

Senate of Pennsylvania, Democratic Policy Committee Hearing Housing Scarcity & Contemporary Homelessness

Good Morning Senators, thank you for inviting me to testify on your housing providers' panel this morning. I am Kelvin Jeremiah, President and CEO of the Philadelphia Housing Authority (PHA.)

PHA is the 4th largest housing authority in the country and the largest landlord and provider of affordable housing in Pennsylvania. As PHA's President & CEO, I am uniquely well-positioned to provide commentary on the extensive challenges existing today regarding homelessness and housing scarcity and to offer examples of potential solutions that could be realized with appropriate assistance from the state.

I want to preface my remarks by stating that finding ways to address these problems, with heart, tenacity, intelligence, and combined resources, is what drives me. Every day, I work with our residents, elected representatives, community members, and others who are dedicated to finding sustainable resolutions for the struggles a lack of affordable housing creates in our society. The implications of overcoming barriers to affordable housing resound across our entire social and economic structure – including addressing gun violence, joblessness, providing educational alternatives, and more. Being able to provide affordable housing is critical to having a solid community and nation.

Therefore, I will be speaking to: 1) the plummeting of already sparse options for affordable housing, in our current housing market, juxtaposed with increasing need; 2) the diminishing role of federal financing for public housing; 3) the need for, and examples of, financial support by the Commonwealth for creating and sustaining affordable housing; and 4) working with cities, community partners, and investors from the private sector to creatively improve affordable housing and related options.

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Housing is critical infrastructure and a significant investment by the Commonwealth of Pennsylvania is required to address the growing housing crisis and maintain affordability of units for low- to moderate-income Pennsylvanians. When one looks to the State's budget, one does not see affordable housing funding as significant priority of the State, and that is regrettable. In being here today, my hope is to change that in making affordable housing an important state priority.

Housing prices are increasing at record levels as stock is at a record low. As people are priced out of the private market, the burden placed on public housing authorities will continue to grow. In Philadelphia alone, there are more than 25,000 applications on PHA's waitlists for our Public Housing and Housing Choice Voucher programs, which has generally been closed for more than a decade.

Housing authorities provide a critical resource for those in greatest need, with more than half the population of residents being elderly or disabled. Their options for affording housing are simply limited and not changing. However, in recent decades, Congress has divested from Public Housing, resulting in over **\$70 billion** in a backlog of unmet capital needs and an estimated loss of somewhere between 10,000-15,000 units of public housing annually to obsolescence or decay. PHA estimates the **capital backlog in Pennsylvania alone is more than \$4 billion**. Capital needs include items such as exigent health and safety needs; replacement or repairs to building systems and/or system components that have reached the end of their useful life cycle; and/or work items projected to result in significant operating cost savings. In Philadelphia, for example, the average age of a public housing unit is 63 years, with more than 75% of all units being built before 1980.

Continued federal disinvestment is a direct cause of the loss of thousands of existing affordable housing units and a lack of funding to replace the units for the growing number of people who need them. We have an affordable housing crisis that is getting worse each passing

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year and made worse by deprioritizing affordable housing on the federal, state, and local levels.

While housing authorities rely on federal funding to provide affordable housing, states can and should also contribute, especially in the face of continued federal disinvestment – despite that very investment being critically needed now to reverse trends in production, preservation, and affordability of housing.

Some examples of other States and local governments providing dedicated funding for affordable housing programs include:

- Washington State’s Independent Youth Housing Program - aimed at young people between the ages of 18 and 23 who have aged out of the foster care system.
- The New Jersey State Rental Assistance Program (SRAP) - available to residents that are not Housing Choice Voucher holders.
- The Virginia Housing Trust Fund - historically used for loans to reduce the cost of affordable rental housing and homeownership development.
- The State of Illinois provides operating subsidy funding for affordable housing.

Meanwhile, the Commonwealth’s affordable housing stock is aging and deteriorating notwithstanding the growing need across all demographics. Housing affordability is not only an urban issue—it affects every part of this state, including rural communities. The affordable housing crisis that confronts us is not one that can be solved with other people’s money – we simply cannot rely on the federal government alone. A coordinated strategy that aligns federal, state, and local funding and housing priority is critical.

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We do not need to reinvent the wheel, however: there are solid Commonwealth programs that, if funded, could make the kind of impact necessary to address the growing housing crisis. Through the adoption of certain targeted legislative and budgetary priorities, the state government can help ensure the long-term availability and affordability of housing for all populations. Historically, the Commonwealth's funding for affordable housing has been woefully inadequate and lags behind many other states.

Accordingly, I am making the following recommendations, especially considering the State's \$8 Billion surplus:

1. That the State make a direct appropriation to its public housing authorities to address affordable housing preservation, to increase the affordable housing stock owned and operated by PHAs, and to address deferred capital and maintenance needs.
2. To increase the affordable housing production and to address the higher construction cost in urban areas, like Philadelphia, I am proposing eliminating or substantially increasing maximum basis points for 4% Low Income Housing Credits.
3. They must recognize that "housing is health" (and is a critical component of social determinants of health). Opportunity to link housing with health, for example, health/life centers, so seniors can "age in place" with health services provided on site, where they live. We know that quality affordable housing provides a platform from which to address several social ills: unemployment, health outcomes,

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educational attainment rates, poverty, etc. If we can address the housing issues holistically, we will see better outcomes on all these social issues.

Other existing programs and concepts that could be expanded upon with dedicated assistance from the Commonwealth include the following seven (7) options:

- 1) **Funding for Statewide Affordable Housing Tax Credit** - Create a dedicated, permanent funding source for the Pennsylvania Affordable Housing Tax Credit.
- 2) **Funding for the Redevelopment Assistance Capital Fund Program** - Increase funding and flexibility in project eligibility and use of funds.
- 3) **Rent Relief** - Increase funding for existing programs, such as PHARE, to channel funding to low-income renters to provide relief for loss of income due to the pandemic.
- 4) **Forgivable Loan Fund for Landlords** - Create a forgivable loan program to reimburse landlords for any losses resulting from the landlord's commitment not to evict lower income tenants.
- 5) **Homeless Shelter and Housing Assistance** - Provide local assistance for shelter and housing supports for homeless families and individuals.
- 6) **Legal Assistance** - Provide increased funding to help with eviction prevention, foreclosure prevention, utility shut offs, and other matters contributing to housing instability.

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- 7) **Funding for Affordable Housing Projects Affected by Covid-19** - Provide resources for affordable housing projects facing financial uncertainty resulting from the current market conditions (gap financing.)

In addition, PHA has partnered with the City of Philadelphia to generate new housing opportunities for homeless families. Under our Blueprint to End Homelessness program, PHA has provided 5,000 housing opportunities to formerly homeless individuals and families; and has effectively ended veteran homelessness by working collaboratively with HUD, the VA, and the City. In fact, although the City of Philadelphia received dedicated federal funding to address homelessness, and unlike most housing authorities, PHA provides special allocations for families and individuals needing rental assistance that is focused in primarily three areas: (i) homeless; (ii) at risk of becoming homeless; and (iii) transitioning out of institutional or other segregated settings. To that end, PHA has designated over 3,000 vouchers for the homeless providing \$27.2M a year through Blueprint, VASH, Mainstream, Section 811 and FUP. Moreover, to increase affordable housing opportunities for the homeless, PHA partnered with nonprofit homeless services providers such as Presby Inspired Life, Project HOME, Catholic Charities, and Help USA to subsidize over 2,500 units of affordable housing units.

Beginning in 2012, PHA developed and implemented a Scattered Site Repositioning Strategy that called for preserving its Scattered Site stock, especially in gentrifying neighborhoods, by rehabilitating long term vacant housing units and disposing of other sites through public auctions to raise capital to further fund the rehabilitation of other Sites.

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As of the close of 2021, PHA has invested over \$75 Million to rehabilitate and modernize more than 1,800 units, but additional affordable housing stock remains unable to be utilized. To begin to address this, PHA sought to partner with other public & private organizations to assist in rehabilitating these assets. In 2019, PHA and the Philadelphia Office of Homeless Services entered a partnership that combined PHA's assets with a contribution from the City of Philadelphia to repair units, bring them to code, and make them habitable, helping nearly 100 people.

An increased investment to the PHARE program, with a set-aside earmarked for housing authorities, could fund additional sites, such as these, in Philadelphia and across the Commonwealth, saving and improving the lives of thousands of low-income, housing insecure families, children, disabled, and elderly.

Finally, PHA believes that working together, connecting community resources and talents, is also essential to the transformation sought by not only providing affordable housing – but seeing a larger transformative picture.

While preserving housing resources and creating new affordable housing opportunities must be at the forefront of any strategy, I firmly believe that we must do better to connect low-income residents with health, education, and economic opportunity providers to give families the opportunity to move up and out of public housing.

It has always been my goal to give families a hand up and not a handout. Helping families to become self-sufficient and move on to market rate housing will generate new openings in public and affordable housing to address the growing demand for admission.

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To this end, PHA established its Vaux Community Building, located in North Philadelphia, but which serves the entire City with an exemplary abundance of resources to provide a better quality of life – and life-changing options - to residents.

Vaux is a HUD EnVision Center site that includes a public High School and hosts a vast range of services for PHA residents and broader community, providing self-sufficiency services through the Workforce Development Center.

PHA's partners at the site offer services and resources related to better health; food security; financial services; entrepreneurship; job training; creative writing, reading and mentoring programs for youth; and after school programs. At present, the Vaux EnVision Center is the only one of its kind in Pennsylvania. PHA does not only partner with social service agencies to assist residents. We also partner and contract with like-minded organization to expand housing opportunities. PHA recently selected developers to develop 53 parcels to affordable housing in gentrifying neighborhoods.

While there is much that is positive in our endeavors – what is truly needed is funding and recognizing the need for investment in affordable housing, and how that can truly be transformative across a myriad of social and economic challenges.

Thank you, again, for inviting me to testify to share Philadelphia's experiences. PHA stands ready to partner with the Commonwealth in any means possible to expand these programs and help replicate them throughout the state. I welcome any questions you may have at this time.