

# Current Housing Needs in Philadelphia

## Housing Initiative at Penn

Vincent Reina  
Chi-Hyun Kim  
Rebecca Yae  
Cypress Marrs

In this brief, we examine the topics of housing affordability and conditions and the implications of both for the development of new housing units and the preservation of existing ones.

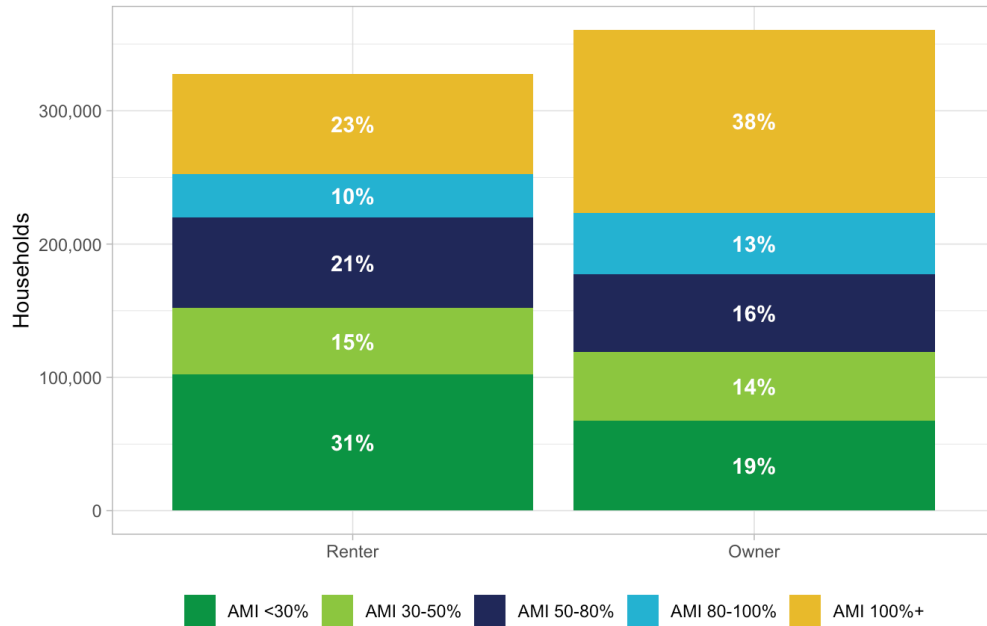
Key points include:

- Residents of Philadelphia are poorer relative to residents in surrounding areas: nearly half of renters and one-third of owners qualify as very low income.
- There is a shortage of over 64,500 housing units affordable and available to low-income households, which largely drives Philadelphia's overall rental housing supply gap.
- Nearly one out of three renters and 16% of homeowners spend more than 50% of their income on housing costs. Among those with the lowest incomes, this trend is even more pronounced, with 70% of renters and 63% of homeowners with incomes below 30% of Area Median Income (AMI) spending more than half of their income on housing.
- While the overall number of individuals experiencing homelessness has decreased since 2016, the share of homeless people who are unsheltered has increased to 18.8%.
- The cost of the typical home mortgage continues to increase in Philadelphia.
- Philadelphia's housing stock is aging and requires ongoing maintenance. While housing repair needs are difficult to quantify, we know that over 14,000 housing units in Philadelphia are missing complete kitchen or plumbing facilities.
- Conventional financing for home repairs can be difficult to obtain, particularly for those with the lowest incomes. Only 15% of repair loans were approved for households with incomes less than \$25,000, while still only half of repair loans were approved for households with incomes over \$100,000.
- In the years ahead, thousands of currently subsidized rental units may need to be invested in or have their affordability preserved.

## Incomes of Owner and Renter Households

The City of Philadelphia is relatively poor: the median family income for a household in Philadelphia is \$72,056, only 63% of the Philadelphia metro area’s median family income.<sup>1</sup> As a result, over half of renter households and nearly half of owner households in Philadelphia qualify as low-income (Figure 1). Further, a large percentage of households have extremely low incomes: one in three renter households and one in five owner households are at or below 30% of AMI.

**Figure 01.** Households by Tenure and Income



Data: ACS PUMS (2023 1-year)

## Housing Cost Burden

Many households in Philadelphia spend over 30% of their income on housing (Table 1). More than half (52%) of renters and more than a quarter (28%) of homeowners are cost-burdened, meaning they pay more than 30% of their gross income on housing costs.<sup>2</sup>

Nearly a third (30%) of renters and 16% of homeowners are severely cost-burdened, paying more than 50% of their income on housing costs. Extremely low-income households are even more disproportionately impacted: 70% of renters and 63% of homeowners with incomes at or below 30% of AMI pay more than half of their income just for housing, leaving these households with few residual funds to pay for other bills.

<sup>1</sup> Housing programs often benchmark household incomes based on the “Area Median Income” (or AMI). These AMIs are defined by the federal government each year based on metropolitan area statistics and adjusted by household size, with the share of AMI as a benchmark for a household’s relative income level. A household with an income that is 30% or below the AMI is considered extremely low-income, those below 50% of AMI are very low income, and those below 80% of AMI are low-income. For a four-person household in the Philadelphia metropolitan area the median income was \$114,400 in 2023, which makes \$33,500 the cutoff for extremely low income, \$55,800 for very low income, and \$89,250 for low income.

<sup>2</sup> Housing costs include rent or mortgage, utilities — and, for homeowners, home insurance and property taxes.

**Table 01.** Housing Cost Burden by Tenure and Income

Income level	Renter Household		Owner Household	
	Percent cost burdened	Percent severely cost burdened	Percent cost burdened	Percent severely cost burdened
AMI <30%	85%	70%	76%	63%
AMI 30-50%	83%	45%	47%	19%
AMI 50-80%	48%	5%	24%	7%
AMI 80-100%	18%	0%	15%	5%
AMI 100%+	6%	1%	3%	0%

Source: ACS PUMS 2023 1-year

## Homelessness

Since 2016, the number of people experiencing homelessness in Philadelphia decreased by nearly 1,000, despite nationwide increases in homelessness during that same time. Still, there are over 5,191 people who were homeless as of 2024 (Table 2). Importantly, both the number and share of households who are unsheltered have increased during that time, with nearly 19% of homeless individuals living without any shelter in 2024.

**Table 02.** Homelessness

Year	Counts of Unsheltered Homelessness	Counts of Sheltered Homelessness	Overall Counts of Homelessness
2012	500	5,280	5,780
2016	705	5,407	6,112
2020	958	4,676	5,634
2024	976	4,215	5,191

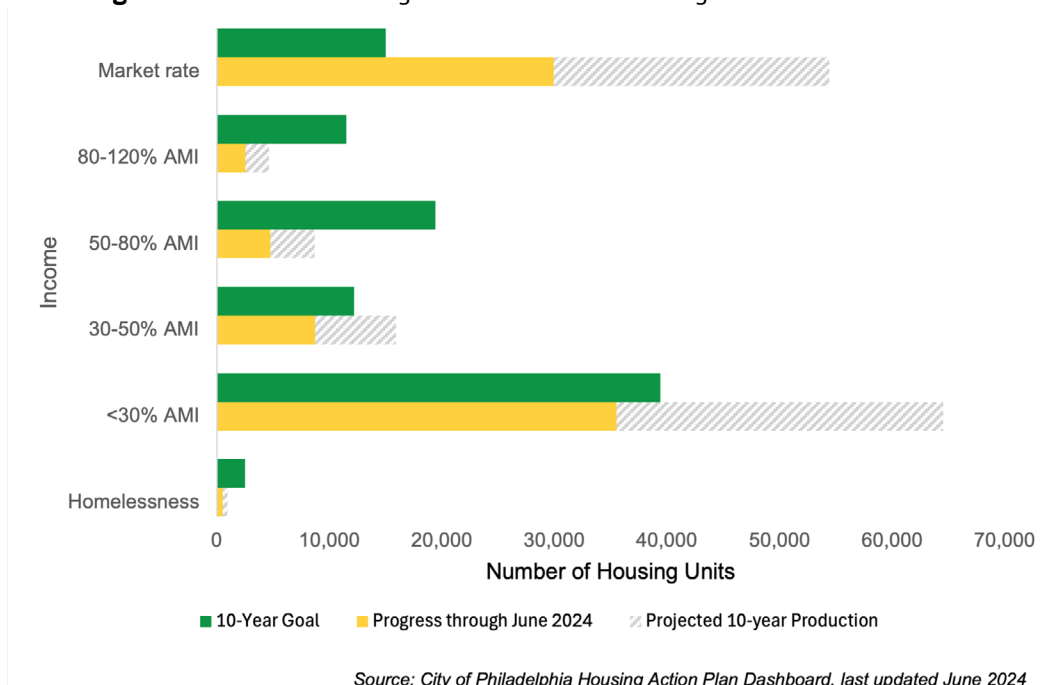
Source: U.S. Department of Housing and Urban Development Point-in-Time Count, 2007-2024

## Housing Production

In 2018, the City of Philadelphia launched a citywide housing plan that targeted the preservation or production of 100,000 units over 10 years and has been tracking housing production since (Figure 2). By June 2024, the city produced or preserved nearly 15,000 units per year, with over 9,000 per year targeting households below 80% of AMI.<sup>3</sup> This means the city achieved over 80% of its total goal 5.5 years into the plan. The income distribution of households served by these units varies slightly from the original targets, with over a third more units targeting households below 30% of AMI being produced or preserved annually than originally planned. In addition, the number of market-rate units far exceeded the initial plan's goals and units between 30-50% of AMI slightly exceeded the goal. Conversely, fewer units in the 50-80% of AMI were built or preserved than the plan called for.

<sup>3</sup> These data are as of June 2024, the last time the Division of Housing and Community Development updated its [Housing Action Plan Dashboard](#).

**Figure 02.** 10-Year Housing Production Goal and Progress



## Rental Housing Supply, Affordability, and Availability

The need for affordable housing is most severe for households with the lowest incomes: currently, only 35% of households at 30% AMI or below have access to homes that do not require them to spend more than 30% of their income on housing. Looking at housing costs and household income across Philadelphia, we find that there is a shortage of almost 65,000 units affordable and available to those with the lowest incomes (Table 3). Some of this gap is due to the fact that nearly 12,000 low-cost units, affordable to those below 30% of AMI, are currently being rented by households with higher incomes. But even if every existing low-cost unit were occupied by a household with income below 30% of AMI, there would still be over 50,000 extremely low-income households living in units that required them to spend over 30% of their income on housing. If we take into account where units are located and what those locations mean for access to jobs and amenities, the demand for housing units is likely higher.

**Table 03.** Availability of Affordable Units by Income

Income Level	Households	Units affordable and available	Shortage of affordable and available units
AMI <30%	98,792	34,243	64,549
AMI 30-50%	48,218	57,310	-
AMI 50-80%	67,067	116,216	-
AMI 80-100%	30,913	45,503	-
AMI 100%+	73,395	83,994	-

Source: ACS PUMS 2023 1-year

The lack of units affordable to extremely low-income residents of Philadelphia impacts residents with low and moderate incomes as well. This is because many units that would be affordable to those with slightly higher incomes are currently being occupied by renters with extremely low incomes because there is not sufficient low-cost housing. Currently, 43% of units that would be affordable for renters at 30%-50% AMI are occupied by households at 30% of AMI or below. This impacts the lowest income renters whose household budgets are squeezed by high housing costs and increases competition for units affordable to those between 30-50% of AMI, sometimes in turn resulting in them being housing cost burdened in a more expensive unit.

Interestingly, if we look at the supply of housing stock, we can see that even if we theoretically increased the income for everyone below 30% of AMI, there are not enough housing units affordable and available to those in the <80% AMI range to absorb those income gains, meaning that in the end that Philadelphia has a fundamental housing stock issue that cannot be addressed by increased income alone. Further, by addressing the housing needs of the lowest-income households, those with slightly higher incomes would also benefit.

## Mortgage Affordability

Historically, homeownership has been attainable to a wide swath of Philadelphians, but in recent years this has become less affordable. According to data from Zillow, a two-person household with an income above 30% of AMI could afford a mortgage in 2018 (assuming approval of the mortgage), but by 2022 the typical mortgage cost was only affordable to those with incomes 50% of AMI and above, and has remained roughly at that level since then (Figure 3).

**Figure 03.** Typical Mortgage Affordability



Data: Zillow ZHVI and mortgage payment data  
 All dollar values adjusted to CPI  
 AMI levels are calculated for 2-person households

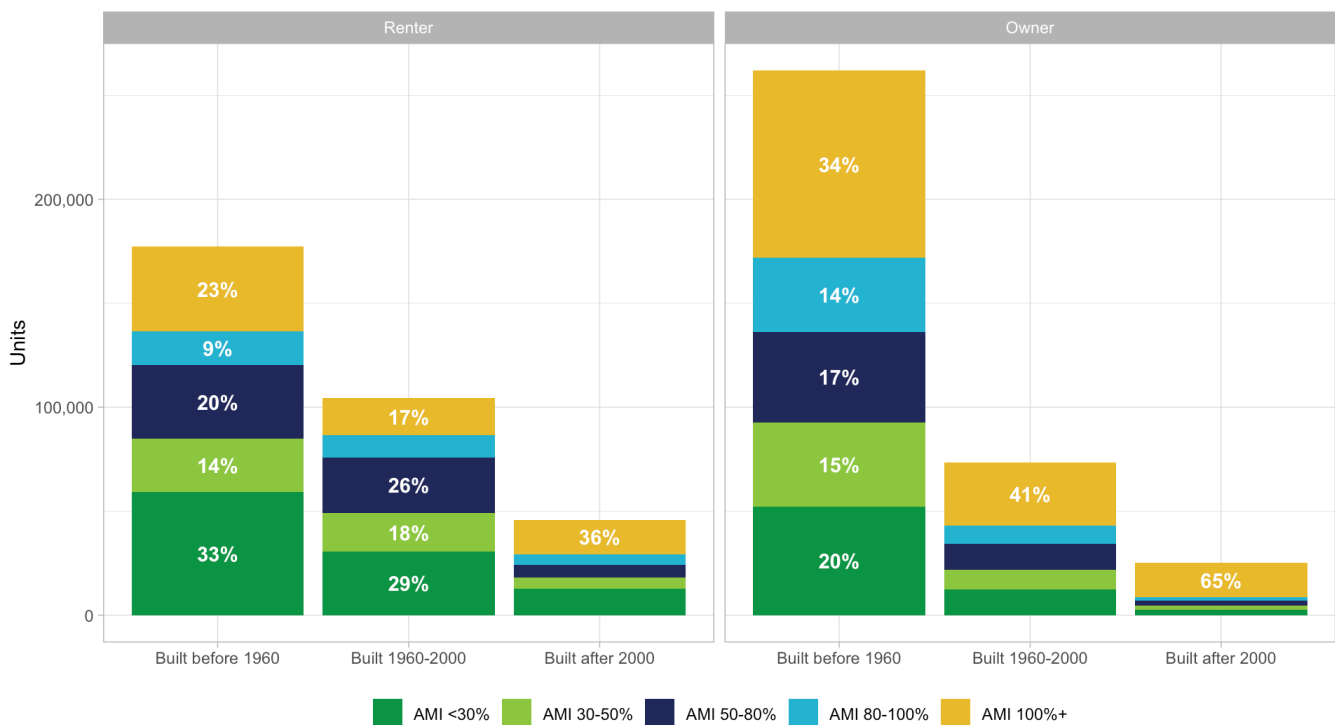
## Housing Conditions

Philadelphia homes are often old, with 64% of housing units being built before 1960. Older housing tends to need repairs in order to remain safe and habitable; left unaddressed, safety and habitability issues often emerge in these older units. Households with lower incomes are more likely to live in older units relative to higher-income households. As Figure 4 below shows, 33% of renters (59,146 households) at 30% AMI or below and 20% of homeowners (52,271 households) at 30% AMI or below live in pre-1960 units.

A study by the Federal Reserve Bank of Philadelphia finds that over 38% of all housing units in Philadelphia have repair needs.<sup>4</sup> Additionally, many units throughout the city lack basic amenities. According to Census data, 14,070 housing units in Philadelphia are missing complete kitchen or plumbing facilities (8,135 rental units and 5,935 owner-occupied units).

Data collected by Philadelphia agencies also offer some insight into building conditions. According to the Office of Property Assessment (OPA), there were 43,092 properties that were deemed below-average, vacant, or sealed as of May 1, 2025. As of the same date, the Department of Licenses and Inspections reported that 3,683 properties had open violations related to unsafe or imminently dangerous structures. Of these, 1,407 were also rated by OPA as below average or worse condition.

**Figure 04.** Building Age by Tenure and Income



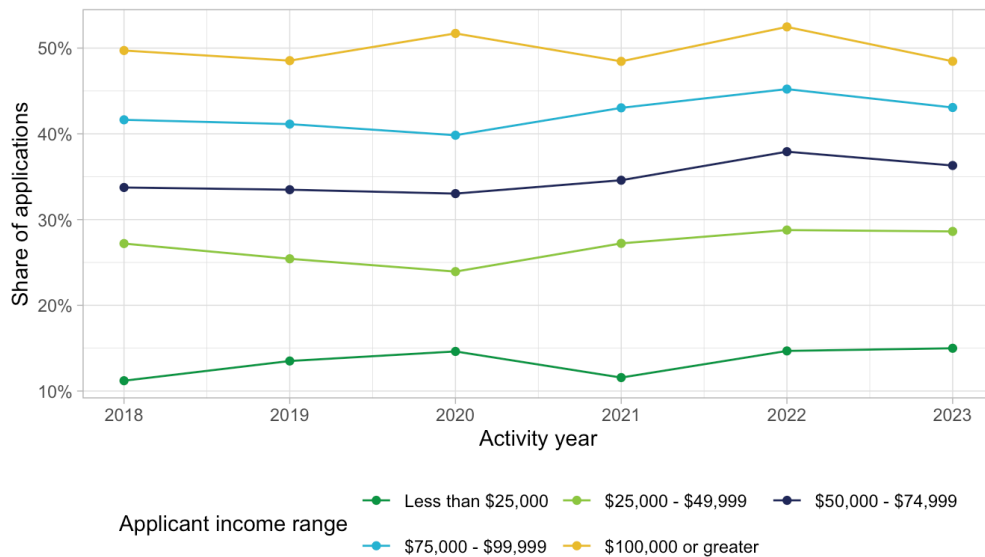
Data: ACS PUMS (2023 1-year)

<sup>4</sup> Divringi, "Research Brief: Updated Estimates of Home Repair Needs and Costs," Federal Reserve Bank of Philadelphia, 2023.

## Home Repair Financing

Conventional financing to make essential home repairs can be difficult to access. Fewer than half of all households that begin applications actually make it past approval and into the origination phase (Figure 5). As expected, origination rates increase with income. It is striking that well under 20% of homeowner applicants with incomes below \$25,000 and less than 30% of homeowner applicants with incomes below \$50,000 were able to access these loans, which means households with the lowest means are often unable to access conventional capital to make necessary repairs to their homes.

**Figure 05.** Home Improvement Loan Origination Rate

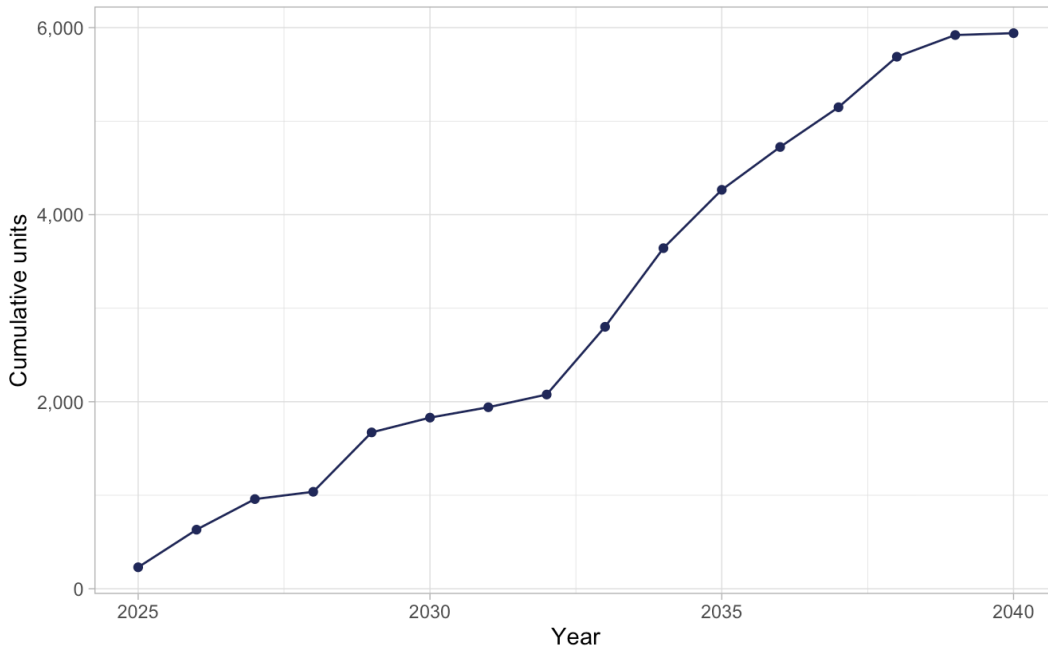


Data: Home Mortgage Disclosure Act data  
Only includes non-business properties for owner-occupancy  
Income ranges in 2023 dollars

## Subsidized Housing Preservation

Thousands of units throughout the city have been developed through federal programs. Properties financed by the Low Income Housing Tax Credit (LIHTC), the largest source of affordable housing funding, are only obligated to offer below-market rents for 40 years (previously 30 years). Some owners may choose to maintain their rents at affordable levels after this period, though many other owners do not. Preserving affordability at these properties may require additional funding even if the building owner is committed to keeping units affordable, as renovation and repair are often necessary decades into a building's life. By 2030, 1,830 currently active LIHTC units will face expiring affordability protections (Figure 6). By 2040, that will increase to 5,941 units.

**Figure 06.** LIHTC Units Facing Affordability Expirations



## Conclusion

There are significant housing needs in Philadelphia, particularly around housing affordability and quality for the lowest-income households. The City of Philadelphia has made important progress in addressing these needs through the implementation of its 2018 housing plan, though much more remains to be done. Fortunately, Philadelphia has developed a host of innovative local housing solutions to assist renters and owners over the years, reflective of both a will and ability to meet these needs.

### WITH QUESTIONS, PLEASE CONTACT:

Vincent Reina, Faculty Director  
Housing Initiative at Penn  
[vreina@upenn.edu](mailto:vreina@upenn.edu)