



Housing Alliance
of Pennsylvania

March 14, 2022
Testimony from Aaron Zappia, Senior Government Relations Manager,
Housing Alliance of Pennsylvania
PA Senate Democratic Policy Committee Hearing
Housing Scarcity and Contemporary Homelessness

On behalf of the Housing Alliance of Pennsylvania, I would like to thank Chair Katie Muth, and the Honorable Members of the Senate Democratic Policy Committee for holding today's hearing to address the crisis of housing in the Commonwealth.

The Housing Alliance is a statewide coalition working to provide leadership and a common voice for policies, practices, and resources to ensure that all Pennsylvanians, especially those with low incomes, have access to safe, decent, and affordable homes. We promote common-sense solutions to balance Pennsylvania's housing market and increase the supply of safe, decent homes for low-income people.

Key trends contributing to our Commonwealth's housing challenges are an aging population, an old housing stock in need of repair, and many households moderately to severely cost burdened due to a lack of affordable homes—commonly known as “the housing gap.”

One of the most important trends affecting housing demand in Pennsylvania is our aging population. The statewide population of seniors has increased by 14% in the last two decades.¹ Older householders require housing that can accommodate aspects of aging, such as reduced personal mobility and fixed incomes. Today, 18.7% of Pennsylvanians are seniors, compared with 15% in 2010.² Moreover, the 65-plus population is the only age group seeing sustained growth. The number of Pennsylvanians younger than 18, and those aged between 35 and 64, has been shrinking by several thousand individuals a year since 2011.² The young adult age group (18 to 34 years old) has grown somewhat, but its share of the total population has remained constant.²

Forty seven percent of Pennsylvania homes were built prior to 1959 and 26% were built before 1939.³ Large urban counties (Allegheny, Delaware, Montgomery, and Philadelphia) have the oldest housing stocks in the Commonwealth.⁴ Over 73% of occupied units in these four counties are 50 years old or older, compared with 49% in small urban counties and 51% in rural counties.⁴ While rural and large urban counties have similar percentages of extremely old housing (built in 1939 or earlier), large urban counties have far larger shares of units built in the ‘40s and ‘50s.⁴ The average rural county is losing its older units at the fastest rate—approximately 115 units that are 50-plus years old are lost every year, which represents a 1% annual decline.⁵

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1. Pennsylvania Housing Finance Agency; Comprehensive Housing Study; May 2020; p. 4
https://www.phfa.org/forms/housing_study/2020/
 2. Pennsylvania Housing Finance Agency; Comprehensive Housing Study; May 2020; p. 7
https://www.phfa.org/forms/housing_study/2020/
 3. U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates, Table DP04
 4. Pennsylvania Housing Finance Agency; Comprehensive Housing Study; May 2020; Part 2, p. 44
https://www.phfa.org/forms/housing_study/2020/
 5. Pennsylvania Housing Finance Agency; Comprehensive Housing Study; May 2020; Part 2, p.45
https://www.phfa.org/forms/housing_study/2020/

There are many ways to measure housing affordability, including housing cost burdens and the size of the surplus or deficit of affordable and available housing by income group (sometimes called “the housing gap”). Increasing income inequality, combined with the erosion of low-cost housing options, is translating into large cost burdens and a major deficit of affordable, available units at the low end of the income spectrum.

Low-income renters face by far the greatest affordability challenges in terms of cost burden. Today, 71% of renters earning less than 30% of Area Median Income (AMI) are severely rent burdened.⁶ Moderate and severe rent burdens are widespread among households earning anything less than 80% of AMI, and both the incidence and degree of rent burden has increased since 2000.⁶ Of the total population of renter households, 49% are cost burdened, and over half of these are severely cost burdened.⁶ Renter-ship is increasing in Pennsylvania largely attributed to stagnant incomes and a lack of affordable homeownership opportunities.

Another way of measuring affordability is to quantify the surplus or deficit of homes affordable to households at different points along the income spectrum. The National Low Income Housing Coalition estimates a shortage of over 261,000 rental homes affordable and available to extremely low-income Pennsylvanians—those earning 30% or below of AMI.⁷ The narrow surplus of housing for those earning 30 to 50% of AMI has been steadily shrinking since 2010.⁶

PHARE Funding

Administered by the Pennsylvania Housing Finance Agency, the Pennsylvania Housing Affordability and Revitalization Enhancement program has been the most effective tool at the state level to address the widest range of housing needs and build up the affordable housing stock. Nearly every Pennsylvania County has been awarded grants to fund projects that respond to the greatest local need such as homelessness prevention, home ownership programs, blight prevention and reclamation, home repair, and special projects for veterans, seniors, victims of domestic violence, and the re-entry community.

As rising costs impact every market and every working person, there is an immediate call to respond to the Commonwealth’s low-income housing crisis with increased investment. The strength of Pennsylvania’s real estate market and corresponding growth of resources from the Realty Transfer Tax (RTT) have created the opportunity to increase PHARE funding with minimal impact to the state’s General Fund. PHARE projects reinvest this revenue from real estate transactions back into the housing market creating wins for both property values and for those in need.

6. Pennsylvania Housing Finance Agency; Comprehensive Housing Study; May 2020; Part 1, p. 25
https://www.phfa.org/forms/housing_study/2020/

7. <https://nlihc.org/housing-needs-by-state/pennsylvania>

Housing construction, rehabilitation and repair have a substantial economic impact, creating up to 200 jobs for every \$10 million spent and generating \$2.28 for every dollar spent. County and municipal tax bases grow from increased property values, land reuse, new development, and local employment opportunities.

Based on the current funding formula, over \$91M would have been available to PHARE in 2021 if not for the \$40 million cap. Projected uncapped revenue available for the program in 2022 is over \$95M. In the seven years since the RTT became a dedicated funding source for PHARE, the tax has seen a 7.6% average annual increase. Such RTT revenue growth should correspond with additional investments for PHARE. We are asking the legislature to raise the funding cap to \$80 million in 2022.

State Senators Elder Vogel (R,47) and Art Haywood (D,4) are expected to soon introduce legislation that will allow the program to grow in response to overwhelming need and respect the budgetary demands on state resources without a tax increase. State Representative Matt Dowling has committed to introducing companion legislation in the House.

American Rescue Plan (ARP)

The Housing Alliance recognizes significant opportunity to fund housing initiatives through Pennsylvania's remaining \$6 billion in American Rescue Plan discretionary funds. Governor Wolf has asked the legislature to release \$1.7 billion in 2022 to fund several initiatives to help families, economic recovery, recruit healthcare workers, and fund conservation.⁸

The Housing Alliance is advocating for an additional \$100 M investment in the Construction Cost Relief Program administered by PHFA to continue to fund tax credit projects that were delayed or over budget due to rapidly rising costs.

We also support additional rent relief including an additional investment in Emergency Rental Assistance Program (ERAP). We support the proposal of Senators Vincent Hughes, Art Haywood and Nikil Saval, to direct \$500 million into ERAP to provide relief for tens of thousands of renters and landlords whose applications were stalled when their counties ran out of funds.⁹ Philadelphia shut down applications for ERAP in the first week of January, estimating that more than 50,000 applications were still pending when funding ran out.¹⁰ Berks County shut down their program in 2021. Allegheny County is expecting to run out of funds with 30,000 applications pending.¹⁰

As we await the legislature's use of ARP funds in 2022, we anticipate the most significant opportunity for FY 2023-24 as the state will need to allocate the remaining portion of discretionary funds.

8. Wolf Announces \$1.7 Billion Pandemic Recovery Plan; February 3, 2022. <https://www.governor.pa.gov/newsroom/round-up-gov-wolf-announces-1-7-billion-pandemic-recovery-plan/>

9. House and Senate Lawmakers Announce Relief Plan for Rental Assistance, February 16, 2022. <https://www.pahouse.com/InTheNews/NewsRelease/?id=122797>

10. House and Senate Lawmakers Announce Relief Plan for Rental Assistance Fund, February 16, 2022. [House and Senate Lawmakers Announce Relief Plan for Rental Assistance Fund \(pasenatorsaval.com\)](https://pasenatorsaval.com/)

Home Repair Funding

The Housing Alliance applauds the introduction of Senator Saval's Whole-Home Repairs Fund, SB 1135.¹¹ This fund administered by the Department of Community and Economic Development (DCED) would allow providers to assess and address homes holistically by creating a one-stop shop for home repairs and weatherization.¹¹ Under this legislation, DCED would solicit competitive proposals from nonprofit and public sector organizations seeking to enhance existing programs that would address emergency and necessary home repairs; technical assistance for homeowners and landowners to better coordinate programs and services; and support provided for job seekers enrolled in workforce development programs.¹¹

Deferred home repairs in the wake of COVID have been exacerbated by the rising costs of materials and the loss of household income. Old housing stock correlates strongly with the need for repair. Our aging housing stock poses special risks to seniors and people with disabilities, who are more at risk for injury and may have accessibility needs, and who are vulnerable to sudden increases in the cost of their housing, such as unexpected repair needs.

We can estimate the acute need for home repairs by looking at weatherization and home repair programs. One indicator is the number of houses "deferred" for weatherization because the Department of Energy's Weatherization Assistance Program does not allow its money to be spent on houses that have other health or safety problems.¹²

ACTION Housing in Western PA reports having to turn away 10%-15% of Weatherization applicants due to poor housing conditions that pose a risk to the health and safety of the occupants.¹² Thousands of Pennsylvania homeowners are on waiting lists for local home repair programs or are turned away every year for lack of funds. Philadelphia's Basic Systems Repair Program currently has a waiting list of 1,304 people, and its Adaptive Modifications Program has a waiting list of 1,128.¹² Rebuilding Together Pittsburgh has a waiting list of 551 homes and turns away roughly 270 applicants per year.¹² Rebuilding Together Philadelphia has a three-year waiting list and turns away roughly 750 applicants per year for lack of resources to address needed repairs.¹² Montgomery County's home repair program (outside of Norristown), run by Genesis Housing, has a waiting list that averages three years. The program can only do 6-8 homes a year because of limited funding.¹²

PHFA reports that, for this round of the Pennsylvania Housing Affordability Rehabilitation and Enhancement (PHARE) Fund, it has received 119 applications for home repair programs, requesting \$40.6 million to repair an estimated 1600 homes. While the need for home repairs predates the pandemic, COVID has made addressing that need urgent. It is estimated that an investment of \$100 million, could preserve 5,000 owner-occupied homes.

11. [Bill Information - Senate Bill 1135: Regular Session 2021-2022 - PA General Assembly \(state.pa.us\)](#)

12. Regional Housing Legal Services--PENNSYLVANIA HOME REPAIR PROGRAM, The Need for a Statewide Home Repair Program to Respond to the Negative Impacts Arising from the COVID-19 Pandemic

The decreased financial security of many homeowners and increased cost of building materials caused by the pandemic have made matters worse. Home repair programs report that the cost of a sheet of plywood has increased 250% in the last year, from roughly \$8 per sheet to \$28 per sheet.¹² Since roofing is one of the areas of greatest home repair need, this has forced homeowners to make difficult decisions as to which repairs to prioritize. As the need for home repair assistance has increased, the importance of safe and accessible housing has never been greater.

Conclusion

Pennsylvania's rural and urban communities are suffering from disinvestment as old homes deteriorate and become uninhabitable; an aging population seeks affordable housing; and low-income residents become increasingly cost burdened. With the future of Federal housing investments uncertain, it is imperative that Pennsylvania's General Assembly address our housing challenges with meaningful investments in highly successful programs such as PHARE, and the wise use of American Rescue Plan funds to protect our most vulnerable citizens from losing their homes.

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