



Housing Alliance
of Pennsylvania

**Testimony of the Housing Alliance of Pennsylvania
to the
Senate Environment Resources and Energy Committee
and the
Senate Local Government Committee
March 2, 2015**

Hearing on Benefits of the Impact Fee

Thank you for the opportunity to submit written testimony on the Benefits of the Impact Fee. The Housing Alliance of Pennsylvania 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. Both of these goals have benefited from Impact Fees directed to the PA Housing Affordability and Rehabilitation Enhancement (PHARE) Fund.

PHARE was established in late 2010 but without a revenue source. At the same time, the influx of out of state shale workers to the Northern Tier of Pennsylvania was playing havoc with the rental market. Rents tripled and families became homeless. Some were forced to leave the area while others added their names to growing waiting lists for affordable homes. As Act 13 was being drafted it was obvious that the housing market had been impacted, and Impact Fees should be used to address the situation.

Act 13 addresses the need for affordable homes in two ways. First, increasing the availability of affordable homes is an eligible use on local share money. Second, funds are sent to PHARE for use in counties with unconventional wells. PHARE receives a base amount of \$5 million from Act 13. In addition, excess funds from municipalities where fees exceed the cap placed on the municipal local share go into PHARE.

Under Act 13 at least 50% of the funds go to fifth through eighth class counties. Under the PHARE enabling legislation at least 30% of the funds go to households below 50% of the area

median income.

Since 2012, over \$26 million has gone into PHARE. The money has benefited projects in 31 counties. An additional \$191 million has been leveraged. 2,786 households have been assisted. Projects include:

- Development of **302** new rental units
- Rental and utility assistance for **1,594** households
- Rehab or repair of **453** homes to rent
- Repair of **267** owner-occupied homes
- Development of **77** new single family homes
- Assistance for **93** homebuyers with downpayment or closing costs
- Acquisition and/or demolition of **331** vacant properties

By all accounts, PHARE is working exceedingly well. The program is administered by the Pennsylvania Housing Finance Agency (PHFA), which is well respected and appreciated for processing applications quickly and efficiently. The agency is also highly transparent and accountable. Per PHARE's enabling legislation, PHFA publishes a PHARE Plan each year for public comment. The Agency also produces an annual report to the General Assembly. All information is posted on PHFA's website at <http://www.phfa.org/legislation/act105.aspx#ACT105>.

Here are a few examples of how lower income Pennsylvanians are benefitting from Impact Fees through PHARE, often augmented with local share funds.

Greene County

Greene County has taken a comprehensive approach to providing affordable homes, using the \$2,660,000 it has received over three years for acquisition and rehab or demolition of properties for residential re-use, low income homeowner repairs, rental rehab for small landlords, homelessness prevention and rapid re-housing, the development of four accessible homes, and gap financing for a new senior housing apartment building.

Lycoming County

Before Act 13 was enacted, Lycoming County had already completed a housing study which documented rapidly growing shortages across various segments of the market. The County then joined with the City of Williamsport to conduct a *Williamsport Housing Strategy*. The *Strategy* was able to be implemented because Act 13 funded PHARE and made local resources available.

- Memorial Homes is a mixed-income development on a former brownfield which will eventually consist of 40 apartments for low and moderate income residents and 35 for-sale homes.
- The Brodart Neighborhood Improvement Program is offering assistance to up to 150 lower and middle income homeowners. The program includes health and safety home repairs, exterior enhancements, housing and financial counseling, and streetscape improvements. The City is working with two local nonprofit organization to complete the work.
- Grove Street Commons will offer affordable apartments to 32 senior households with income between approximately \$25,000 - \$35,000.

Sullivan County

With fewer wells and less revenue than Greene or Lycoming Counties, Sullivan County made good use of \$180,000 by providing utility and rental assistance to 100 households. The Sullivan County Housing Authority administered the program and worked with the Emergency Food and Shelter Program, helping many families avoid homelessness or quickly find a new place to live.

The benefits of the Impact Fees through PHARE go beyond the direct recipients. Counties save money when fewer people experience homelessness. The Commonwealth saves money when people can remain in their homes rather than going into nursing homes at public expense. Property values increase when homes are rehabbed. The increased values benefit the property owner, neighboring property owners, and the local tax base.

Furthermore, economists tell us that every dollar invested in the housing market turns into \$1.62 to \$2.28, with rehab and repair having the greatest impact. Every \$10 million invested, in addition to fixing up homes and communities, creates as many as 200 jobs.

In addition to the counties spotlighted above, there are many more examples of creative and effective ways counties are addressing the needs of their low and moderate income homeowners and renters with Act 13 funds. PHARE is hugely popular. It is an example of government at its best, directing resources where they are needed to help Pennsylvanians of modest means while also addressing blight, preventing or reducing homelessness, and creating jobs. Thank you for including PHARE in Act 13.

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