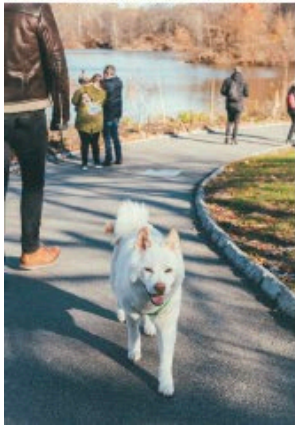
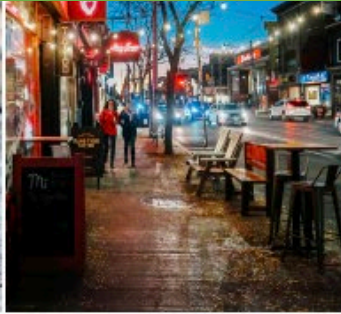


Imagining a Regional Home Repair Program

April 14, 2021



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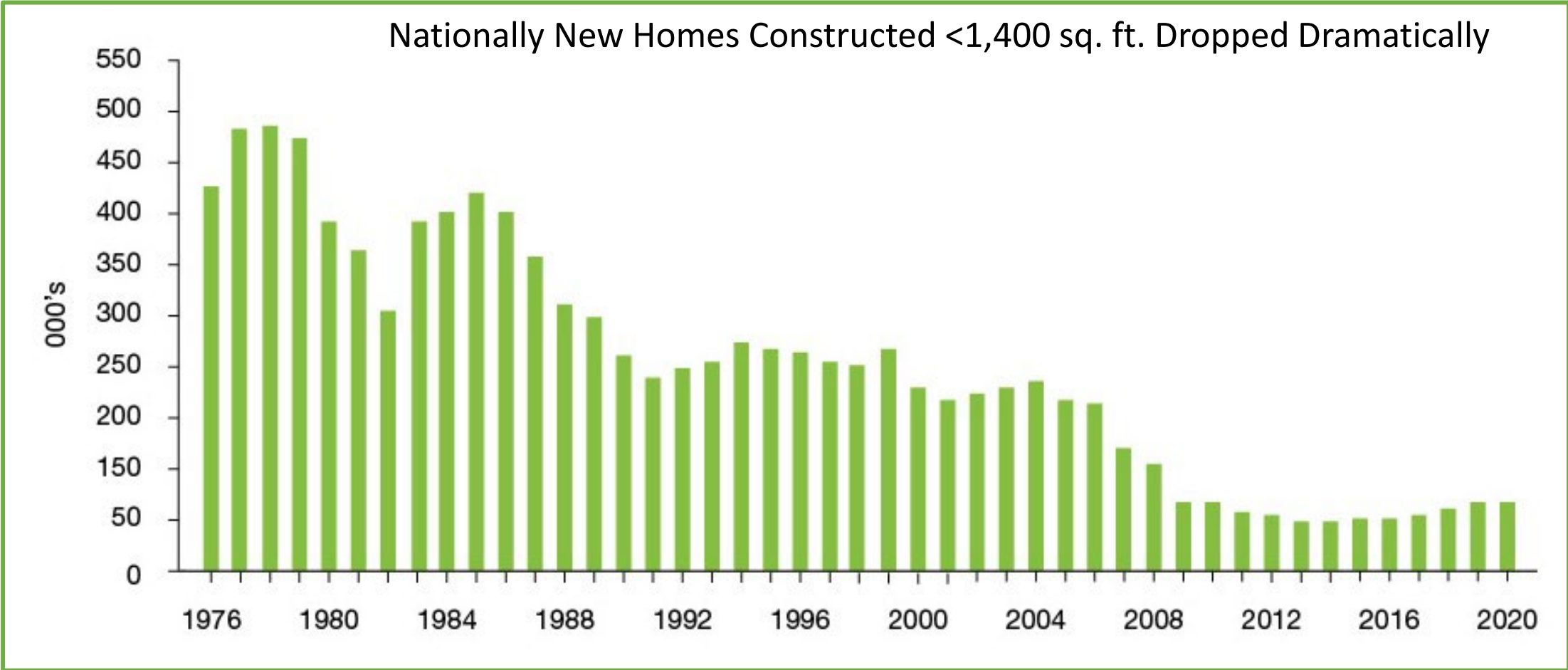
 @KarenBlackMay8



Home Repair for Starter Homes

- Naturally Occurring Affordable Housing – privately owned housing affordable to households with 30-120% AMI
- Seniors more likely to own home that is 40-50 years old – 65,000 senior homeowners in Metro Richmond
 - 16,200 are mortgage-burdened
 - 20,000 live alone and are cost-burdened
- Core housing stock in many neighborhoods

Metro Richmond Average New Construction House Was 2,600 Square Feet 4 BR 2 ½ BA (2018)



U.S. Census Freddie Mac Housing Supply: A Growing Deficit http://www.freddiemac.com/research/insight/20210507_housing_supply.page

Virginia 2020 Statewide Housing Study <https://rga.lis.virginia.gov/Published/2022/HD3/PDF>



Older Housing
Needs Repair and
Maintenance That
Some Owners Can
Not Afford

- Preservation of existing stock through repairs far less expensive
- ARPA and other dollars available for this purpose

Philadelphia Has High Levels of Low-Income Homeownership & Made Preservation of Older Housing Stock a Priority





HEALTHY
ROWHOUSE
PROJECT

*Most affordable
home is the
one a family
lives in now*

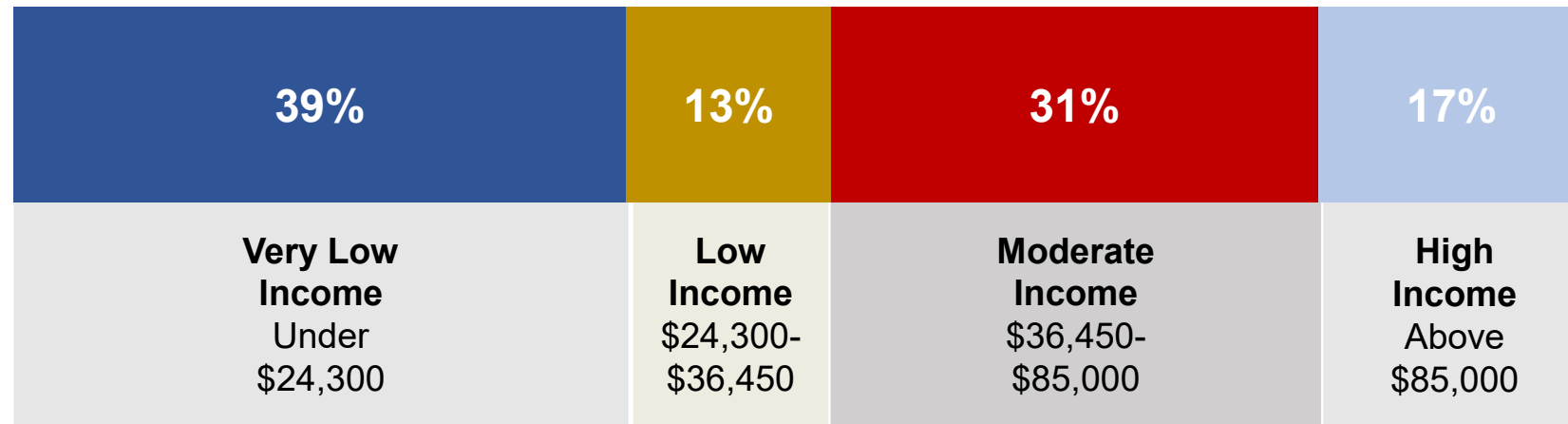
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Impact of Repairing an Owner-Occupied House



Philadelphians of All Incomes Need Health-Related Home Repairs

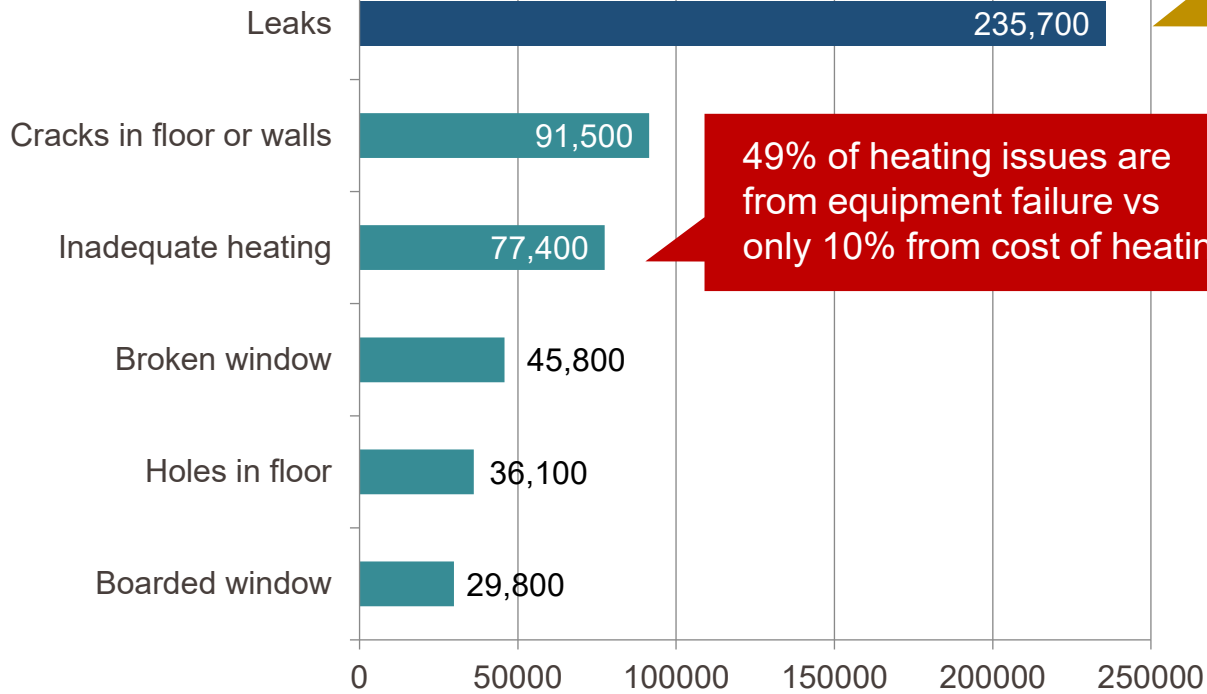
Homes with Health Repair Needs



American Housing Survey, 2013

Leaks are the Most Common Health-Related Home Repair Need in Philadelphia

Homes affected

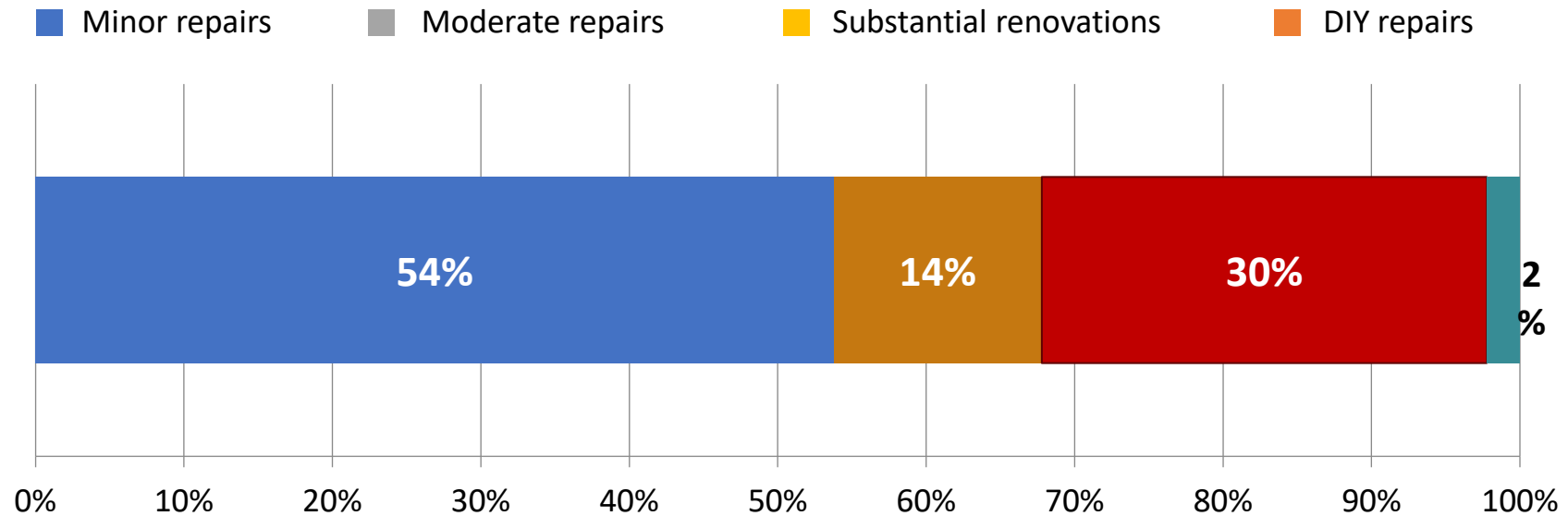


The most common source of leaks is the Roof (61%)

49% of heating issues are from equipment failure vs only 10% from cost of heating

Source: American Housing Survey, 2013

54% of Rowhouses Needing Home Repairs Can be Addressed for ~\$10,000



NOTE: Excludes 29,700 households that did not disclose their tenure

Types of Home Repair Programs

Grant – Grant to eligible homeowners

Matching Grant – Grant requires homeowners to pay some costs

Deferred Loan – Due upon sale, transfer or non-owner occupancy

Low-Interest Loan – Below market interest rate with 5-10 year term

Forgivable Loan – Deferred loan where percent repayment forgiven each year

Code Compliance or Health Care System Repair Program – Designed for targeted population

**Shortfalls in Private
Capital Flowing to
Older and Lower
Value Homes:**

**75% of low- and
moderate-income
homeowner applicants
were denied home
improvement loans in
the Philadelphia Metro
Area from 2015-2017**

Philadelphia Federal Reserve Study

24,000 Philadelphia Homeowners Sought Home Repair Loans and 62% Were Denied (2012-2014)

	Home Purchase	Housing Refinance	Home Repair
Philadelphia Applications:	55,300	100,000	24,197
Philadelphia Denial Rate:	11%	24%	62%
<i>National Denial Rate:</i>	<i>13%</i>	<i>17%</i>	<i>37%</i>

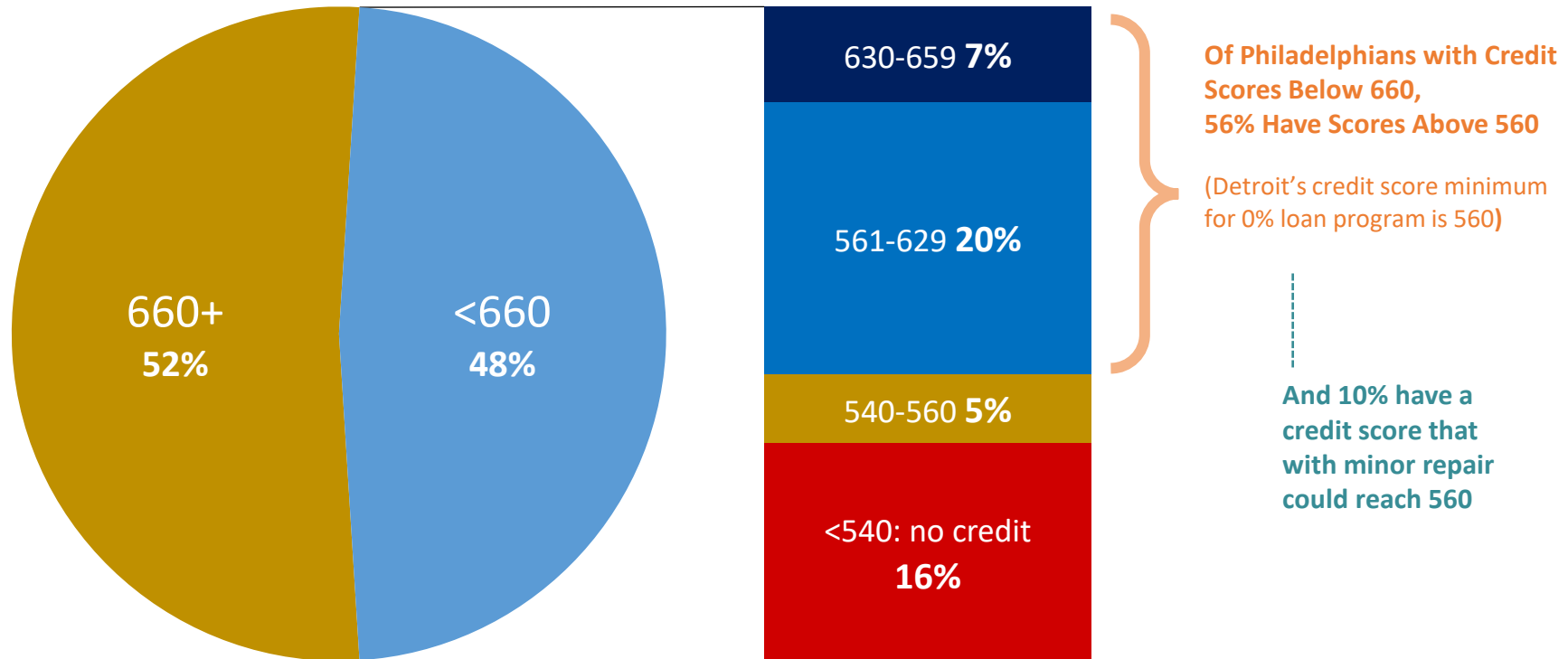
Source: Home Mortgage Disclosure Act Filings, 2012 to 2014

Most Philadelphians Seeking Home Repair Loans apply for Loans under \$20,000

Loan Amount	Under \$10,000	\$10k to \$20,000	Over \$20,000
Applications	11,867	3,308	9,022
Percentage Denied	76%	58%	45%
Average income	\$38,000	\$58,000	\$68,000
Percentage Originated	20%	32%	41%
Average Income	\$46,000	\$73,000	\$89,000

Source: Home Mortgage Disclosure Act Filings, 2012 to 2014

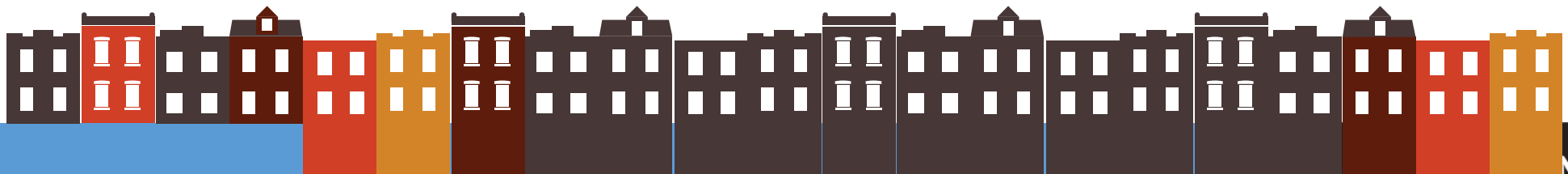
Half of Philadelphians Have Credit Scores Below 660 that Do Not Allow Them to Obtain a Loan on the Private Market



**Philadelphia
Basic System
Repair
Program**

**\$60 Million Investment in
Home Repair Grants**

Non-profit Program

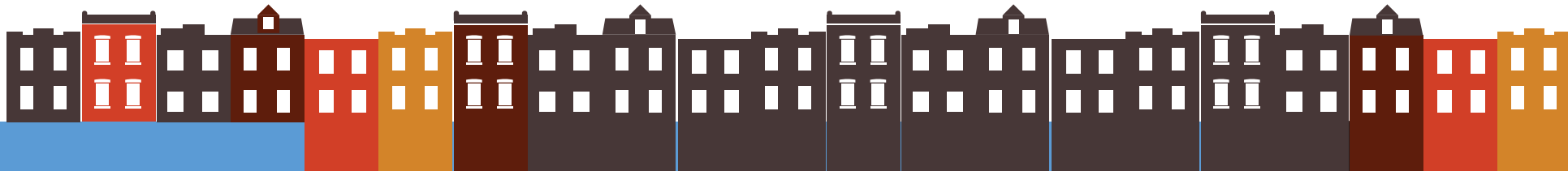


Basic Systems Repair Program

- Emergency repairs for low-income homeowners < 50% AMI
- Operated by government-lead non-profit
- Two Tiers of Assistance
 - Tier 1: Up to \$3500
 - Tier 2: Up to \$17,500
- Contractors vetted and non-profit rotates through approved list
- Established price list per repair type
- Funding – CDBG, Housing Trust Fund and \$60 million bond issue
- 4000 homeowners helped off wait list in 3 years

**Philadelphia
Restore,
Repair, Renew
Loan Program**

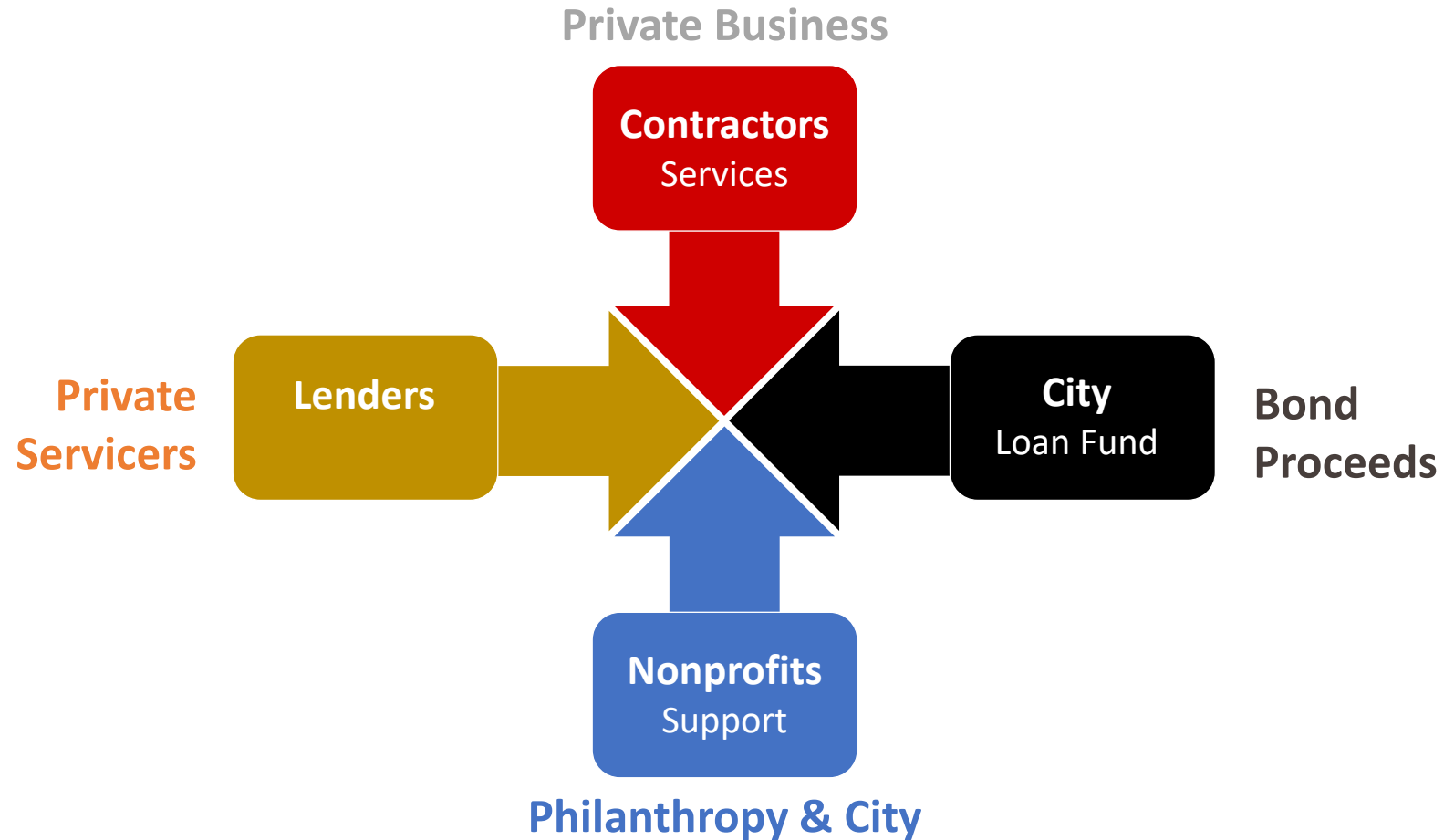
**\$40 Million Home
Improvement Loan
Program**



Philadelphia Loan Revolving Fund – City Funds Loan with Public Dollars



Revolving Loan Fund: Public Money Provides Loans



Philadelphia's Home Repair Loan Program – Key Features

- Loan size - \$2,500 - \$25,000
 - 3% interest fixed rate (subject to change dependent upon federal rates)
 - 10 year term
 - Minimum credit score of 580
- Loan-to-Value Ratio <105% value after rehab
- Income as high as 120% AMI (\$84,000 for 2 person household)

Philadelphia's Home Repair Loan Program – Program Design

- Contractors must meet city specified requirements (e.g. license, insurance)
- Homeowners may select repairs/adaptations
- Home must be eligible/meet habitability standards at end of construction
- Program managers provide technical assistance from loan application through construction

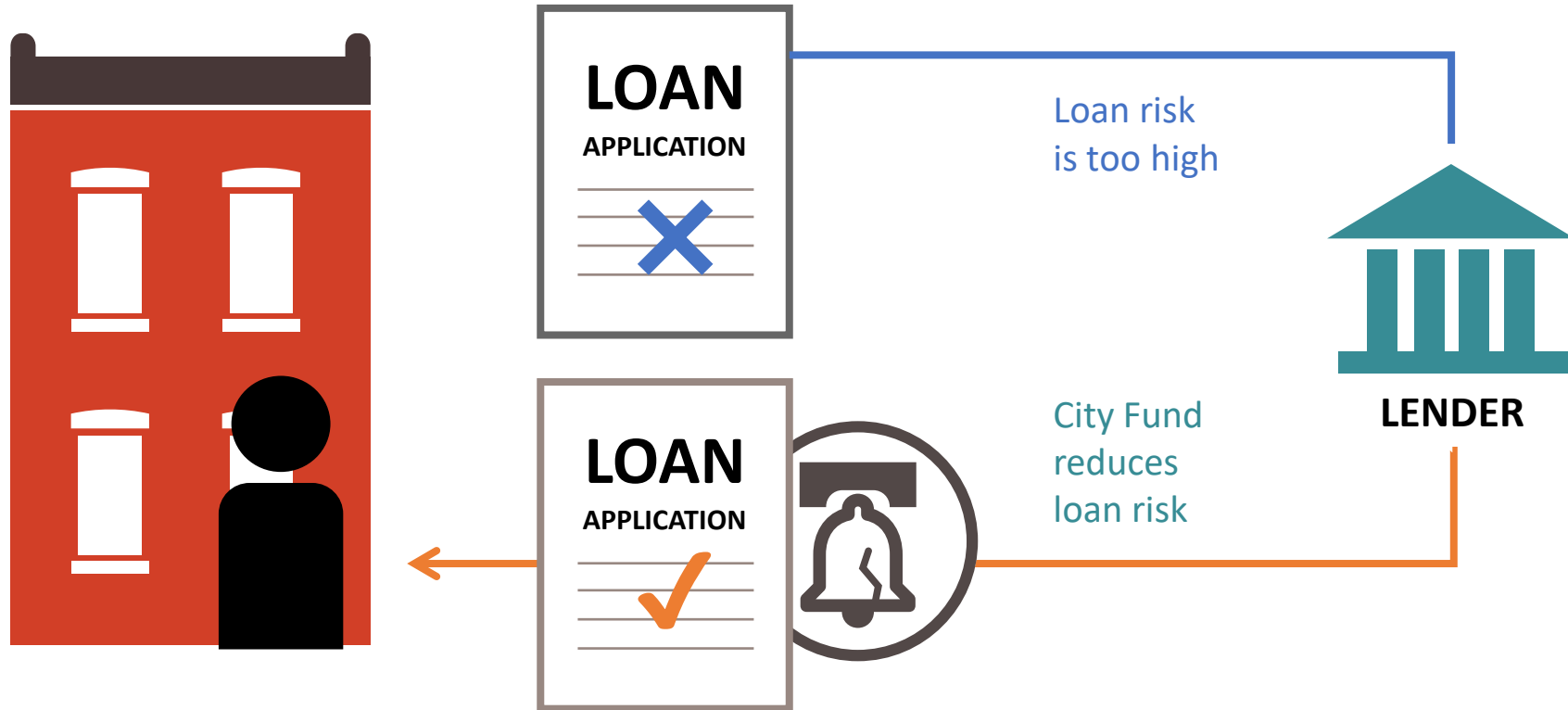
Cleveland Heights Loan Program

LOAN GUARANTEE

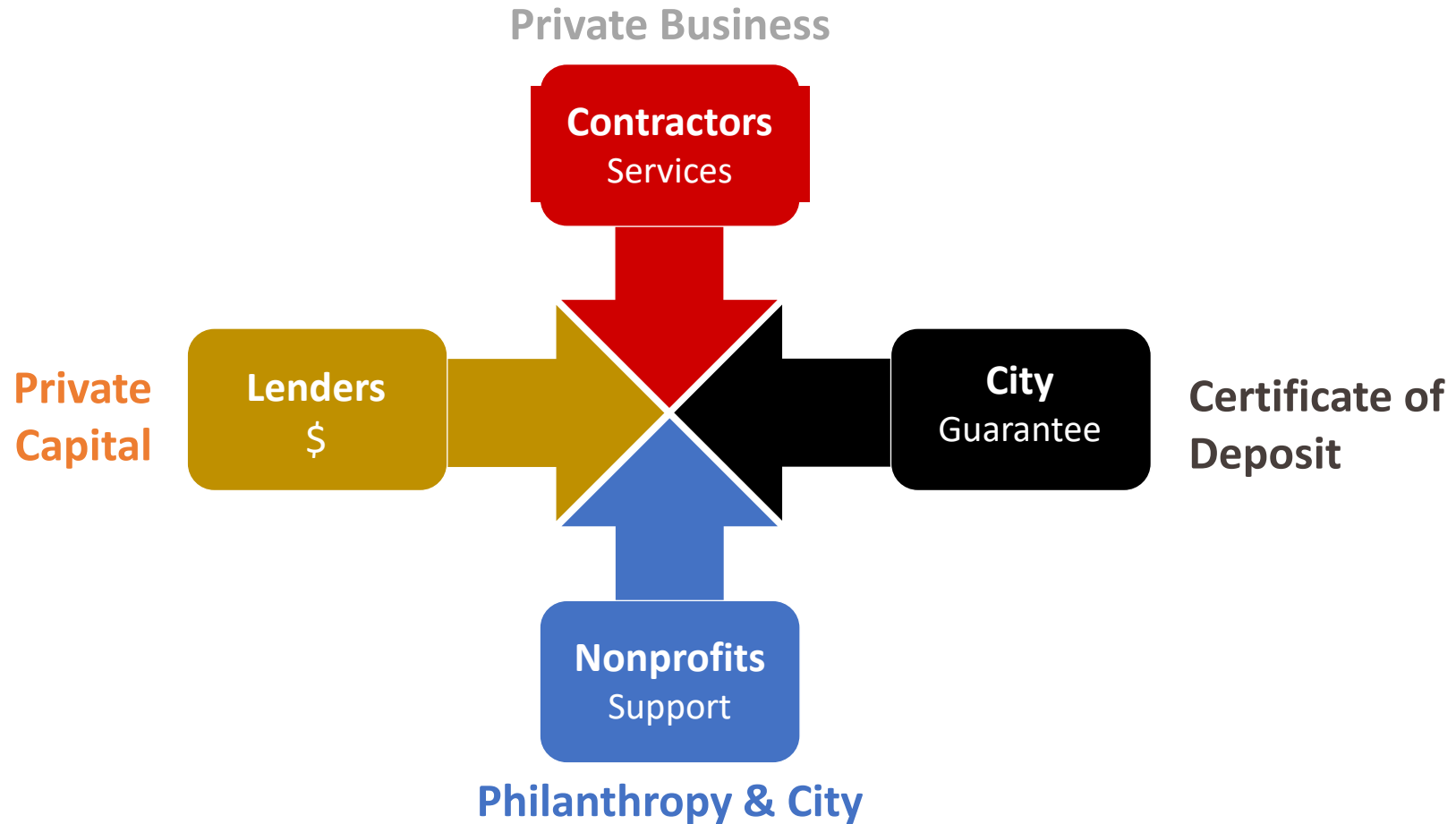
Guaranteed over \$6 million
to households considered
unlendable over 40 years
with investment of \$160,000
placed in the form of a CD
with a lender partner



First Option: City Loan Guarantee Fund – Cleveland Heights



Private Capital with Public Loan Guarantee



Cleveland Heights Loan Guarantee Challenge Fund



- \$5000 loan minimum
- Guarantee 40-100% of loan
- 80% of clients are seniors
- High repayment rate (>95%) allows for ongoing use of guarantee funds –typically death is reason for default
- Package with owner funds and matching grants

Cleveland Heights Loan Guarantee Challenge Fund – Project Example



\$8,500 roof repair for senior, LMI client on fixed income. Depressed home value means owner is underwater on first mortgage.

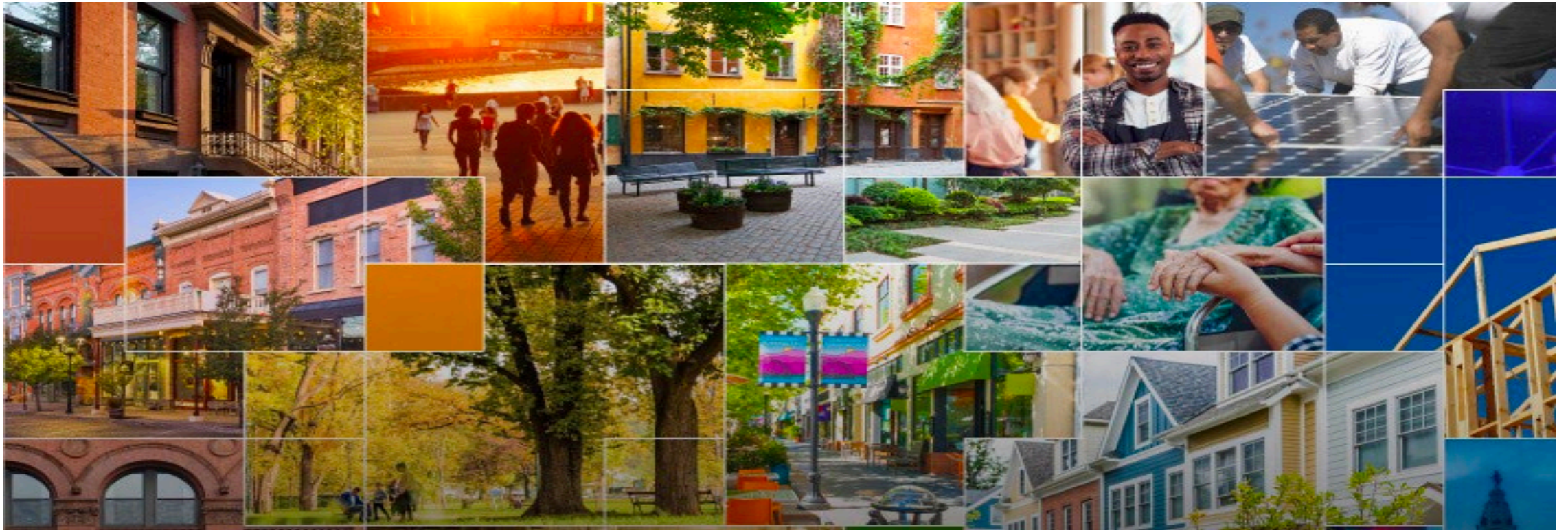
- \$1,500 Senior Grant
- \$ 500 Owner cash from savings
- \$3,000 Challenge Fund guaranteed loan
- \$3,500 Deferred Loan

- Total: \$8,500



Program Impacts

- Home Preservation
- Neighborhood Revitalization
- Crime Reduction
- Stabilizes Homeownership
- Improves Homeowner Health so Health Care Pays for Some Repairs
- Protects Intergenerational Wealth
- Enables Equitable Property Maintenance

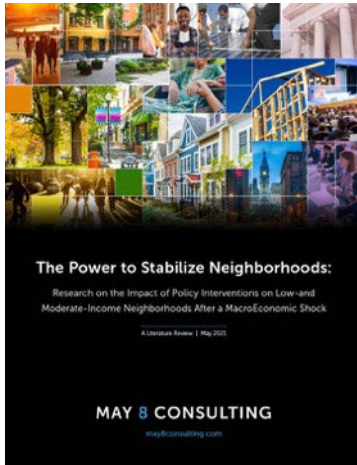


Imagining a Regional Home Repair Program

Discussion of Opportunities



Stay Up to Date on Tools to Preserve Existing Housing Stock



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