

Testimony
Urban Affairs and Housing Public Hearing
September 28, 2011

**Dennis Phelps, Executive Director
Trehab - Montrose, PA**

Thank you for the opportunity to testify on the impact of the Marcellus Shale Industry on the Housing Market in North Central Pennsylvania.

Trehab is a Community Action and Community Housing Development Organization for Wayne, Susquehanna, Wyoming, Bradford and Tioga Counties. Services provided include Homeownership Assistance, Housing and Community Development, Workforce Investment Program, Community Services Program, Microbusiness Development and Community Services.

In discussing the impact of the Gas Industry, and review of Housing Stock, the most dramatically impacted counties at this time are Tioga, Bradford, and Susquehanna within Trehab's service Area. The age of existing Housing Stock in the area indicates that over 50% of Housing Stock is 60 years or older. Before Gas Industry impacted the housing market, there was a serious shortfall of affordable rental housing in our region. The natural continuum of development of new housing, as urban families migrated to rural counties, and natural process of older individuals and couples downsizing to more manageable housing, provided an ongoing shortage of quality affordable Housing in our area.

A review of rental costs in the area as per census data suggest that the average rental in 2000 in Bradford County was \$450/month, Tioga County \$420/month and in Susquehanna County \$435/month. By the year 2005 projections increased rents to \$500 - \$600/month range.

The impact of the Marcellus Industry and employees of the industry relocations into the region has caused an explosion of costs of rentals. Very simply to reiterate what others have mentioned, the immigration of Gas Industry employees has caused an upheaval, typically rents that are \$600 have doubled. Unemployment rates in late summer in Bradford County near 7.5%, Susquehanna County near 9% and Tioga County near 9%. The unemployment crisis, directly related to the economic downturn provides hardship for residents on the region. The hardship is particularly worsened by the dramatic increase of housing costs in the area due to the Marcellus Industry.

Earlier this year, Trehab completed a survey on realtors in the area, twenty five real estate agents responded for Susquehanna, Bradford, Tioga, and Wyoming Counties. The following details responses:

- 80% respondents saw increase in persons seeking rentals
- 96% responded that gas industry significantly increase demand rentals
- 76% responded that rents increased significantly
- 94% respondents stated Gas Industry significantly contributed to rental increase
- 72% responded that families are experiencing more difficult time finding rentals

Anecdotally we are aware of the following situations, individuals and small families are forced to live in small vacation trailers, rental costs in all Counties are dramatically increased, landlords are not renewing leases, and in some case evicting, then increasing rents for new tenants. One County's Children's Services has placed more than 10 families' children due to inadequate housing.

The Housing, rental market is up side down, the Rental Crisis has become the norm, and unemployment remains high for county residents, wages in many cases flat while housing costs continue to double.

Homeownership efforts have also been impacted; our rural counties have enjoyed significant increase in homeownership rates over the last decade. While recent financial and economic issues have adversely impacted the ability of working families to purchase a home. When the financial lending environment improves, our counties will continue to face challenges.

Anecdotally sale of real estate are limited with uncertainty of the introduction of the gas industry. Two examples in Susquehanna County are properties with modest houses and 25 - 30 acres recently sold with mineral rights for prices for \$400,000 - \$500,000 ranges. A listing in Susquehanna County for 150+ acres with mineral rights recently was posted for over 9.5 million dollars. Efforts for working families on modest incomes to purchase homes will be a challenge.

Trehab is excited about the positive potential economic impact of the gas industry development on the region, and it is prepared to assist County and State official to address Housing and Workforce issues of the future. We are in process of developing long range plans in cooperation with County Government to promote Housing Development in the next ten years.

Recommendations going forward are that as we are uncertain of the long term impact of the industry on Housing, the short term next 10-15 years suggest, a need to promote and assist public and private efforts to build multifamily and single family houses.

We strongly recommend that State Officials implement a long term planning process as a response to the Housing shortage due to the introduction of the gas industry, particularly if what is occurring in our Counties may occur in other areas of the State as the gas industry development continues.

The lack of available infrastructure is a critical problem as it relates to private and public Housing development. Again, a careful targeting of public resources to Counties and municipalities to assist with infrastructure planning and development is needed.

Most importantly we recommend that State Officials, strategically target available resources for Housing Development to impacted Counties to begin long term process to alleviate this housing shortage crisis.

Thank you for the opportunity to provide input.