



Action. Access. Progress.

GEORGE DONNELLY'S PREPARED TESTIMONY BEFORE CITY COUNCIL NOVEMBER 28, 2018

Good morning councilmembers, it is a privilege to testify here today. My name is George Donnelly and I am an attorney at the Public Interest Law Center. In my practice, I represent tenants fighting to assert their legal rights to safe, habitable housing. I'm here today to offer my support to Bill Nos. 180939 and 180940 introduced last month by Councilmember Blondell Reynolds-Brown.

These bills tackle a major accountability problem within the Philadelphia rental market – the lack of transparency surrounding corporate owners of real property. This problem has reared its ugly head as investors, many, if not most, of whom are from out of town, gobble up houses at sheriff's sale in the city's poorest neighborhoods. In fact, there is an entire industry behind passive real estate investment in the city. One property management company that specializes in renting to low-income individuals brags about being the "largest cash buyer of residential property in the city of Philadelphia" and holds itself out as the "model of the passive property venture industry." The company helps investors organize LLCs through which they can purchase properties and remain anonymous.

This practice takes an enormous toll on the health and well-being of tenants, as passive, anonymous investors cannot be contacted by tenants or the City when conditions at their properties deteriorate. How do you call a faceless entity with no contact information outside a mailing address? How do you ask for repairs when there's no one to talk to?

This is exactly the problem many of my clients face when attempting to assert their right to decent, habitable housing. I currently represent two families in lawsuits against the property management company I alluded to earlier, and their LLC clients. In both cases, my clients requested repairs to their homes to fix things such as a sewage explosion, a major water leak that led to a collapsed ceiling in the kitchen, a badly broken front door, lack of running water, and hazardous electrical issues. In both cases, there were young children living at the property. And, in both cases, the property management company failed to make the necessary repairs, even after it was cited with housing code violations. There was no way for my clients to contact the actual owners of the homes – they could only go through the management company.

It's unclear if the owners knew of all these issues – in fact, in public court filings last month, the property management company admitted to not telling the LLC owner-defendant about the lawsuit filed against it!

For those who would say this example is not indicative of the industry practice as a whole, I respond thusly: If you have the confidence to do business in Philadelphia, you should be proud enough of your business practices to put your name and reputation behind those practices.

As a city, we cannot allow out-of-town investors to continue to profit off of poverty while remaining anonymous. We need to know who owns homes in Philadelphia so that we can hold those people accountable when they fail to maintain their properties.

Relatedly, I want to briefly touch on a bill not before this committee, No. 180936 which would strengthen the city's lead paint ordinance. I know many others will testify or have testified to this fact, but it cannot be emphasized enough – thousands of Philadelphia children are being poisoned in their homes every single year. This is unacceptable and immoral.

Bill No 180936 addresses several major problems with the current ordinance. A universal requirement to certify homes in the city will lead to increased awareness and compliance among landlords, meaning that all tenants, even those without legal representation, will benefit from the law. The bill will eliminate the need for messy fact-finding disputes about a landlord's knowledge of children in the property, a phenomenon that rears its ugly head in landlord-tenant court regularly, as all homes, not just those with young children, will be required to be lead safe or lead free. And lastly, it will stick a fork in the erroneous and callous legal argument that a child has to be poisoned before tenants can assert legal rights. As my colleague and mentor George Gould has said, we cannot allow our city's children to be canaries in the coal mine when it comes to lead paint. Once they are poisoned it is too late. Bill No. 180936 correctly recognizes that prevention, not later punishment, must be the foundation of this city's lead policy.

In sum, I urge Council to vote in favor of Councilmember Reynolds-Brown's package of bills. The health, safety, and wellbeing of our city's low-income tenant families and the continued viability of Philadelphia's affordable housing stock are at stake.