



Good Afternoon. My name is Elizabeth Hersh. I am the Executive Director of the Housing Alliance of Pennsylvania. The Housing Alliance is a statewide membership and advocacy coalition that provides leadership and a common voice for policies, practices and resources to ensure that all Pennsylvanians, especially those living on low incomes, have access to safe, decent, accessible and affordable homes. The Housing Alliance also works on modernizing our policies and laws to address blighted and vacant properties and to aid communities in their reinvestment efforts.

Before I offer our comments on solutions to the housing crisis which accompanied Marcellus shale drilling, I would like to thank the committee, Minority Chairman Brewster, and especially Chairman Yaw, for bringing this issue to the forefront. Chairman Yaw first shined the spotlight on the impact of drilling on the housing market in January 2010. Sen. Yaw, we also thank you for championing the state Housing Trust Fund, known as PHARE, which was enacted in November 2010, and for ensuring that impact fee funds were directed into PHARE under Act 13. On this and many other issues you have helped strengthen and balance Pennsylvania's housing market.

Natural gas drilling has brought some significant benefits to Pennsylvania. Counties with drilling have lower unemployment rates than elsewhere. Average household incomes have risen. But averages focus our attention on the center and away from the edges. It is the families with incomes below average – families living on the edge – with whom we are concerned.

This afternoon you have heard testimony about the problems caused by the increased demand for housing in Shale counties. You also have heard about resources available. The Housing Alliance would like to offer some suggestions on ways to best utilize these resources to address the housing issues. Many of the ideas I will discuss are best practices documented in our new publication, *A New Vision for Housing Market Recovery: What the Data Tells Us About What Works*.

The most obvious answer to a housing shortage is to build more homes. Several of today's testifiers are doing just that, and doing it well. They bring needed quality, affordable, and often accessible homes to their communities.

New construction is a necessary component of the overall solution, but not the only one. In fact new construction carries with it the risk of overbuilding, so that when the drillers move on and demand decreases, a different set of problems may emerge. The Housing Alliance favors a “fix it first” approach, utilizing existing structures wherever possible.

There are at least two ways a “fix it first” approach can work in Shale communities. First, many communities have vacant properties which, in addition to being eyesores, are a financial drain on the community. These properties range from single family homes to vacant schools and obsolete medical facilities. They may require additional policing or municipal maintenance and may be tax delinquent as well. More often than not, they create a disincentive to investment in the area. By rehabilitating vacant properties, communities can provide affordable homes at the same time they are remedying a blight on the community.

Another way to utilize the existing housing stock is to provide landlords with incentives for leasing their properties to lower income tenants. Rental rehab programs provides government grants or low interest loans to property owners who agree to fix up their properties and rent them to low income tenants for a fixed period of time, perhaps five or ten years. Rental rehab programs can also be coordinated with rental vouchers to ensure that extremely low income people, such as seniors on Social Security or persons with disabilities living on SSI have access to quality, affordable homes.

Both vacant property rehab and rental rehab programs have an additional benefit to communities – their economic impact. We know from experience that housing construction is a tremendous economic driver. Every dollar invested in new construction single family homes turns into \$1.62 in economic impact. New construction of multifamily buildings has a slightly higher impact. The biggest bang for the buck is home remodeling and rehabilitation, at \$2.28 for every dollar spent. We create construction jobs, demand for Pennsylvania manufactured building products, and the spin off effect of workers spending money.

The Housing Alliance also recommends focusing on *prevention* of homelessness. While emergency shelters are a good and necessary response to the immediate crisis, they are not a long term solution. People need stable, permanent homes, sometime with supportive services and sometimes just at the right cost.

Rental vouchers are a very effective way to reduce *and prevent* homelessness. Particularly in situations where homelessness is purely the result of economics – rents are too high for low wage workers and people on fixed incomes – rental vouchers can bridge the gap. The best

known rental assistance program is the federal Housing Choice Voucher program (“Section 8”) in which the tenant pays 40% of his or her income for rent and utilities and the government pays the rest. There are other models as well. Some, known as “shallow rent subsidies”, pay a fixed amount of several hundred dollars a month instead of an amount based on the tenant’s income. Either way, rental vouchers have a number of benefits. They provide struggling families with the help they need to find a home. They support the private rental market, allowing landlords to charge market rent while leasing to lower income tenants. And vouchers are a very cost effective way of preventing homelessness, costing less than emergency shelters and providing stability to families.

For our neighbors who need supportive services, it is important to provide those services in conjunction with stable, permanent homes. The Housing First approach to working with people experiencing homelessness shows us that putting an individual in a safe clean apartment can actually reduce his need for services, rather than waiting to place that person in a home until his personal issues are under control.

For people with permanent disabilities, master leasing is another approach that has shown very positive results. With master leasing, an agency enters into a lease with a private landlord and subleases to the tenant. The agency assumes responsibility for the rent payments and for providing services to the tenant, which in turn provides comfort to the landlord.

There is no one-size-fits-all solution to the housing crisis we face. New construction, rehab of vacant properties, rental rehab programs, rental vouchers, supportive housing, master leasing and other ideas are all effective ways to address needs. It is essential that each community understand its own needs *and its own assets*, assets such as vacant properties, landlords interested in helping their neighbors, social services providers, experienced housing developers, and a commitment to working together . By utilizing these assets along with the resources we heard about today, we can ensure homes within reach of all Pennsylvanians.

Thank you.