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ALERT

Philadelphia's New Inclusionary
Housing Law-
Does it Affect You and/or Your Business?

By way of Bill No. 071005, Philadelphia City Council recently amended the city's housing code for the purpose of increasing the amount of affordable housing available in Philadelphia. Philadelphia's new inclusionary housing law will apply to any residential development project comprised of 20 or more units, regardless of whether the individual units will ultimately be sold or rented by the developer.

Under the inclusionary housing law, 10% of the project units must be set aside for sale or rent to qualifying families with incomes below the area's median income. In the alternative, the developer can elect to make an equivalent payment to a city fund established to subsidize below market-rate housing.

Although the inclusionary housing bill was signed into law by former Mayor John F. Street, the law does not establish a date on which required set asides will become mandatory.

The effective date will be established after City Council and representatives from development and construction industry groups can reach a compromise regarding the cost burden of the inclusionary housing law.

Spokespeople from the development and construction industries have voiced support for the concept of inclusionary housing but have criticized the current bill because it lacks cost incentives for the developer, thereby placing the entire cost burden for this measure on the development and construction industries. Some developers have stated that the law, as written, may have a chilling effect in the residential market - making it more difficult for developers to obtain financing for such projects.

Mayor Michael Nutter's newly-appointed Zoning Code Commission will be charged with the task of evaluating the economic impact of the inclusionary housing law and working with lawmakers and representatives of the development and construction industries to arrive at a set of incentives that can make the new legislation palatable to both the building community and housing reform advocates.

For further information, please contact Shawn Farrell or Jack Graham from Cohen Seglias at 215.564.1700.

