



Good afternoon. My name is Cindy Daley and I am the Policy Director at the Housing Alliance of Pennsylvania. The Housing Alliance is a statewide nonprofit organization that works to increase the availability of homes within reach of all Pennsylvanians, especially those with low incomes. We also advocate for policies to advance community revitalization efforts.

Today you have heard about many problems facing our cities. We are here to talk about a solution – investing in the housing market. If it was not clear before the Crash of 2008, it is certainly clear now: the housing market and the larger economy are inexorably linked. Just as the implosion of the housing market led to the recession, an investment in housing can help pull us out. In fact, every \$1 invested in the housing market turns into \$1.62 to \$2.28 in economic impact. The low end is new construction of single family homes; the high end is rehabilitation and remodeling. The economic impact is felt in construction related fields and also in retail and services as workers spend their money. Tax revenue also increases.

The gentlemen here with me today will tell you how their work has helped revitalized communities and create jobs, all while ensuring that our neighbors have quality homes within their reach. The title of this panel is “The Promise and Potential of Development,” but I want to emphasize that this work is not theoretical. These are real solutions for real communities, now.

One of the things you will hear about is the complex mixture of funding sources required to make these developments happen. These are public-private partnerships. The private sector is willing to invest, but when it comes to developing homes for low wage workers and people on fixed incomes, the costs of development exceed what the developer can recoup from affordable rents or sales proceeds. The public investment is essential.

The public investment is also cost effective. People who live in substandard housing or are homeless have more health problems than those who are well housed. This increases the demand on Medical Assistance. People with disabilities have gone into nursing homes for lack of an affordable, accessible home. Nursing homes cost \$40,000 a year; rental assistance about \$10,000. Sometime homeless people are arrested, costing the criminal justice system. Ex-offenders who are released without stable housing are 2 ½ times more likely to be rearrested than those who have stable homes. I could go on. This is the cost of *not* investing in affordable homes, a cost we are already paying.

So we are asking you today to fund the state housing trust fund, also known as PHARE¹, on a statewide basis. Last year, PHARE began receiving funds from the Marcellus Shale Impact Fees, but those funds are limited to counties with unconventional wells. The first awards were made in February of this year. 25 applications were funded in 19 counties, totaling \$7.7 million. The results are impressive:

- 317 new rental units
- 166 households will receive rental assistance
- 231 rental households will be repaired
- 36 new single family homes
- \$120 million in other funds leveraged

We urge you to extend the benefits of PHARE to the entire state.

Before I pass the microphone, I want to give you a few statistics to keep in mind while you listen to these success stories.

- There are approximately 300,000 vacant properties in Pennsylvania, with about three-quarters of them outside of Philadelphia and Pittsburgh.
- On any given day, roughly 15,000 Pennsylvanians are homeless. During the 2010-2011 school year, Pennsylvania school districts provided services to 20,000 homeless children and youth.
- Only 1 in 4 people who qualify for housing assistance actually receive it due to a lack of funds.
- 25% of Pennsylvania households have incomes under \$25,000 a year.
- More than half of Pennsylvania's renters pay more than 30% of their income for rent and utilities. (30% is what the federal government considers to be affordable.)
- In 2010, developers like those here today used the federal Low Income Housing Tax Credits and other federal and state programs to produce 2,544 new affordable homes while creating 3,104 construction jobs and 763 permanent jobs.

Now my colleagues will tell you how they did it. Thank you.

¹ The Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund; Act 105 of 2010.