

Good Morning Chairman Yaw and members of the Senate Urban Affairs and Housing Committee. I am Barry Denk, Director of the Center for Rural Pennsylvania. Thank you for the opportunity to provide information regarding housing in Lycoming County. In January 2012 The Center will begin a longitudinal research study to document the economic and community impacts, including housing, of Marcellus Shale development in Lycoming, Bradford, Greene and Washington Counties. While we currently do not have sufficient quantitative data to document a cause and effect relationship between Marcellus Shale growth and housing impacts, I am going to provide you with information about Lycoming County's housing stock, rental costs and household incomes from 2000, 2005 and 2010 data sources that will provide an overall perspective of the housing situation in Lycoming County.

Population and Change

The U.S. Census reports that, in 2010, Lycoming County had a population of 116,111, or a 3 percent decline from 2000. The decline in population was wide spread, with only nine of the counties' 52 municipalities having a population increase. Of the 12 counties with significant Marcellus Shale drilling (50+ wells), six of them, including Lycoming County had population loss during the last decade.

Given that a focus of this hearing is the impact of Marcellus Shale development on housing, it is important to point out that the Census was taken on April 1, 2010 and only counted persons at their "usual residence". Therefore, temporary workers associated with the gas industry may not have been included.

Housing Stock

The decennial census also collected information on housing units*. In 2010, there were 52,500 housing units in Lycoming County, representing just a .01 percent gain from 2000. At the municipal level, 36 of Lycoming County's 52 municipalities had increases in housing units over that 10 year period. Sixteen municipalities, including Williamsport (-4%), had a decline in housing units.

In 2010, the Census Bureau determined that 11 percent of these 52,500 housing units in Lycoming County were vacant. Of these vacant units, 52 percent were seasonal or recreational units, such as hunting and fishing camps. Of the 48 percent that were **not** camps, 37 percent were for rent; 14 percent were for sale; 8 percent were sold or rented, but not occupied; and 41 percent vacant for other reasons.

* A house, an apartment, a mobile home or trailer, a group of rooms, or a single room occupied as separate living quarters, or if vacant, intended for occupancy as separate living quarters. Separate living quarters are those in which the occupants live separately from any other individuals in the building and which have direct access from outside the building or through a common hall. For vacant units, the criteria of separateness and direct access are applied to the intended occupants whenever possible.

Rental Housing

For temporary workers and low-income residents, renting may be their best housing option. According to the Census Bureau, in 2010, there were 15,979 rental units in Lycoming County, or 30 percent of all housing units in the county. This number includes vacant and occupied rental units and represents a 2 percent increase from 2000.

Upon closer examination, we found that 62 percent of all rental units in Lycoming County were clustered in three adjoining municipalities: Williamsport City, South Williamsport Borough, and Loyalsock Township. This suggests that while there is rental housing available in the county, it is not widely distributed. This means that families and individuals looking for rental homes are doing so in a relatively small and confined geographic area. It also means those working in the more rural parts of the county may find it difficult to locate rental housing near their place of employment.

In 2010, 29 percent of the county's population, or 31,865 persons, lived in rental housing. This is a 3 percent increase from 2000. According to 2010 Census data, 36 percent of householders who are renters were under 35 years old; 44 percent are 35 to 64 years old, and 20 percent are 65 years old and older.

Cost of Rental Housing

Among those seeking rental housing, availability is not the same as affordability. To look at affordability issues, the Center used data from the 2005 through 2010 American Community Survey (ACS). Collected by the U.S. Census Bureau, the ACS provides an annual data snapshot for places of 65,000 or more residents. One of the data's limitations is that it is a survey and therefore subject to sampling error. Another limitation is that the data is not annually available for jurisdictions of less than 65,000. Therefore, we are unable to examine the data at the municipal level, within Lycoming County, or even compare it to surrounding counties that have population under the 65,000 population cut-off point.

According to ACS data, the average gross rent[†] changed very little from 2005 to 2010, after adjusting for inflation. In 2005, the average gross rent in Lycoming County was \$631 per month. Six years later in 2010, the average was \$632. Statewide, rents were higher and they increased. In 2005, the average gross rent in Pennsylvania was \$780; in 2010 the average rent was 6 percent higher or \$829 per month.

Although the average rent in Lycoming County changed very little, there were significant changes in the number of rental units at different price ranges. For example, in 2005, 40 percent of the rental units had a monthly gross rent

[†] The amount of the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, kerosene, wood, etc.) if these are paid for by the renter (or paid for the renter by someone else). Gross rent is intended to eliminate differentials which result from varying practices with respect to the inclusion of utilities and fuels as part of the rental payment.

of less than \$500. By 2010, less than 22 percent of the rental units were available at this range. During this same time period, the number of rental units with a gross rent of \$500 to \$749 per month went from 45 percent to 50 percent; and the percent of units with gross rent of \$750 to \$999 per month went from 10 percent to 22 percent. There was, however, very little change in most expense rental units; in 2005, 5 percent of the units had gross rent of \$1,000 or more per month and in 2010, these units accounted for 6 percent of the total.

Rental Housing Affordability

Another measure used to determine whether housing is affordable is to calculate what percentage of household income goes for rent. According to U.S. Department of Housing and Urban Development (HUD), housing is considered affordable if less than 30 percent of household income is used for housing cost.

Among Lycoming County renters in 2005, 59 percent paid less than 30 percent of their income for rent and 41 percent paid more than 30 percent. In 2010, 53 percent, a 6 percent drop, paid less than 30 percent and 47 percent, a 6 percent increase, paid more than 30 percent.

Additional ACS data shows that the upward shift in income going to rent has most affected householders who are working age (35 to 64 years old) and senior citizens (65+ years old). In 2005, 30 percent of working age adult householders paid 30 percent or more of their income for housing. In 2010, this increased to 45 percent paying 30% or more for housing. Among senior citizens, there was a 9 percentage point increase, from 2005 to 2010, in those paying more than 30 percent of their income for rent.

Increases in Rent

While we are able to measure this upward trend in rental costs, the data is silent on the reasons why it occurred. We can, however, look at other related data to identify factors that may be influencing rental cost. One of these factors is the type of rental units.

According to the ACS data, in 2010, 35 percent of the rental units in Lycoming County were one-unit detached and one-unit attached. These types of units are commonly referred to as single family units and townhouses. From 2005 to 2010 the number of these types of units decreased 13 percent. This reduction in supply may have contributed to rent increases as more people are competing for a smaller number of family-style rental units.

Another factor is the age of the rental units. Those looking for newer units may find their choices very limited. Analysis of other Pennsylvania Census data (2005-09 ACS PUMS) indicates that the newer the rental unit, the

higher the rent. For example, statewide, units built after 2005 have a median gross rent that is \$210 higher than those built in the 1990s. In 2010, 10 percent of the rental units in Lycoming County were less than 21 years old (built between 1990 and 2010). Therefore those in Lycoming County looking for newer units may have to pay more than those willing to accept older units. To this end, it is relevant to point out that 73 percent of the County's rental units were built before 1970.

Income and Poverty

In 2010, the ACS data showed that the median household income for renters in Lycoming County was \$22,538. In comparison, the median household income for county homeowners was \$48,520. From 2005 to 2010, the median income for both renters and homeowners declined after adjusting for inflation (11 percent and 20 percent, respectively).

Closer examination of income brackets among renters, however, shows a more mixed picture. In 2010, 45 percent of renters were in the low income bracket (less than \$20,000). In 2005, 37 percent of renters had incomes in this bracket. The next income bracket (\$20,000 to \$49,999) had, in 2010, 31 percent of the renters. In 2005, 51 percent of the county's renters were in this income bracket. In 2010, the upper income bracket (\$50,000 or more) contained 24 percent of renters. In 2005, only 12 percent had incomes at this level. Among **homeowners**, there was little change in the percent of households in each income bracket between 2005 and 2010.

Among renters, the shift in income brackets could suggest that the rental market in Lycoming County split between low income and the upper-income with middle shrinking.

Among Lycoming County householders who are renting, 38 percent lived below the poverty level in 2010. From 2005 to 2010, there was a 10 percentage point increase in the renter poverty rate. Among county homeowners, the poverty rate was 3 percent in both 2005 and 2010.

This overview provided a backdrop, so to speak, on housing stock, availability and affordability, based primarily on 2010 Census data, in Lycoming County. The recent flooding coupled with Marcellus Shale development are two additional factors affecting the housing situation in Lycoming County. The Census data coupled with the testimony from local housing and public officials should provide the Committee with a comprehensive and current status check on the local housing situation. If there is additional data analysis needed by the committee, the Center for Rural Pennsylvania is most willing to assist in those efforts. I am happy to entertain any question you may have. Thank you.