Dear Friends and Colleagues of the Urban Affairs Coalition:

UAC is incredibly excited to release the Mini-PHIL and PHIL-Plus Home Improvement Program Impact Report. This report tracks the program’s 14 year history, which delivered over $8.8M in home improvement loans to 486 Philadelphia households. Additionally, for every one dollar the City of Philadelphia invested in this program, UAC leveraged over ten dollars from private sector lenders to return back to our communities.

The huge success of the program is the result of cooperative efforts between the Urban Affairs Coalition’s Department of Community & Economic Development (CED), the City of Philadelphia’s Division of Housing and Community Development (DHCD), area banks, and the City of Philadelphia’s Housing Counseling Agencies.

The Mini-PHIL and PHIL-Plus Home Improvement Program is the latest collaboration between UAC, the City of Philadelphia and local banks. In 1981, the City of Philadelphia created the PHIL Loan Program to provide home improvement loans targeted to homeowners with a credit score of 680 or above. UAC recognized that many Philadelphians did not have the credit scores needed to access these loans, which left these homeowners often with limited choices beyond predatory lenders.

In 2002, UAC approached the City of Philadelphia with the idea to create more opportunities for working class families by creating the Mini-PHIL and PHIL-Plus Loans under a similar model but accessible for those with credit scores below 680. UAC engaged ten of its banking partners to provide these loans to low-income homeowners with credit scores below 680.

While the Mini-PHIL and PHIL-Plus Home Improvement Program was phased out at the end of September 2017, it is our hope that the new Housing Preservation Loan Program will fill the void. UAC is excited to support the City of Philadelphia’s efforts in this area.

We at UAC remain committed to homeowners, stabilizing neighborhoods and building new pathways to generational wealth.

Sincerely,

Sharmain Matlock-Turner
PRESIDENT & CEO
Urban Affairs Coalition
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EXECUTIVE STATEMENT

FOR EVERY $1 THE CITY OF PHILADELPHIA INVESTED IN THE Mini-PHIL & PHIL-Plus HOME IMPROVEMENT PROGRAM, UAC’S DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT LEVERAGED OVER $10 FROM PRIVATE SECTOR LENDERS TO BRING $8,833,468 TO OUR COMMUNITIES OVER THE PAST 14 YEARS.
The Urban Affairs Coalition (UAC) unites government, business, neighborhoods, and individual initiatives to improve the quality of life in the Greater Philadelphia region, build wealth in urban communities, and solve emerging issues. UAC is a non-profit organization working tirelessly to create solutions to end poverty. UAC has founded and partnered with hundreds of programs, projects, and initiatives that have raised over $1B to invest in our communities over our 48 year history. UAC currently partners with 70 programs, projects, and initiatives, employing 300 social impact professionals.

UAC’s dedication to fight poverty led it to found the Philadelphia Mortgage Plan (and later the Delaware Valley Mortgage Plan) which established the Department of Community & Economic Development (CED). Through an initiative that brought together three prominent banking partners—Philadelphia Savings Fund Society, Philadelphia National Bank, and First Pennsylvania Bank — the first CED Committee was instituted to create a program that would connect low and moderate income Philadelphians to loans that they had not previously been able to access. UAC and our banking partners used the Philadelphia Mortgage Plan to broaden the lending options across the region and become a national model for serving urban communities.

WHO WE ARE | UAC

Mission

“UAC unites government, business, neighborhoods, and individual initiative to improve the quality of life in the greater Philadelphia region, build wealth in urban communities, and solve emerging issues.”

Priorities

1. Strengthen non-profits
2. Build wealth in urban communities
3. Develop youth and young adults
4. Create strategic partnerships
The Urban Affairs Coalition's Department of Community and Economic Development (CED) works to bring capital to underserved communities by building bridges between low and moderate income communities and mainstream financial institutions.

At the heart of CED lies the CED Committee, a quarterly convening of 65 mid to upper level representatives of lending institutions, community development organizations, financial regulatory agencies, housing counseling services, intermediary institutions, and government agencies with a common interest in community development.

The CED Committee, co-chaired by UAC Board Members, provides a forum for discussing current issues and strategies, forging multi-sector partnerships that address important issues, and providing oversight and guidance to the Coalition in its role as coordinator of the implementation of those strategies.

The CED Committee also operates four subcommittees: Financial Wellness, Housing & Foreclosure Prevention, Employer-Assisted Housing, and the Impact Development Roundtable. Through these several local initiatives, CED enables city residents to protect and build their assets, as well as become more economically empowered through better personal financial management.

**OBJECTIVES**

1. Bring capital to underserved communities to ensure the stability, growth and vitality of the region.

2. Enable low and moderate income individuals to become more economically empowered through better personal financial management.

3. Help residents, businesses, and institutions in low and moderate income areas to protect and build their assets.

4. Develop collaborative strategies to address other community and economic development concerns in the Philadelphia metropolitan area.
CED COMMITTEE MEMBER LIST

Co-Chair Rick Sauer, Executive Director, PACDC
Co-Chair Bill Smith, Retired Executive, Citizens Bank

Bank of America
BB&T Bank
Beneficial Savings Bank
Ceiba
Citizens Bank
City of Philadelphia Department of Commerce
City of Philadelphia Office of Community Empowerment & Opportunity (CEO)
City of Philadelphia Rebuild Initiative
CLARIFI
Customers Bank

DNB First
Federal Deposit Insurance Corporation
Federal Reserve Bank of Philadelphia
Firsttrust Bank
Greater Philadelphia Association of Realtors
Habitat for Humanity Philadelphia
Hispanic Association of Contractors and Enterprises (HACE)
JP Morgan Chase
Liberty Bell Agency

Local Initiatives Support Corporation (LISC)
M&T Bank
National Housing Resource Center
NeighborWorks America
Office of the Comptroller of the Currency (OCC)
Pennsylvania Housing Finance Agency (PHFA)
Perfecting Ministries
Philadelphia Area Cooperative Alliance
Philadelphia Association of Community Development Corporations (PACDC)
Philadelphia Chinatown Development Corporation

Philadelphia Higher Education Network for Neighborhood Development (PHENND)
Philadelphia Redevelopment Authority
Philadelphia VIP
PNC Bank
Rebuilding Together Philadelphia
Regional Bankruptcy Center of SE PA, Scholl Ashodian LLC
Republic Bank
Santander Bank
TD Bank
Temple University, Community Relations Department

The Bryn Mawr Trust Company
The Echo Collective
The Partnership CDC
The Welcoming Center of New Pennsylvanians
United Bank of Philadelphia
United Way of Greater Philadelphia and Southern New Jersey
University of Pennsylvania, Penn Homeownership Services
Univest Bank and Trust Co.
US Department of Housing & Urban Development (HUD)
Wells Fargo
In the early 2000s, the Mini-PHIL and PHIL-Plus Home Improvement Program was created to fill a gap in the lending industry, during a time when many low and moderate income communities did not have access to traditional loans, and were being targeted for predatory lending products. The City’s prior leadership saw a need to revitalize and rebuild Philadelphia, while preventing working families from becoming displaced. By using credible home improvement loan products as a tool for community development, families with less-than-perfect credit were provided new opportunities to access capital to stabilize and improve the quality of their homes and communities.

The Philadelphia Redevelopment Authority (RDA) was managing the Philadelphia Home Improvement Loan (PHIL) Program for individuals with credit scores as low as 680. However, UAC saw a gap for working families who had incomes too high for the City’s Basic System Repair Program, but had credit scores too low for the PHIL Program.

UAC, along with members of City Council, approached the City of Philadelphia to determine how to best serve those families, leveraging UAC’s unique relationships with local lending institutions. The program was able to implement additional loan options, reaching those with a credit score as low as 580 by encouraging the City of Philadelphia to create a Loan Loss Reserve Fund.

On July 1, 2003, the Mini-PHIL and PHIL-Plus Loans were piloted as a supplement to the PHIL Program, through the City of Philadelphia’s Division of Housing and Community Development. The first year demonstrated immense interest, with an eventual peak in 2007 with a total of 75 loans closed. The Mini-PHIL and PHIL-Plus Loans not only allowed homeowners to make needed improvements to their homes, but to tackle health, safety, energy efficiency, accessibility, and code standards. The loans also provided the opportunity to consolidate high interest debt, and establish strong assets to create generational wealth.

As the Recession hit in 2008, the programs’ lending institutions were faced with changes to their credit requirements and were required to tighten their underwriting for many of their community development products. This change, along with the merging of the PHIL Program with the Mini-PHIL and PHIL-Plus Loans, expanded the credit score requirements to better target families with credit scores up to 660. The Recession affected the strength of the program, leading to a low of 9 closed loans in 2014. Due to changes in community banking and decreased loan activity, the City of Philadelphia chose to phase out the Mini-PHIL and PHIL-Plus Home Improvement Program in the Fall of 2017, with plans to launch the new Housing Preservation Loan Program.
UAC established a program that provided homeowners with access to not only capital, but financial counseling for credit repair and loan preparation. 100% of the homeowners that applied for the Mini-PHIL and PHIL-Plus Program completed financial counseling from one of the 28 local housing counseling agencies across Philadelphia.

Loan applications were then submitted to UAC, who worked with the applicant and the lending institution to create a complete loan application.

**UAC’S ROLE & RESPONSIBILITIES**

1. Acted as point of entry for interested homeowners
2. Ensured all homeowners completed financial counseling prior to applying for a loan
3. Managed and reviewed loan applications from housing counselors
4. Prepared loan application packet for lending institutions
5. Coordinated between housing counselors, applicant, and lending institution
6. Marketed the program to potential borrowers through workshops and advertisements
7. Provided support to borrowers during repayment and provided technical assistance in case of delinquency
8. Submitted monthly and annual data to DHCD, housing counseling agencies, lending institutions, and UAC leadership

*Image courtesy of thisoldcity.com and writer Kathryn Bobri*
Partnerships with local lending institutions were a key component of the Mini-PHIL and PHIL-Plus Home Improvement Program. The PHIL Loan partnership began in the early 2000s when subprime lenders were targeting low-income and working families. UAC believed that there was a legitimate role for credible lending institutions to play in creating alternative opportunities for homeowners, who had been taking on more debt than they could afford, due to predatory lending practices with vague loan terms and exorbitant rates and fees.

Mainstream lending institutions in Philadelphia were urged to take action. They agreed to widen their underwriting parameters in return for several new loss mitigation features. Lenders lowered minimum credit score requirements from 620 to 580, even to 550 in special cases. They also raised the debt-to-income ratio from 38% to 45%. In return, potential borrowers had to agree to receive financial counseling from a housing counseling agency. Additionally, the City agreed to create a $400,000 Loan Loss Reserve Fund to be administered by the Philadelphia Redevelopment Authority under direction of UAC.

The first partner lending institutions were major lenders within the CED Committee—Bank of America, Beneficial Savings Bank, Citizens Bank of Pennsylvania, Commerce Bank, National Penn Bank, PNC Bank, Sovereign Bank, and United Bank of Philadelphia.

As the success of the program grew, other lenders that were members of the CED Committee joined the program, including TD Bank, as well as CDFIs such as Philadelphia Neighborhood Housing Services. During the last three years of the program, the Mini-PHIL lenders were Citizens Bank and PNC Bank, and the PHIL-Plus lender was PNC Bank.
CONCENTRATION OF LOANS

UAC continues to work to promote community reinvestment and development programs through its CED Committee. This work started in 1975, as the Philadelphia Mortgage Plan.

UAC established the Mini-PHIL and PHIL-Plus Home Improvement Program to continue the work of increasing capital to working families living in underserved neighborhoods.

AVERAGE LOAN

$18,046
Mini-PHIL

Community Profile: Curlie

Curlie, a 54-year-old African American Mt. Airy resident, applied to the Mini-PHIL Loan Program in early 2016, looking to make repairs to the inside and outside of her rowhome.

Due to her credit history, she was unable to secure a Mini-PHIL Loan, but she continued working with her housing counselor at Mt. Airy USA to improve her credit score.

Curlie applied again in December 2016 for the Mini-PHIL Loan, because it offered her the best interest rate. This time, she was approved for a Mini-PHIL Loan of $14,200 in January 2017.

Curlie was able to use the funds to complete several needed repairs and other improvements, including a bathroom remodel, window replacements, and plumbing repairs.

She also repaired her front porch, where she loves to spend time with her neighbors.

“IF I COULD I WOULD GLADLY USE THE SERVICES AGAIN, AND YES, I WOULD RECOMMEND YOUR SERVICES. THANKS ONCE AGAIN!”

CURLIE, Mini-PHIL LOAN RECIPIENT

Average Mini-PHIL Loan

$12,157

Loan Details

- A. Up to $15,000
- B. 10-Year Repayment
- C. 6% Interest Rate

Qualifications

- A. Maximum 115% AMI
- B. Philadelphia Resident
- C. 580+ Credit Score
- D. Complete Housing Counseling

156 MINI-PHIL LOANS CLOSED
Community Profile: Ruth

Ruth, a 43-year-old Hispanic resident of North Philadelphia, applied to the PHIL-Plus Loan Program in the summer of 2016, looking to make her home more energy efficient. Ruth filed for bankruptcy a few years prior, and it was a roadblock to her receiving a loan to improve her home. Working with a local housing counselor at Asociación Puertorriqueños en Marcha (APM), she was able to receive a PHIL-Plus Loan for $25,000 in October 2016.

Ruth used the funds to improve the energy efficiency and safety of her home by adding new interior and exterior insulation, windows, a storm back door, and upgrading the electrical system throughout her home. The PHIL-Plus Loan allowed her to make the needed home improvements, maintain the home’s value, and uplift her neighborhood.

"There is no other lending institution in the city that I am aware that helps its citizens improve their livelihood by reviewing their individual financial situation to decide if the person can be credit worthy. PHIL-Plus loan is the only program in our area that I know that helps individuals like myself."

Ruth, PHIL-Plus Loan Recipient

AVERAGE PHIL-PLUS LOAN

$20,873

LOAN DETAILS

A  UP TO $25,000
B  20 - YEAR REPAYMENT
C  6% INTEREST RATE

QUALIFICATIONS

A  MAXIMUM 115% AMI
B  PHILADELPHIA RESIDENT
C  580+ CREDIT SCORE
D  COMPLETE HOUSING COUNSELING

320  PHIL-PLUS LOANS CLOSED
The Mini-PHIL and PHIL-Plus Home Improvement Program has worked with over 480 homeowners to build alternative loan options for those that were previously left out of the traditional lending market. Due to UAC’s commitment to promote neighborhood revitalization in low and working class communities, over 75% of the loans were made to Hispanics and African Americans - those who were particularly victimized by redlining and predatory lending practices. Additionally, over 70% of these loans were provided to female-headed households.

City Council members worked closely with UAC to market the program throughout their communities. As the program focused on working families throughout Philadelphia, over 70% of closed loans went to homeowners between ages 30 and 60, with an average household size of 2 individuals and over half of all borrowers received $20,000 or more. This program brought more working families back into mainstream lending institutions, through mutually beneficial options to avoid predatory lenders and share the positive effects of revitalization in neighborhoods.
Funded through the Division of Housing and Community Development (DHCD), housing counseling agencies support homeowners as they face the challenges of homeownership. Through 28 locations, professionally trained housing counselors help families navigate the financial issues related to housing, whether they are potential homeowners, tenants with credit issues, or homeowners in need of advocacy. Housing counselors provide free group and individual counseling sessions for any Philadelphia resident.

These agencies were the first step for interested applicants to the program, as homeowners were required to complete a financial counseling session in order to be eligible to apply. These agencies serve individuals throughout the city, but many have a particularly strong footprint within the neighborhoods where they are located.

Since the program’s start, UAC and Philadelphia Housing Counseling Agencies held bi-annual staff trainings to ensure that counselors were up-to-date with the application process. Representatives from housing counseling agencies are also members of the CED Committee. This allowed them to provide feedback and troubleshoot with lenders.

Many of the agencies also partnered with CED to offer workshops in their communities. Topics covered included energy conservation, scam precautions, and basic DIY repairs. In the past five years, UAC has worked to educate more than 700 homeowners through free workshops at housing counseling agencies and other social service organizations.
Due to the 2008 Recession and the enforcement of stricter loan requirements, the Mini-PHIL and PHIL-Plus Home Improvement Program began experiencing lower loan volume. However, access to capital remains a critical need of low and moderate income homeowners. Gentrification and homeowner displacement continues to be a pressing concern. In a city with the highest urban poverty rate, aging housing stock, and a large consumer base with poor credit and limited savings, the Urban Affairs Coalition will continue its advocacy for affordable home improvement loans.

In addition to home improvement needs, homeowners still need safeguards against predatory lending. When homeowners are struggling with issues related to their credit and are unable to obtain traditional lending products, they are more vulnerable to accepting loans with less than favorable terms.

**BEST PRACTICES**

1. **Emphasize the Importance of Housing Counseling**
   Housing counselors offer one of the greatest platforms to promote prudent and trustworthy borrowing for home improvement, as they work on the ground with homeowners. Ensuring that the counselors have all the materials and training they need should be a priority.

2. **Build & Strengthen Partnerships**
   Partnerships through the CED Committee were critical to the program’s success. These partners included banks, housing counseling agencies, community development associations, and the City of Philadelphia. UAC also worked closely with organizations that reached out directly to working families, including PECO’s Low-Income Home Energy Assistance Program (LIHEAP) and PGW.

3. **Offer Grant Funding**
   Creating grant funding that can be used in conjunction with the loan would be beneficial for homeowners at the lowest income levels.

Department of Community & Economic Development
The Urban Affairs Coalition’s Department of Community & Economic Development advocates for and prioritizes building wealth in neighborhoods and improving the quality of life in the Greater Philadelphia area. The Mini-PHIL and PHIL-Plus Home Improvement Loan Program created a tangible way for low income households to restore their homes and keep wealth within their communities. For many Philadelphia homeowners, a home is their most valuable asset.

For every one dollar the City of Philadelphia invested in this program, UAC’s Department of Community & Economic Development leveraged over ten dollars from private sector lenders to help our communities. Connecting more Philadelphians to capital will benefit not only the individual or family, but Philadelphia as well.
SPECIAL THANKS TO:

CITY OF PHILADELPHIA’S DIVISION OF HOUSING & COMMUNITY DEVELOPMENT (DHCD)

DHCD FUNDED HOUSING COUNSELING AGENCIES

PAST AND CURRENT BANKING PARTNERS

CITY COUNCIL OF PHILADELPHIA

URBAN AFFAIRS COALITION’S DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT (CED) COMMITTEE

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