirect revenue to affordable housing.**

In December 2019, the city council reformed the 10-year tax abatement that Philadelphia had used for almost 20 years to encourage private development. The updated policy cuts the value of the abatement in half and returns much-needed revenue to the Philadelphia School District. As the abatements for previously constructed properties continue to expire, city leaders should consider implementing a value-capture strategy that can harness the power of the local housing market. The same increasing property values that are putting low-income families at risk can be captured through tools such as tax-increment financing (TIF) and redirected to supplement the limited funds available for affordable housing. Since 2006, Portland, Oregon, has set aside 40 percent of funds collected through TIFs to support affordable housing. During this time, the city has been able to generate nearly a quarter of a billion dollars in additional resources for affordable housing.

**Preserve existing affordable housing.** Given the age of its housing stock, the city should consider expanding programs and resources to property owners that will result in increased or extended affordability. For example, policymakers should expand the city's Small Landlord Repair Program pilot and explore tax relief for landlords who agree to keep their rental units permanently affordable.

#### State Policy

##### **Modify Pennsylvania tax code to support affordable housing.**

Pennsylvania law currently allows municipalities to create their own tax abatement programs to incentivize construction, but does not authorize jurisdictions to establish different abatements for affordable housing development requiring subsidy compared to market-rate development that does not. If the General Assembly were to pass legislation enabling a permanent tax abatement for affordable housing, Philadelphia would be better equipped to support subsidized units where rents are fixed, when operating expenses are not.

## 5.5

### Disrupt the Speculative Housing Market

There are steps policymakers can take to level the playing field for low-income Philadelphians of color seeking affordable housing in order to promote housing security.

#### Federal Policies

**Reform the Community Reinvestment Act so that it does not promote gentrification.** The Community Reinvestment Act (CRA) requires that banks meet the credit needs of the communities in which they do business, including low- and moderate-income neighborhoods. However, the criteria for compliance is based on loans made within a specific geographic area, rather than to an underserved population. As a result, banks have been able to satisfy their CRA obligations by lending to White borrowers seeking to buy homes in gentrifying neighborhoods. As described earlier in this report, by refusing to lend to long-time homeowners of color, these banks are effectively amplifying gentrification and the displacement of Black Philadelphians. Rather than focusing solely on geography, CRA lending targets must include benchmarks for addressing years of discriminatory lending practices and increasing the number of borrowers of color.

**Enact social housing.** We are at a moment when we are motivated to think bigger and advocate for more transformative housing policies as alternatives to the private, market-based approaches that have perpetuated the racial inequities we see today. Accordingly, it is timely to explore some form of a social housing model. Social housing is a “system in which housing provides security for residents and is neither owned nor operated for the purpose of making a profit. It differs from public housing in that it is universal rather than based on income.”<sup>168</sup> It can be owned by government or nonprofit housing providers, including cooperatives and community land trusts. Across Europe and around the world, social housing has successfully provided quality, affordable housing for large populations of residents. Where it is a significant percentage of the housing stock, it has helped to stem speculation and rising housing prices.<sup>169</sup> Vienna, Austria, offers a noteworthy example of the positive impact of social housing. Viennese policymakers have embraced social housing as part of a broader belief that housing is a human right that should not be left to the free market. As a result, Viennese residents “enjoy high-quality apartments with inexpensive rent, along with renters’ rights that would be unheard of in the U.S.”<sup>170</sup>

## 6.0

# Conclusion

**Below:** Rev. William H. Gray of Bright Hope Baptist Church and Yorktown homeowners in 1969. (Sonnee Gottlieb. Courtesy of the Special Collections Research Center. Temple University Libraries. Philadelphia, PA)



From the Civil War, to the Great Depression, to Hurricane Katrina, and the 2008 financial collapse, we have seen how recovery efforts that do not deliberately address issues facing low-income communities and communities of color only serve to reinforce existing disparities. Philadelphia leaders have an unprecedented opportunity to enact a truly equitable recovery. Now is the time to ensure that all people—regardless of race, income, or zip code—live in healthy communities of opportunity. Community leaders in the public, private, and nonprofit sectors in Philadelphia are already working diligently to connect low-income people of color to educational, economic, health, and housing opportunities, and these efforts must continue. To ensure that all residents are able to benefit from the recovery, leaders must implement a neighborhood revitalization model that is driven by a commitment to equity. Concerted investments in policies developed within communities of color are essential to ensure that Philadelphia’s most vulnerable populations are ready to lead it into the next economy.

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**Below:** Center City Philadelphia skyline. (*iStock*)



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## Author Biography

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