



HAPCO NEWSLETTER

Serving Philadelphia's Investment & Rental Property Community

Message from the President:

The permanent establishment of the Diversion Program



Greg Wertman, Hapco Philadelphia President

I hope this message finds you well and in good spirits. As we continue to navigate the evolving landscape of property management in Philadelphia,

I want to take a moment to discuss a significant development that has been a topic of much discussion and debate within our community: the permanent establishment of the Diversion Program.

see "President's Message" on page 7

HP's General Membership Meeting Is a HUUUGE Success!

By HP Board of Directors Editorial Staff

We extend our heartfelt gratitude to everyone who joined us for our recent General Membership Meeting on June 4th, 2024, at Bala Golf Club. The event was a tremendous success, drawing a solid turnout of about two hundred members

see "Membership Meeting" on page 8

FREE MONEY!!!
Enter the HP Renovations Contest
details on page 3

Eviction Diversion: Hapco Members Give City Leaders an Earful

By HP Board of Directors Editorial Staff

Hapco Philadelphia's General Membership meeting in June offered rental property owners an opportunity to speak face-to-face with three Philadelphia city councilmembers, Kath-

erine Gilmore Richardson, Rue Landau, and Jamie Gauthier.

What resulted was a revealing discussion about the challenges of rental ownership in the city. Likely far more eye-opening for the

see "Eviction Diversion" on page 9



Councilmember Rue Landau addresses the crowd at the General Membership Meeting

MEMBER SPOTLIGHT

Eileen Gray

By Lauren Andreoli

In this edition of the Hapco Philadelphia Newsletter, we proudly feature Eileen Gray, a seasoned HP member whose journey into real estate began over three decades ago. Eileen's path to becoming a housing provider was initially met with skepticism from her family, rooted in cautionary tales from her grandmother's experience during the Depression era. Undeterred, Eileen made her first invest-

see "Eileen Gray" on page 6



From Mayor Cherelle Parker



Left to Right: Mayor Cherelle Parker, Councilmember Jamie Gauthier and Council President Kenyatta Johnson

Over a year ago, the people of this city voted for the bold vision that I promised – to make Philadelphia the Safest, Cleanest, and Greenest Big City in America with Access to Economic Opportunity for All. While we’re just getting started, this budget is a huge step to making good on that promise to the people!

I’ve often said that I can’t do this alone. Without the partnership of and collaboration with City Council, all under the steady and serious leadership of Council President Johnson, this wouldn’t be possible. I’m proud that early this morning, working with Council President Johnson and Council members, we made great strides toward our

big and bold vision for the City.

As many of you know, I’m someone who sweats the details and holds myself and my team to the highest standards – there’s no “easy A” with me, that’s for sure. So, I went back to my budget address to see what kind of grade we should get and if we delivered on what I promised.

First, I promised no new taxes. Not only did we deliver on that, we also worked with Council to implement additional relief measures to protect homeowners from rising property tax bills and we are investing resources to make sure we get the word out to residents – all the relief programs in the

Two-thirds of opioid trust fund unspent

By Anthony Hennen | The Center Square

The Pennsylvania Opioid Trust made progress in greenlighting county projects, but the majority of funds sent out since 2021 have yet to be spent.

“Having sent our money out in 2021, we still have only spent \$70 million of the more than

\$200 million,” said Tom VanKirk, chair of the Pennsylvania Opioid Misuse and Addiction Abatement Trust during a Thursday meeting. “There is still a need to get the money spent as quickly as possible on proper uses.”

Counties, which will receive 70% of the opioid trusts available from a number of national settlements, will be granted extensions beyond the spending deadline due to slow rollouts and growing pains in administering local programs.

In May, the Trust **approved a majority** of

world don’t make a difference if people don’t know about and enroll in them.

I promised that we would be laser-focused and unapologetic about improving public safety. We are full-steam ahead on implementing the Public Safety Plan released by Commissioner Bethel on Day 100. Residents are already seeing the impact of that plan, with more officers walking the beat, steady progress in our efforts to combat gun violence, and targeted responses to persistent quality-of-life issues.

With City Council’s partnership, we’re also investing additional resources to support our community-based organizations doing great work every day to prevent violence – a key prong of my Prevention, Intervention, and Enforcement, or PIE, approach to public safety.

I told Philadelphians that this budget wasn’t just about new money, but also new approaches to how the City delivers services. We’re hard at work delivering on that promise, starting with our “One Philly, A United City Citywide Cleaning and Greening Program”. This program will help address quality-of-life issues and end the phrase “Filthadelphia” once and for all. We’re coming to a block near you this summer and we’re just getting started!

continued on page 6

the 400 projects proposed by counties, but a significant chunk needed more information or improvements before the trust would approve them.

To qualify for opioid money, projects need to adhere to the approved uses laid out in **Exhibit E**; money can’t be spent in ways that are solely for policing or community needs, for example, but must have some sort of opioid-amelioration connection. For many projects that couldn’t demonstrate a con-

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FREE MONEY!!! Enter the HP Renovations Contest

Attention, Hapco Philadelphia members!

We are excited to announce our upcoming Renovations Contest, where your creativity and expertise in tenant turnover projects could earn you substantial recognition and rewards. Imagine transforming a rental property into a stunning showcase of innovation and style, all while vying for a chance to win a Home Depot gift card valued at \$600.00!

This is your opportunity to shine: Projects should be finished between June 15 and August 15, 2024. We encourage you to present your finest tenant turnover projects in Philadelphia. Whether you’ve revitalized a space with new paint, upgraded bathrooms or kitchens, or made other cosmetic improvements, we’re eager to learn about your work. Each submission should outline the extent of your renovations, the obstacles you tackled, and the inspiration behind your creative approach.

Our goal is to spotlight the most impressive before-and-after transformations of rental properties with an active rental license in Philadelphia. Lauren Andreoli, our communications coordinator, will

Please email Lauren@hacophiladelphia.com for more information!

craft compelling content to showcase your project’s journey and highlight its impact.

Why participate? In addition to gaining recognition for your hard work and expertise, two exceptional projects will each be awarded a \$600.00 Home Depot gift card. These prizes are not just a token of appreciation but also a practical boost for your future renovation endeavors.

Entries will be evaluated based on criteria such as creativity, innovation, quality of workmanship, and the overall enhancement and value added to the property. This contest is your opportunity to inspire your peers, demonstrate your skills, and celebrate your contributions to enhancing Philadelphia’s rental landscape.

Are you ready to make your mark? Submit your entry and let your renovations speak for themselves. Show us how you’ve turned challenges into triumphs and ordinary spaces into extraordinary homes. Together, let’s showcase the best of what Hapco Philadelphia members can achieve!

Stay tuned for updates and detailed submission guidelines. We can’t wait to see your inspiring transformations!

The Hapco Philadelphia Newsletter

Published as a member service by Hapco Philadelphia

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City Controller Announces Audit of Special Exemption Contracts

Audit will review departments that gave contracts without public bid and allowed for unaccounted expenditures

City Controller Christy Brady announced her office will conduct an audit of special exemption contracts for city departments that gave contracts to vendors without going through the public bidding process and allowed expenditures to carry over beyond the contracted year.



Christy Brady and family. Photo: Christy Brady website.

The audit is being conducted after concerns were raised by City Council President Kenyatta Johnson during a recent budget hearing and after the release of a preliminary report by the Inspector General's Office involving the Office of Homeless Services.

"We are conducting a deeper dive into how the city issues contracts after concerns recently raised by city leaders along with prior audit findings involving procurement practices," said Brady. "We want to ensure that taxpayer-funded contracts are being awarded properly and fairly. Most importantly, we want to make sure essential services are being delivered to all residents and businesses."

Certain city departments are exempt from the public bidding process if they need to procure goods or services for immediate needs, as stipulated in the city charter. It includes the Department of Public Health, Department of Human Services, Office of Homeless

Services and the Department of Behavioral Health and Intellectual Disabilities. However, this practice can potentially create issues and concerns, because it circumvents the scrutiny and oversight of the standard RFP process, resulting in unaccounted for expenditures and budget shortfalls.

In addition, it was already discovered that some city departments without the exemption were using these departments to issue contracts and avoid the public bidding process. This practice can create situations where an exempt department has no oversight of the contract or work being performed but assumes the full responsibility of maintaining the contract.

"While the city charter recognizes the exemption for specific departments, it presents the possibility that the city could be paying too much for products and services, directing

contracts to specific individuals or organizations that may not be qualified to perform the work, and putting minority businesses at a competitive disadvantage," said Brady. "Furthermore, it creates an environment absent from accountability and liability."

The Controller's Office will review several key areas of contracting, including but not limited to:

- Determining whether departments encumbered amounts substantially lower than the contract amount compared to what was actually spent,
- Performing services that occurred under one contract but paying for them using another contract with the same vendor,
- Exempt departments that have been contracting for similar services with the same vendor in the same period, and
- Reviewing the number of instances that departments without the exemption have been using exempt departments to avoid the city's contracting process.

The City Controller anticipates the audit work will take several months depending on the volume of records that need to be reviewed and the potential findings.

Visit <https://controller.phila.gov/> to view audits, investigations and policy reviews issued by the City Controller's Office.

VENDOR SPOTLIGHT

WSFS Bank Highlights from Hapco Philadelphia's General Membership Meeting

By Lauren Andreoli
Hapco Philadelphia Staff Writer

We are pleased to spotlight WSFS Bank, one of the esteemed vendors at our recent General Membership Meeting on June 4th, 2024. WSFS Bank, renowned for its commitment to small businesses and real estate investors, brought invaluable insights and solutions tailored specifically for housing providers and property managers.

WSFS Bank stands as a beacon for small businesses, offering a comprehensive suite of financial services. From traditional banking products like depository accounts to a wide array of lending options including commercial mortgages and other specialized loans, WSFS Bank prides itself on being the bank of choice for the investment community.

Founded with a dedication to small businesses, WSFS Bank has evolved to cater specifically to the needs of housing providers and property managers. Their enduring commitment stems from a deep understanding of the challenges and opportunities within the real estate sector.

WSFS Bank's participation at the Hapco event was driven by a desire to connect directly with the small business and investor communities. Their presence underscored a major initiative for the bank—to actively support and empower property owners through tailored financial solutions.

The WSFS team described their experience at the Hapco event as phenomenal. They were delighted by the beautiful venue and turnout, engaging in numerous productive conversations with attendees. Their four representatives were kept busy throughout

the event, discussing a range of financial needs and solutions with housing providers.

Interactions at the event highlighted WSFS Bank's versatility in meeting the diverse needs of housing providers. From refinancing to new property acquisitions and construction financing, WSFS Bank showcased its capability to provide customized solutions for every stage of property ownership.

Through discussions with housing providers, WSFS Bank identified lending as a key challenge in the current landscape. They emphasized their commitment to providing flexible and accessible lending options, unlike some banks that may shy away from certain types of investments.



What sets WSFS Bank apart is their local decision-making process and proactive approach to customer relationships. As a community-focused institution with a personal touch, WSFS Bank strives to build long-term partnerships by understanding their clients' unique needs and contributing

to their success.

Looking ahead, WSFS Bank remains dedicated to serving housing providers with innovative solutions and staying ahead of industry trends. They encourage ongoing engagement and invite housing providers to reach out for personalized financial guidance and support.

For those interested in exploring how WSFS Bank can support their property management endeavors, contact John Zazworsky directly at 215-576-8550. Whether for immediate financial needs or strategic growth plans, WSFS Bank stands ready to assist.

In a time when financial institutions may hesitate, WSFS Bank reaffirms its commitment to being the small business bank of choice. Their steadfast support for housing providers and property managers exemplifies their dedication to fostering growth and prosperity within our community.

Thank you to WSFS Bank for their invaluable contributions at our recent meeting. We look forward to bringing you more opportunities to engage with industry leaders like WSFS Bank.

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From Mayor Cherelle Parker continued from page 2

I promised to provide access to economic opportunity for all. I know City Council shares the view that economic growth is how we address poverty and is the best violence prevention tool around.

We're building ladders to opportunity by:

Expanding the ranks of our PHL Taking Care of Business program;

Standing up a first-in-the-nation City College for Municipal Employment at Community College of Philadelphia – building our own talent pipeline and putting people on a path to self-sufficiency

Investing in workforce development and employer partnerships that include commitments to employment, not just a revolving door of training programs

I promised that we would start advancing toward my goal of 30,000 units of housing through new construction, preservation, and repair. Our budget makes meaningful investments in each of those pathways. We're pairing those investments with new approaches such as important changes at the Zoning Board of Adjustment and Land Bank that are disrupting the status quo, breaking down silos, and making government work better for people.

I promised that we would innovate to provide a world-class education for students of all ages and backgrounds. We will soon announce the first 20 schools in our commitment to provide young people with extended-day, extended-year enrichment and career development opportunities. We're working with the School District, charter schools, and other education stakeholders to

lead a historic, unified push in Harrisburg for additional state funding. The days of settling for crumbs are over – our students deserve a full loaf, and we're going to make sure they get it.

Finally, I said in March that I hoped my Administration and City Council would work together to implement a budget for the people of Philadelphia. Last night and this morning, we're showing the people of Philadelphia that we did what we set out to do which was to agree on a historic One Philly Budget that makes deep investments in our City and its residents.

This is just the beginning. We're just getting started and there is so much more to do. Together, let's make Philly the Safest, Cleanest, Greenest Big City with Economic Opportunity for All.

Eileen Gray continued from page 1

ment in 1989—a meticulously renovated condo in Roxborough—which marked the beginning of her successful career in property management.

Over the years, Eileen's portfolio has grown significantly, now encompassing 23 properties across Philadelphia, predominantly single-family dwellings with a few exceptions. Her approach emphasizes not only maintaining properties but also fostering enduring relationships with her tenants, some of whom have been with her for over two decades. Eileen's dedication to her tenants and her properties is evident in the personalized care and attention she brings to each interaction and maintenance task.

Eileen joined Hapco Philadelphia in the late 1990s, seeking a community of like-minded professionals. She credits Hapco for equipping her with essential knowledge through educational seminars and staying abreast of Philadelphia's evolving [and confusing, often conflicting] rental regulations. Her in-

volvement with the organization has not only enhanced her expertise but also empowered her to advocate effectively for housing providers' interests in the city.

Reflecting on the challenges she faces, Eileen highlights [rapidly] rising property taxes and exorbitant insurance costs as significant hurdles for Philadelphia housing providers. Nevertheless, she remains optimistic, advising newcomers to the field to view real estate as a long-term investment requiring patience and strategic maintenance.

Looking forward, Eileen plans to pass on her real estate legacy to her two sons upon her retirement, ensuring they continue her commitment to ethical property management and active participation in organizations like Hapco Philadelphia. She envisions a future Philadelphia where more affordable housing options are available and where housing providers play a vital role in community improvement through responsible property management.

Eileen Gray's story is a testament to the resilience and foresight required in real estate investing, and her contributions to Hapco Philadelphia underscore the importance of community and advocacy in shaping a vibrant rental market. We celebrate Eileen's accomplishments and thank her for her unwavering dedication to excellence in property management and her invaluable contributions to our organization.

For fellow members wishing to connect with Eileen to learn from her wealth of experience or collaborate on industry insights, she invites you to reach out directly (egray311@gmail.com)—a testament to her commitment to supporting her peers in the housing provider community.

As we continue to navigate the complexities of Philadelphia's rental landscape, Eileen Gray stands as a beacon of professionalism and integrity, inspiring us all to strive for excellence in our roles as housing providers and community stewards.

President's Message continued from page 1

For those who may not be fully acquainted, the Diversion Program was initially introduced as a temporary measure in response to the unprecedented challenges posed by the COVID-19 pandemic. Its primary goal was to provide a streamlined, efficient process for addressing housing provider-tenant disputes outside of the traditional court system. This approach aimed to offer a more collaborative and less adversarial environment, facilitating better communication and quicker resolutions.

From the outset, Hapco Philadelphia has been deeply involved in discussions about this program. Our legal counsel and I have been in negotiations since Councilmember Helen Gym first contacted us for input. This continued with Councilmember Jamie Gauthier earlier this year. Additionally, we have been in discussions with the City of Philadelphia's Eviction Prevention Program and Diversion Program.

Our stance has remained consistent: Diversion should be voluntary for both housing providers and tenants, requiring mutual agreement to participate. When this proposal was rejected, we insisted that diversion should be filed simultaneously with the housing provider's eviction filing, which was also declined.

Next, we advocated for diversion to apply solely to non-payment of rent cases. This, too, was rejected. However, an important change occurred in the second year of implementation. Councilmember Gym did

not file for renewal on time, prompting the courts to step in and continue the program with a significant modification: diversion was required only for non-payment of rent cases. Even the court recognized that diversion should be focused on situations where money is owed.

Despite these efforts, less than half of tenants participate in the diversion process. Additionally, if a tenant owes more than \$3,500, counselors often do not engage, as the maximum amount they can offer is \$3,500. In such cases, tenants receive a letter on how to negotiate with the housing provider instead of counseling.

Hapco Philadelphia has maintained a seat at the table every year this program comes up for a vote. We hold numerous meetings months in advance to discuss and negotiate potential changes. Although we have managed to secure some minor adjustments, our primary goal of making diversion voluntary has not been achieved.

Many members have expressed a desire for greater representation at these hearings. In response, we have been working to increase our membership's involvement. Initiated by our 1st Vice President, Brian Jackson, we have expanded our committees to foster more connections and generate creative ideas. We are calling on our members to step up for testimonies, public hearings, and interviews. Your participation is crucial, and we hope to have such an overwhelming response that some volunteers will need



Paul Cohen, Esq., Hapco Philadelphia Legal Counsel

to wait for another opportunity.

It is important to clarify that any time legislation affecting housing providers is being developed, we are contacted by the relevant council member for input and a seat at the table. We are fortunate to have legal counsel, Paul Cohen, who maintains strong relationships with many city council members. His expertise is highly valued at local, state, and federal levels. However, one lingering issue remains: the 30-day waiting period, which continues to be a source of frustration.

As we look to the future, Hapco Philadelphia remains committed to advocating for fair and equitable policies that serve the best interests of all parties. We must work together to ensure that any permanent implementation of the Diversion Program includes safeguards and measures that protect our rights as housing providers while promoting the well-being of our tenants.

Thank you for your continued support and dedication to our organization. Let's continue to work together to make Hapco Philadelphia a strong and effective voice for housing providers in our city.

HAPCO
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Serving Philadelphia's Investment & Rental Property Community

Help us spread the word, **Hapco Philadelphia** is the oldest Philadelphia area association advocating for landlords. We are looking to expand our membership, and we hope that you will tell your other landlord friends how helpful **Hapco Philadelphia** has been for you and how important it is for them to join. **Hapco Philadelphia** is a first source for information about our industry. Check out our website at www.hapcophiladelphia.com

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The Hapco Philadelphia Newsletter is a medium for transmitting information to and exchanging ideas among rental housing providers who are members.

Advertising relevant to investment in and operation of properties is accepted. The advertisements help defray the cost of producing and distributing the publication. They are also a valuable resource for members, who own and manage more than 30,000 small and mid-size rental buildings in Philadelphia, by helping them identify vendors who offer goods and services relevant to their business interests.

Hapco Philadelphia reserves the right to decline advertising inconsistent with rental property acquisition, sale, maintenance, and management.

Hapco Philadelphia reserves the right to decline advertising, including cancelling of advertising contracts, with refund of any prepayments, based on conclusions reached in investigating complaints by members of unsatisfactory vendor performance or reliability.

Members having complaints about the performance or reliability of advertisers will be requested to describe their grievances in writing, on forms provided by Hapco Philadelphia. The relevant vendor will be advised of the complaint and given an opportunity to respond. The complaint and response will be reviewed by the Hapco Philadelphia Newsletter Editorial Committee and forwarded with a recommendation to the Hapco Philadelphia Board of Directors for a decision. This decision will be considered final; the complaining member and the vendor will be so notified.

An advertisement in the Newsletter does not imply endorsement by Hapco Philadelphia. Members are urged to request and consult references as they consider prudent.

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Membership Meeting continued from page 1

and non-members alike. We deeply appreciate your support and active participation, which is the key to growing our influence on housing-related issues within City Council.

It was a pleasure to reconnect and interact with all of you in person. We hope you enjoyed the enriching discussions and found the sessions informative and valuable. The picturesque setting of the Bala Golf Club provided a beautiful backdrop for our gathering, adding to the positive atmosphere of the evening.

We were honored to have Councilmembers Rue Landau, Katherine Gilmore Richardson, and Jamie Gauthier share their insights and perspectives on housing with us. (See more in the accompanying article in this issue of HP's monthly Newsletter.) Their presence underscored the importance of our collective efforts in advocating for reasonable housing policies and being open and supportive of the concerns and interests of housing providers in Philadelphia.

President Greg Wertman outlined some exciting new initiatives ahead, including additional meetings being organized with our city and state leaders and potentially even a future "meeting of the minds" with local tenant organizations.

In an ongoing effort to grow our membership, we opened this event to non-members and saw a great turnout. In fact, one of our members won a \$75 gift card simply

for bringing the most non-members to the meeting! (Cheap plug: if you know of rental owners who are not yet Hapco Philadelphia members, ask them to join!)

The discussions during the meeting were engaging and productive, with lots of questions directed to the Councilmembers. (We could have easily burned the midnight oil, but alas, we only had the facility until 9pm and had a full agenda!)

Thanks as well to those attendees who completed our online survey after the event, which will guide our future initiatives and activities. We asked members what they value most in meetings like these, and to no surprise, more than 80% ranked hearing from both our councilmembers and HP's Attorney Paul Cohen as most beneficial. Nearly three out of four who completed the survey said the attending Councilmembers did well in addressing those topics of most concern to rental owners, although that same 75% did not believe these elected officials provided actionable solutions that will lead to positive change. However, they promised to keep the lines of communication open, and we'll take them up on that. Toes to the fire!

Once again, thank you to everyone who contributed to making this meeting a success. Your commitment and enthusiasm strengthen our organization and reinforces Hapco Philadelphia's mission to serve and support the housing provider community in Philadelphia.



Councilmember Rue Landau addresses the crowd at the General Membership Meeting. Photo: C. Christian

Eviction Diversion continued from page 1

councilmembers than the assembled who live it every day. They offered their viewpoints on the state of affordable city housing, acknowledging that there is a significant shortage of affordable rental housing. As well, they answered audience questions about the leadership of Mayor Cherielle Parker and Council President Kenyatta Johnson, only a few months into their new posts.

Gilmore Richardson, who spoke briefly before leaving for a city budget meeting reflected on her positive long working relationship with several current and former members of our board of directors. Being connected is a huge step in casting us in the right light in city housing matters.

The topic of discussion garnering the most attention was the city's, now permanent, Eviction Diversion Program, which requires rental owners attempt to enter into an agreement for payment of back rent prior to being able to go to court for legal action. Virtually all landlord-tenant actions must go through diversion, whether for non-payment of rent or other breaches of the lease.

Eviction Diversion provides financial assistance to reimburse landlords whose delinquent tenant owes up to \$3,500, or less. Infuriatingly, however, is what about a tenant who owes more? After all, \$3,500 is a sum that accumulates very quickly given the slow pace of the program itself, much less the amount of additional rent lost during the eventual court proceeding and actual eviction. From start-to-finish, the amount of time and lost revenue can exceed 6-months

Hapco Philadelphia attorney Paul Cohen remarked that if the tenant doesn't actually qualify for financial assistance or is causing a problem or disturbance in the property, why is diversion still required, which elicited a hearty round of applause in agreement from the audience. Ms. Gauthier responded saying that the most serious tenant violations can still go straight to court and bypass the Eviction Diversion Program, but to allow all cases to do so would create a logjam in

Municipal Court, further delaying cases from being litigated.

Councilmember Landau, formerly an attorney for Community Legal Services and worked in housing enforcement under the Nutter and Kenney Administrations, said she supports the Eviction Diversion Program because it offers tenants a "reality check". It may convince them to pay up or vacate the unit prior to court. However, most owners in the audience quickly dismissed that theory, saying it gives the tenant more time to *not pay rent*.

Says Cohen, "Most people in this room will tell you that when a tenant stops paying the rent, the first knee-jerk reaction is not to take them to court. They try to work with the tenant, and the tenants gives you every excuse about how they're going to pay you. Small landlords don't have the money to afford an eviction, so by the time they're ready, months can go by. But instead of being able to file in court, there is now an additional 30-day delay (because of the Eviction Diversion Program)."

Because of the \$3,500 limit, Cohen urges owners who charge more than \$1,750 in monthly rent to file for diversion in the first month the tenant is delinquent. "If you wait until the second month, and it goes over \$3,500, your tenant will not qualify. You're actually helping the tenant by filing quickly." He also suggested to the councilmembers that the program should reimburse landlords during that 30-day "waiting period".

As for future city funding Ms. Gauthier told the group that the city is currently working to secure \$50 million dollars for targeted financial assistance in the upcoming fiscal year.

One audience member said that many small rental owners are leaving the city real estate rental market because, "Bad tenants are a very small minority [of the problem]. I feel like [the eviction process is] protecting the wrong people, and you harm the big majority (sic) of good tenants. This cannot be in your interest. This is certainly not in the interest of all the landlords. I'm from Europe. In no European city would a tenant who just moved



Hapco Philadelphia President Greg Wertman addresses the audience at the General Membership meeting in June. Photo: C. Christian.

in three months ago with wrong documents, with lies, and didn't want to pay to begin with have the protections that they have here. Please adjust that; otherwise more small landlords will leave.

All three councilmembers promised to keep the conversation going. "I am very aware of what small landlords have said over the past years. I do know what a lot of the barriers are. I know there's a lot of angst and concern and maybe rightful concern. We have an open door and want to hear about fixes to any systems", Landau told the crowd.

Time will tell.

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Rent, House Prices, and Demographics

Laura Feiveson, Deputy Assistant Secretary for Microeconomics
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 Sydney Schreiner Wertz, Economist

For the past two decades, rents and house prices have been rising faster than incomes across most regions of the United States. For some households, increased housing costs means there is less to spend on everything else, including food, health care, clothing, education, and retirement savings. For others, particularly younger Americans, high costs may be preventing them from living on their own or starting families.

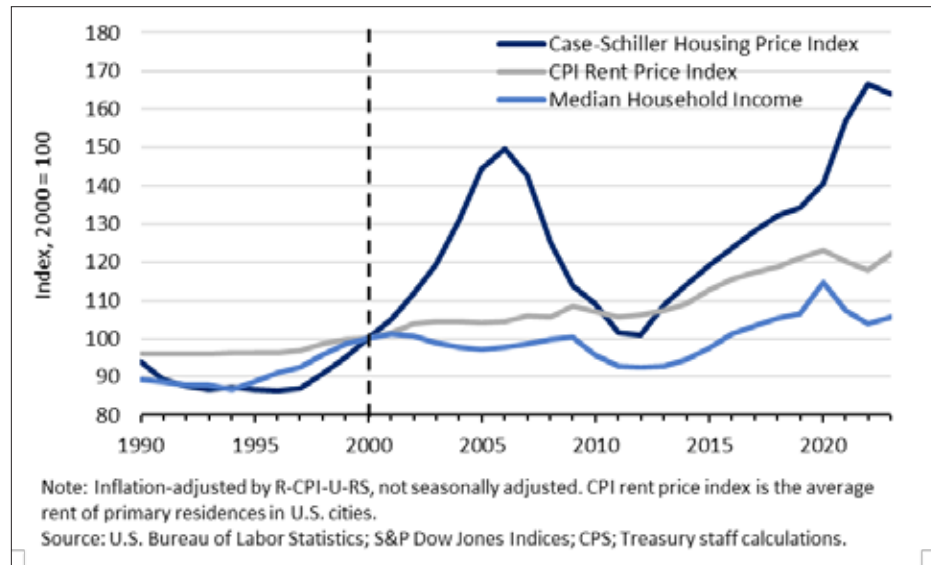
The affordability challenge is particularly severe for households of color and for low-income communities. Black and Hispanic households tend to spend higher shares of their incomes on housing expenses than white households.[1] And almost 90 percent of families with annual incomes below \$20,000 spend more than 30 percent of their incomes on housing expenses—a threshold used by the Department of Housing and Urban Development (HUD) to indicate unaffordability. Sixty percent of families with incomes between \$20,000 and \$50,000 face the same challenge. These Americans are on the brink of being priced out of a basic human need.

Our main takeaways are:

Over the last two decades, housing costs have been rising faster than incomes. More than 90 percent of Americans live in counties where median rents and house prices grew faster than median incomes from 2000 to 2020.

Since 2000, housing demand has grown more than housing supply. This is largely due to changing demographics: although the construction of housing has kept pace with overall population growth, it has fallen well short of the estimated number of housing units demanded by an aging population.

This is a longstanding problem, and sub-



stantial fixes will require federal legislative and state and local action. What are the most affordable neighborhoods in Philadelphia, PA?

The most affordable neighborhoods in Philadelphia are Point Breeze, where the average 1-bedroom apartment rent goes for \$812, Wynnefield, where rent-

ers pay \$895 on average for a 1-bedroom apartment, and Oxford Circle, where the average 1-bedroom apartment rent goes for \$925. If you're looking for other great deals, check out the listings in Germantown (\$950 for a 1-bedroom apartment) or West Oak Lane (\$950 for a 1-bedroom apartment), compared to the \$1,847 average for a Philadelphia 1-bedroom apartment.

How Other Cities Compare to Philadelphia, PA

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City	Studio Avg Rent	Annual Change
Cherry Hill	\$2,212	+9%
Conshohocken	\$2,107	--
Malvern	\$2,009	+14%
Allentown	\$1,835	+53%
Bensalem	\$1,817	-32%
Bala Cynwyd	\$1,728	+2%
King of Prussia	\$1,607	-11%
West Chester	\$1,562	+4%
Hamilton	\$1,525	+7%
Wilmington	\$1,492	-4%

Philadelphia, PA Rent Trends, Courtesy of US Treasury Dept., June 24, 2024

New City Ordinance Regulates Landlord Tenant Officers

By HP Board of Directors Editorial Staff

Philadelphia Mayor Chelle Parker has signed into law new regulations on the licensing of Landlord-Tenant Officers (LTOs). It follows a series of high-profile incidents in recent years involving private sector security contractors' alleged use of excessive force against tenants while serving eviction lockout orders. In one case in March 2023, a Philadelphia deputy Landlord-Tenant Officer arriving to serve a court-ordered eviction shot and wounded a woman following an altercation.

The new law requires officer licensing and 189 hours of certified training in civil law, use of force, defensive tactics, pepper spray, use of batons, managing aggressive behavior, cultural diversity, ethics, safety, and crisis management, first aid, basic firearms, crisis intervention, and handling dangerous animals. LTOs will also be required to show

proof of insurance, pay a \$500 application fee, and must not have been involved in any use-of-force incidents over the past year. The LTO must carry the license while serving a Writ of Possession or Alias Writ of Possession. Quite a lot of mandates. There are more, too.

Licenses will renew annually and require an additional 29 hours of training in areas of firearms, de-escalation, disease of addiction and use of force, along with a \$300 annual renewal fee.

The bill was introduced by Councilmember Kendra Brooks in January 2024, saying then, "It's time for members of council to step in to protect Philadelphians from a system that is reckless, dangerous, and totally unaccountable to the public".

Of course, Hapco Philadelphia agrees that while certain changes to the system are warranted and justified as with any program

that must be adjusted over time, we strongly disagree with many of her harshest assertions of a system that has worked virtually without incident since first created nearly 60-years ago. Not mentioned, either, are incidents of injury to the LTO, including at least one death.

The bill was signed by Mayor Parker on June 18th as part of a bill-signing ceremony aimed at reducing violence across the city. Other new laws include adding automated speed cameras on Broad Street and banning gun "switches", which are devices that enable more rapid-firing of a gun.

"We will not accept gun violence, hazardous roads, or irresponsible eviction practices in our city," Mayor Parker said at the time.

The new LTO ordinance will take effect in December.

Opioid fund *continued from page 2*

nection, the Trust categorized them as "still under consideration" and rejected a minority of them outright.

"In looking at this, we did not think it was fair to just say no, it is not compliant — or, on the other hand, without enough information, merely just say yes to it," VanKirk said. "So, we are going to send those back for further consideration."

Philadelphia's projects had stood out for lacking detail in its request for \$11 million and got more vetting this time around.

"This was really the first time they had broken out the large block grants into mini-grants," VanKirk said. "We do believe most of them will be approved, but we gotta treat Philadelphia like everybody else."

A number of the city's projects, like outreach and prevention activities to connect people to addiction services, provide wound care,

and get them off the street, received approval. The city proposed several community events as well, such as funds for youth sports leagues and educational programs, which did not receive approval. Board members wanted to see clearer connections to opioid-related activities, even if they supported the idea behind the programs.

"Besides being a diversion into sports, will there be any educational component, any signs, any more of a connection to drug mis-

use?" said Robert Postal, a Mifflin County Commissioner. "Not simply well, we're diverting people into better behavior. We have to respect the intent of Exhibit E."

Elsewhere, some rural counties remain in the planning phases as others get approval and spend the funds. Forest County, one of the lowest-populated counties in the state, is still in the process of creating an opioid commission to send out funds.

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Over the Transom

Edited by Claudia Christian

Some recent traffic on Hapco's Online Forum:

Names have been withheld to protect the innocent. Responses reflect the views of the Forum respondents and not necessarily those of Hapco Philadelphia.

HAPCO ANNUAL MEETING

Post: Wow congratulations to the leaders of HAPCO for running a great meeting at the Bala country club. The speakers were great, although I disagree with anything they stand for from the council woman who handed out her constituent services person number admitting that the system set up by city hall is unworkable, to finding out that the diversion eviction program means I have to file for eviction within the first month of non-payment of rent, good job council on wrecking the credit ratings of decent people so no one gets evicted! (the sad part was the council members not even knowing this). My favorite was the council woman who's going to set up a one stop place for landlord, guess what we already do it's the finance department and if you don't add any resources and change the system it sucks even worse than the old way.

I wish I could have asked what are they doing with all the info they collect? How many lead positive tests from imposing a 5-10% pay cut to my income every four years to is there a list of hard core abusers of evictions and could we see them, why doesn't the city go after the 1/3 to half of landlords who aren't registered by the city and why don't they go after them since a computer program looking at water bills and gas would turn them up (both city entities) course why register with the city since they don't evict and they drop a lot of onerous laws and then subsidize

your richer out of town developers with ten year tax abatements, (I'm not against this if it makes our property more valuable). But does it? Who knows only the city has the data and it doesn't use it.

Once again, I'd like to thank all the people at HAPCO who put the hard work in to make the event a success!

Response: The team appreciates this! Hopefully, you and others know now the other night is just a glimpse of what Hapco is going to attempt to do moving forward. The "Bridge the Gap" event (which should be happening in late September or early October) will be an eye opener, I feel.

And the focus on committees doing more for rental owners is key to the organization being even more successful!

CITY COUNCILMEMBER JAIME GAUTHIER, DISTRICT 3

Post: "Philadelphia City Council seeks to adjust how money is paid to and spent from the Housing Trust Fund"

PHILADELPHIA (KYW Newsradio) — Two bills that passed Philadelphia City Council, this session, would change the way the Housing Trust Fund gets and spends money, but the legislation faces hurdles before the changes become final.

Council created the Fund in 2005 to generate money locally for affordable housing, which was drying up in the midst of a building boom. Initially, the Fund relied on document-recording fees, but in 2018, Council sought to encourage developers to include affordable units in their projects by giving them "density bonuses."

They could build larger units or more units than by-right zoning would allow if some of the new units were price-restricted for low- and moderate-income residents. There were few takers. So, in 2021 the city allowed developers to receive the same density bonuses for "payments in lieu of housing" to the Fund.

The payments, though, don't literally go to the Housing Trust Fund. They become part of the General Fund, which in turn funds the Housing Trust Fund. A referendum passed in 2021 required the 1.5% of the city budget go into the Fund, which theoretically includes the density bonus payments.

This bothers Councilmember Jamie Gauthier, whose district includes University City, where market-rate development is rapidly gentrifying surrounding neighborhoods. She sponsored a bill that will ask voters to approve a requirement that density bonus payments go directly into the Fund.

She also sponsored a second bill that would require that density bonus money get spent in the Council district where they were generated — so the payments from an extra-dense development in West Philadelphia, for example, could not be spent on affordable housing in North Philadelphia.

"Communities that are experiencing a lot of high-density, market-rate development, and experiencing gentrification through that development, now can rest assured that the density bonus money that we promised to them is actually going to the Housing Trust Fund and is actually going back to their communities," she said.

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Over the Transom continued from page 12

The Cherelle Parker administration, however, opposed both bills. Officials argued that the new requirements would add more fixed costs to a budget that is already more than half fixed costs, thus taking away flexibility for elected officials to spend public money where it's needed most.

Voters will get the referendum next May and have the final say on where density bonus payments go.

The bill to restrict where the money can be spent is now in Parker's hands. She has until Sept. 5 to decide whether to sign it.

SIDEWALK REPAIR

Post: Hit with a mandatory sidewalk repair by my insurance company. Does anyone recommend someone who can do this (as inexpensively as possible?)

Secondly, I'm aware of repair grants from the city for owner occupied properties. Does the city offer ANY financial assistance for rental property owners to make these repairs? (Not hopeful but thought I'd ask)

Response: Try Shelton 215-758-7512

Response: Richard Miles 267-238-8830

RETURNING ESCROW/ SECURITY VIA VENMO

Post: Is it OK: acceptable to refund escrow via Venmo?

You can't write on Venmo what it's for or fees will be deducted.

Response: I did not see the law prescribe how the deposit must be returned but why would you even open yourself to any possibility of there being an issue? Mail (or have the bank) them a check and be done with it.

Response: I'm not aware of anything that prescribes the mechanism for returning a deposit. Having said that, it's

not something I would do because I like transactional history to be as clearly documented as possible.

But, if I *were* going to refund a deposit in that way, I would start with written communication where the person says they're good with that methodology *and sends you their "handle" in writing*. I would save that writing and would also take a screen shot(s) of Venmo when you send showing that it's gone to exactly the handle they specified.

If you remember to, will you post about your experience when you do this. I'd be interested to see if there were any hiccups.

JUST CAUSE COURT TEST?

Post: Has any landlord been challenged under Just Cause in Philadelphia court by a tenant in response to receiving a termination of lease notice, where the lease converted to a month-to-month after a longer initial lease?

Response: Are you currently in a situation where you have to defend a monthly lease termination based on a good cause reason? (Un)Fortunately, we have not had

to go to court to uphold our monthly lease terminations, but I may be able to provide insight from having discussed this with our lawyer on multiple occasions. We routinely let problematic leases go month to month and then give notice of non-renewal if/when an issue comes up again. This has worked for us many times, regardless of whether there have been payment issues, damages, or nuisance behavior. It has saved us from the headache of numerous evictions, thousands in legal fees, and you can still proceed with a monetary judgement for any unpaid rent balance after they leave. It has also helped certain tenants get their act together with behavior and payment issues when they know that they could be given termination notice within 30 days if problems persist.

I completely disagree with the sentiment that is frequently pushed in this forum that month to month leases are too risky and that you should only use yearly leases/renewals. There are plenty of reasons that qualify as "good cause" and too many people on here seem confused/concerned that they'll be "stuck" with a problematic tenant if they let

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it go month to month and they won't be able to get rid of them. The list of good cause reasons includes but is not limited to:

- Habitual non-payment or habitual late-payment of rent. (This does not apply if the tenant is legally withholding rent.)

- Breach or non-compliance with a "material term" of the lease.

- Nuisance activity by the tenant that interferes with others' use and enjoyment of the property.

- Tenant causes substantial damage to the property.

- Tenant does not allow landlord access to the property, after the landlord has provided written notice.

- Tenant refuses to sign an extension of the lease for generally the same lease terms.

- Owner, or an immediate family member of the owner, is going to move into the unit.

- Tenant refuses to agree to a reasonable rent increase or a change in the lease. (The landlord must provide notice to tenant and opportunity for response.)

- Owner wants to make renovations with an empty unit. (They must provide notice and options to tenant.)

REMOTE CAMERA INSTALLER RECOMMENDATION?

Post: Can anyone recommend a Remote Camera installer/contractor for a property in NE Philly. Need a system with a self-booting router, cameras that have night vision, and zooming capabilities.

Response: I've had very good experiences with Luis Vega at SuperHome Smart Home Solutions: Luis Vega, Owner, Super-Home Smart Home Solutions 215-469-1387

BAT REMOVAL

Post: I have a unit with a bat that nested in the attic. The attic is not accessible besides one small opening. What is the best way to get rid of it or better to just call someone and who?

Response: Put some "Bat Magic" pods (\$9.99 Amazon for 4) Bats don't like it & it's natural & non-toxic peppermint oil & spearmint oil. If you can also get an extension cord

& if enough space, plug in & put an ultrasonic bat repellent device through your small access opening. After it's out - obviously - make sure you seal up the hole they got in.

Bats are wonderful for eating mosquitoes so if you're lucky it will hang around in another local area. If you're an animal lover... set out a bat house.

STUCCO CONTRACTOR

Post: Need a referral for a good stucco contractor for two jobs in West Philly.

Response: Jim 267-549-2796 Great and reasonable.

Response: I called Jim Sweeny. He did some stucco sealing for me. Silly me, I gave him his check as I thought he was finishing the job. Problem is that he never finished the job. He no longer returns my calls though he said he would come back. Overall, this has been very frustrating because it is hard to get someone else to finish a job they did not start. But he talks a good game. I feel like I got suckered.

Response: That sucks. Give Lou Cozza a call at 215-287-8480. You can also try Derek Price at 215-767-3167.

EJECTMENT ACTION

Post: Does HAPCO handle Ejectment Actions? I have deep-rooted squatters - I don't even have their names. If there is a better way, I am all ears.

Response: Send and pay your own squatter to live with them and be in their way until they leave. They aren't the only ones allowed to squat!!

Response: I agree. I have someone who can be hired as someone who is willing to live with a squatter as long as he has a lease do so.

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Hapco Philadelphia is the pre-eminent rental real estate industry trade group in the Philadelphia region.

Hapco Philadelphia (HP) was established in 1954 to represent the collective interests and municipal concerns of owners of rental properties in the City of Philadelphia. Now with nearly 2,000 members, its owners/managers control over 20,000 low-and moderate- and market-rate rental units, including single-family and multi-family properties throughout the Philadelphia.

The Hapco Philadelphia board is an all-volunteer 401C-4, Not-For-Profit organization, comprised of entrepreneurs, teachers, police, lawyers, architects, and who helm firms ranging from start-ups to mom-and-pops, and old-line multi-generational firms.

HP advocates for an improved business environment, fair and reasonable laws, rules and regulations that protect the health and safety of tenants and at the same time enable landlords to operate in a free, fair, and open marketplace.



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