

December 8, 2021

Dear Council Member,

I am writing to you as President of Hapco Philadelphia, which, since the early 1960s, has been the city's largest not-for-profit association of small "mom and pop" landlords. We serve two thousand. The vast majority of our members own just one or two properties. And right now, many are desperate.

The Joint Centers for Housing Studies, Harvard University; The Housing Initiative at Penn, University of Pennsylvania; Pew Charitable Trust all agree that small mom and pop landlords were already facing significant financial constraints prior to Covid-19 and that the already low supply of affordable rental units will be further depleted in Philadelphia. Here is what these findings say about small landlords in Philadelphia:

- 73% of landlords only own one or two units, most only one.
- 25% of properties have homestead exemptions suggesting they serve as primary residences.
- Most (around 74%) of low to moderate income rental properties are owned by mom & pops.
- 80% of landlords who are individuals rather than business/ nonprofit organization rely on rent payments to meet their household needs.

The studies went on to evaluate the impact that Covid-19, specifically the moratorium on evictions, had on mom-and-pop landlords. Here are their findings:

- 9% of rental properties owned by small landlords were tax delinquent in February 2020 which is higher than the rate for all properties city wide.
- 20.9% of rental properties were listed for sale in 2020 compared with 3.5 in 2019 (average of last 10 years is 3%).
- 35.7% deferred maintenance on their properties in 2020 compared to 5.4% in 2019.
- 68.6% granted rent extensions to their tenants in 2020 compared to 19% in 2019.

The Federal Government launched a Rental Assistance program, in 2020, managed by the PFHA who was not prepared or quipped. Most of the tenants who received payments, did not provide them to their landlords. Program funding distribution was woefully inadequate- approximately 36% of the funds were distributed and the balance went back to the legislature for allocation. Unfortunately, most landlords never signed up because the money was too little (\$750.00, when the average medium rent is \$1,483.00) and the parameters for getting the money were ridiculous, adding insult to injury. Better oversight for the reallocation of the ERAP funding balances needs to be put in place to distribute the funding for the tenants & landlords.

With Phase 4, however, landlords could finally recoup some lost rent. Unfortunately, the amount of money allocated to Philadelphia could only serve a very small percentage of those who applied. As of November 12, 2021, here are the latest numbers for Philadelphia's ERA program:

- 72,908 total applicants received.
- 19,796 applicants received assistance money.
- \$7,890 is the average rental assistance per applicant.
- \$44,578,578 left to distribute from a total of \$214,730,261.
- 5,650: number of applicants who will receive funding from the \$44,578,578 remaining.
- 65%- number applicants who won't see any rental assistance.

Finally, what do the studies conclude?

- Small landlords will be forced to sell their properties.
- These properties will be either turned into residential units or be fixed up and turned into market rate rentals.
- Because of little or no upkeep in the properties, they will deteriorate faster thus taking them out of rental stock quicker.
- Large corporations (2% of all landlords in Philadelphia) will buy the units (they already own over half of all rental units).
- The end result is a substantial decrease in low-to-moderate-income rental units in the City of Philadelphia, which will increase homelessness and blight.

On behalf of my membership, I am urging the State of Pennsylvania and our Congressional Delegation to step up to help re-fund the Rental Assistance program in Philadelphia. Thank you for your assistance, and please don't hesitate to reach me if I can be of further assistance.

Sincerely,

Greg Wertman
President, Hapco Philadelphia