

**Written Testimony
Senate of Pennsylvania
Urban Affairs and Housing Committee
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Chairman Yaw, Chairman Brewster, and members of the Urban Affairs and Housing Committee, I want to thank you for providing the Department of Community and Economic Development (or DCED) the opportunity to describe the department's housing resources that can assist in addressing housing needs as a result of the expansion of Marcellus Shale gas drilling and development.

DCED manages several federal and state programs that can assist in improving the existing housing stock and expanding affordable housing for low and moderate-income people. The two primary programs that DCED manages are the federal HOME Investment Partnerships Program (commonly known as the HOME Program) and the Community Development Block Grant Program (or CDBG). A third program, the Emergency Solutions Grant (ESG), assists and prevents homelessness.

The HOME Program operates like a federal block grant that can support virtually any form of assistance that improves the availability of affordable housing. In federal fiscal year 2012, DCED received nearly \$15.3 million from the U.S. Department of Housing and Urban Development (HUD) for this program. These funds can be used for homeowner repair and rehabilitation, homebuyer assistance and developments, or rental housing development. DCED partners with the Pennsylvania Housing Finance Agency (PHFA) on rental housing development and annually provides 35 percent of the HOME Program allocation to the Agency for rental housing development. These funds are limited to projects creating 10 or more units of rental housing. DCED manages the smaller rental projects directly. In addition to DCED's HOME Program funding, HUD allocated an additional \$27 million directly to larger counties and municipalities through this program in 2012. Some examples of the local governments to which HUD allocates HOME funds include the City of Williamsport and State College Borough. These communities can use the HOME Program funds the same activities as DCED.

The CDBG Program, the second federal program, is a true block grant that is controlled by local governments that receive the funds by formula from either HUD or DCED. DCED's 2012 allocation of CDBG totaled \$37.5 million for smaller communities and larger local governments received an additional \$130 million directly from HUD. While CDBG supports a very broad range of eligible activities, the direct housing uses are limited to housing rehabilitation and homebuyer assistance. CDBG funds also can indirectly support housing development by funding infrastructure such as water, sewer, stormwater, or road work in projects that benefit housing developments in low and moderate-income areas. Over roughly the past decade, local governments in rural and smaller communities receiving CDBG funds from DCED have expended approximately 13 percent on direct housing activities, 29 percent on water/sewer projects, and 18% on streets and streetscape projects.

Of special note because of last year's flooding disaster, Congress provided a special allocation of CDBG funds for disaster recovery efforts. The Commonwealth will receive \$49.3 million, \$27.1 through DCED.

The current plan is for half of these funds to be used for housing related activities, primarily housing repair and new housing development.

A third federal program administered by DCED assists people with the most severe housing needs: homeless families and individuals and those people at risk of homelessness. The Emergency Solutions Grant program was expanded this year from its traditional support of emergency shelters to now provide housing payments for the homeless or households who are in imminent danger of being evicted. In 2012, DCED received \$5.8 million for this program. While it does not support housing development, local organizations can use these funds to address crisis needs and attempt to stabilize the families in appropriate housing options.

DCED also manages a relatively new state program called Keystone Communities which merged several separate state appropriations. The combination of these appropriations into one funding stream helps the Department to blend these funds into a wide variety of community development activities, including housing. The appropriation for state fiscal year 2012-13 totals \$10.8 million. The range of housing-related activities includes assistance in developing housing in downtown Main Street corridors, repairing and improving housing in our designated Elm Street neighborhoods, as well as constructing affordable housing in other core communities of Pennsylvania.

Over the past two years, DCED recognized that housing markets have been changing in the Marcellus Shale region. Consequently, DCED supported two housing studies to clarify these housing needs and identify appropriate actions to address those concerns. DCED recommended Appalachian Regional Commission (ARC) funding for one of the studies conducted by the Institute for Public Policy and Economic Development, which is a partnership involving nine colleges and universities in northeastern Pennsylvania. Additionally, DCED provided input for a housing study conducted by Lycoming College and funded by PHFA. The Institute study recommended several steps that the Commonwealth has undertaken or is currently working to implement including: land banks, funding for the state housing trust fund, and establishing community-based nonprofit organizations to develop housing.

Finally, I would like to give you a couple examples of housing efforts that DCED has supported recently in the Marcellus Shale region. Both of these projects were undertaken in conjunction with PHFA and developed by a partnership owned by Trehab (a Community Action Agency) and Monarch Development Group, LLC. This partnership has started construction on Greenwood Gardens located in Wellsboro, Tioga County. The development will provide 40 units of affordable rental housing for families. The units will have two or three bedrooms; four of which will be accessible for persons with physical disabilities. The design includes a clubhouse, where residents can meet and offices are located. The Meadows at Tiffany Pines in Bridgewater Township, Susquehanna County, is another recently approved development scheduled to begin construction next year. Like Greenwood Gardens, the partnership is slated to build 40 units of family housing, including two and three-bedroom unit, at this Susquehanna County site.

In conclusion, while the resources available to address housing needs in the Marcellus Region are limited, DCED is prepared to respond with its programs and funding in as an effective a manner as possible. At this point, I would be happy to answer your questions.