Philadelphia: Supporting Tenants & Landlords

City of Philadelphia

In May 2020 Philadelphia began providing Emergency Rental Assistance (ERA) to tenants and landlords affected by the COVID-19 pandemic. Since then Philadelphia has provided more than $65.5 million in support to more than 14,000 households. Nearly 45% of the landlords who received payments are small landlords with five or fewer units.

How did Philadelphia successfully create a new program that – in ten months – spent the equivalent of its combined CDBG, HOME, ESG and HOPWA annual allocations?

Leadership committed to addressing the problem. Even before the pandemic Mayor Kenney had announced a pilot rental assistance program. COVID, and the availability of federal funds, made creating the program more urgent, more feasible, and more scalable. The Mayor and agencies across his administration made keeping people in their homes and supporting landlords – especially small landlords – a priority.

First **Philadelphia built a strong IT infrastructure.** The Department of Planning and Development (DPD) created a customer-friendly website in both English and Spanish. DPD staff also created a custom application and back-end database. The application worked from both a desktop and a smart phone. The database pulled information from external datasets where possible to reduce applicant input.

Philadelphia focused on customer service. Every aspect of the process began with the applicant in mind. The application was user-friendly. A well-staffed help desk responded to applicant questions. The Philly311 system helped applicants without internet access. A network of housing counseling agencies completed applications for residents without internet. Applicants could check the status of their applications online at any time.

Philadelphia limited its administrative burden. Keeping the application simple not only helped residents, it helped the City. Limiting the information enabled program staff to thoroughly document each tenant's eligibility. In Phase 3 Philadelphia made direct payments to tenants, further simplifying and speeding up the process.

Philadelphia collaborated with its partners. Philadelphia built on existing relationships with government and nonprofit partners. PHDC, a City-affiliated housing nonprofit, led the effort. DPD's IT team created the application and supporting database. The Phiilly311 system directed residents with no internet access to DPD-funded housing counselors who assisted them to complete the application. Volunteers from other City agencies supported data collection and review. Third party payment vendors provided capacity to process payments. Philadelphia created a new program support system by combining and coordinating existing systems and relationships that had been built over many years.

Philadelphia collected data and evaluated. The City reviewed applicant data in real time to adjust its outreach strategies as needed. It provided data to Philadelphia's smart-government office, GovLabPHL, and outside evaluators at the Housing Initiative at Penn. Analysis of the data helped Philadelphia refine its program delivery and marketing strategies to ensure that underserved populations were accessing the program.

Philadelphia used a multifaceted approach. Philadelphia also launched a pre-filing eviction diversion program for tenants and landlords to resolve rent-related issues. Since September 2020, the city mediated 1,099 cases, in 76% of these cases the parties reached agreement. In that process the landlord may apply for rental assistance before filing to evict. This helps keep an eviction filing off of the tenant's record. The City also launched a new Landlord Working Capital Loan program that provides short-term capital for small landlords to address cash flow issues. The Working Capital program also assists landlords whose tenant do not qualify for rental assistance.

With these steps Philadelphia created a nimble and effective program that adapted to changing circumstances in real time.

It also created a program that distributed funding equitably with a focus on the most vulnerable tenants and landlords.

97%	**86%**	**78%**	**70%**	**45%**
of ERA recipients have household incomes <50% of AMI	of ERA recipients have household incomes <30% of AMI	of ERA recipients are BIPOC	of ERA recipients are women	of landlords w/ tenants receiving assistance own ≤5 units

Philadelphia: Lessons Learned and Positioned for the Future

Philadelphia and other cities are well-positioned to implement new affordable housing strategies with their newly-built delivery infrastructure. Initially a temporary operation, Philadelphia has scaled up its program delivery with permanent staff and investments in technology to support thousands of applicants.

Philadelphia offers these recommendations based on its experience:

- **Decouple aid to tenants and landlords.** Requiring both landlords and tenants to apply is time-consuming and complex. It is more efficient and effective to provide direct cash support to tenants. Municipalities should be allowed to design the approach that best fits their needs. On the other hand, landlords should be eligible for traditional small business assistance without participation from their tenants.

- **Provide long-term assistance to tenants.** The American Rescue Plan's 18-month duration for rental assistance funds is on the right track. However, many tenants in cities like Philadelphia will remain cost-burdened after those 18 months. The best policy approach is a guaranteed income that lasts as long as a household is cost-burdened and where cash payments go directly to the tenant. Research shows that tenants will make the best financial decisions for their household.*

- **Prevent evictions. Link eviction diversion efforts with rent assistance.** Evictions can have long-lasting, devastating consequences, even if a tenant prevails in court. Just having a filing on their record will prevent many landlords from renting to them in the future. It is important to combine pre-filing diversion efforts, coupled with rent assistance to help prevent evictions.

*Stockton Economic Empowerment Demonstration Report, 2021

Summary of Philadelphia's Rental Assistance Programs

PHASE 1

Accepted applications from
May 12, 2020-May 16, 2020

Received
12,983
applications

Distributed
$10,071,689
funded with CDBG-CV allocated by the CARES Act

Served
4,257
households (33% of applications received)

Provided up to
$2,500
of assistance to cover up to three months of rent

Payments were made to landlords

PHASE 2

Accepted applications from
July 6, 2020-November 4, 2020

Received
15,985
applications

Distributed
$31,739,593
funded with
$23,219,838
of CRF funds received through the State, and
$8,519,755
of the City's CRF funds received from Treasury

Served
6,596
households (41% of applications received)

Provided up to
$9,000
per household ($1,500/month for up to 6 months)

Payments were made to landlords

PHASE 3

Applicants were tenants who applied in a prior phase (**35%** of landlords in Phase 2 either refused the funds or were nonresponsive)

Received
6,330
applications

Distributed
$23,809,539
of the City's CRF funds received from Treasury

Served
5,149
households (77% of applications received)

Average assistance requested was
$4,624
per household

Payments were direct assistance to tenants

Information on this document is as of March 26, 2021