



Housing Alliance
of Pennsylvania

2019 - 2020 Policy & Legislative Agenda

Our mission is to ensure that all Pennsylvanians, especially those with low incomes, have access to safe and affordable homes. This policy and legislative agenda furthers our mission, reflects community needs, and accounts for current political and economic realities.

1. Increase state resources to expand low-priced rental home production, operation, and preservation; expand homeownership; end homelessness; and tackle blight.

Investing in affordable housing is critical to the future of Pennsylvania. It is an economic driver, building state and local tax bases, creating jobs, and revitalizing our neighborhoods and cities. For too many Pennsylvanians, however, affordable housing is out of reach - holding back our residents and communities. Our local economy depends on teachers, firefighters, and service sector employees, many of whom are unable to afford quality housing.

a. Create a state housing tax credit to incentivize private investment in new and existing affordable rental housing units.

A state housing tax credit should be modeled after and designed to complement the federal Low Income Housing Tax Credit program (LIHTC), the primary tool for creating and preserving affordable housing in the United States. LIHTC, while highly successful, is oversubscribed. A state housing tax credit will meet this clear need for additional financing by creating a new mechanism to drive additional private investments towards affordable housing.

b. Increase funding for the state housing trust fund or PHARE by removing the cap on the amount of revenue from the realty transfer tax (RTT) allocated to PHARE.

Also known as the state housing trust fund, PHARE expands opportunity for people in need and revitalizes communities. It creates, rehabs, and supports local housing, and expands supportive services, homeownership counseling, home purchase, and blight remediation programs. Since 2012, PHARE has provided funding to almost 400 projects in the majority of Pennsylvania's counties.

2. Increase state resources for housing-focused services that keep the homeless, elderly, and disabled populations stably housed.

People living with severe disabilities, including mental illness, chronic health conditions, and substance use disorders, too often cycle between the streets, hospital emergency rooms, and jails. This cycle is tragic and costly. There is a model called permanent supportive housing that ends this tragic cycle by keeping vulnerable populations stably housed and reducing the burden on and costs to the health care and corrections systems. Unfortunately, permanent supportive housing is not readily available and wait lists are long.

a. Establish a *Supportive Housing Services Benefit through Medicaid* for individuals who experience homelessness or severe housing instability and who have any substance use disorder and / or mental health condition.

A Supportive Housing Services Benefit would make available a comprehensive set of services for vulnerable individuals to obtain housing and remain stably housed, thereby preventing and ending homelessness. A number of other states have made it possible for service providers to bill Medicaid for housing focused services. Without this policy change, a small percent of the total state population will continue to constitute a large and disproportionate percentage of Pennsylvania's Medicaid expenditures.

3. Create incentives and tools through state legislation to enable local community leaders to prevent the growth of blight and develop blighted property.

A prevalence of vacant, abandoned, and tax delinquent properties is too common a problem for Pennsylvania's urban, suburban, and rural communities. While blight can appear to be an insurmountable challenge, Pennsylvania community and local government leaders have been identifying and implementing strategies to do a better job at preventing and remediating this problem. The result of our collective work is a range of new powers and tools, made possible through state legislation, which provides local leaders with the ability to implement solutions to this problem.

a. The Housing Alliance will coordinate with the Statewide Blight Task Force to support the following bills:

i. HB1559 and SB775 – Amending the Real Estate Tax Sale Law

Legislation amending the Real Estate Tax Sale Law, adding provisions relating to bidder registration before sale; and, in sale of property, further providing for date of sale, for repurchase by owner, for restrictions on purchases and for sale of property in repository.

ii. HB407 – Uniform definition of blight

This legislation creates a uniform definition of blight across all PA government departments.

iii. HB1737 – Land Bank Reform

This legislation classifies land banks as economic development agencies for the purposes of extending environmental liability exemptions to land bank.

iv. SB 174 – Abandoned Property Tax Sale Act

This legislation establishes a process for selling abandoned buildings at tax sales and requirements for their demolition or redevelopment

4. Increase resources and tools to enable low-income households to become and remain homeowners.

Homeownership has been the primary wealth building strategy for American families. Financial barriers prohibit low and moderate income households from becoming and remaining homeowners. In addition, the aging of Pennsylvania’s population presents new challenges to helping elderly homeowners make accessibility and other modifications to enable them to remain in their own homes. And as neighborhoods and communities benefit from increasing economic opportunity, long time homeowners may also face new barriers to remaining in their homes.

a. Establish a savings account for first-time homebuyers to allow them to save money toward the purchase of a home and qualify for a tax deduction on the money saved on their state income tax.

According to the Pennsylvania Association of Realtors, the First-Time Homebuyers Savings Account Program could result in an increase of home purchases of up to 4,000 annually, also creating an overall positive impact on Pennsylvania’s economy.

5. Increase the ability of small towns and rural communities to stretch limited resources further by creating reducing administrative barriers.

Affordable housing providers in rural communities struggle to obtain adequate public and private resources to help the elderly, people with disabilities, and other working individuals and families with safe and stable rental and ownership housing opportunities. A recent change in the interpretation of state prevailing wage rate law has significantly increased the cost to implement small projects resulting in the same funding levels serving fewer residents.

In most cases, prevailing wage law is critical because it ensures a fair wage is paid to contractors. However, prior to the change in interpretation of state law, state prevailing wage rates did not apply to certain grants under the CDBG and HOME programs for projects under 11 or 7 units respectively. Housing providers are now seeking to reinstate that reasonable exception to ensure that small projects can move forward.

a. Create an exception to the interpretation of state prevailing wage law for small projects in small towns and rural communities for housing construction and rehabilitation.

OTHER ISSUES ON OUR RADAR

We aim to explore additional ways to increase local resources to expand low-priced rental home production, operation, and preservation; rebuild homeownership; end homelessness; and tackle blight. Specifically, we will be seeking information to understand the benefits of removing the restriction that prevents a county from increasing fees on the current recording fee level for the purposes of a local affordable housing trust fund.

The Optional County Affordable Housing Act, commonly known as Act 137, allows counties to enact housing fees on the recording of deeds and mortgages. The fees go into county run Affordable Housing Funds to support an array of programs and housing developments. Most counties in the state have Act 137 funds. There is a limitation on the amount of the fee, however. It can be no more than 100% of the recording fee that was in effect when Act 137 became law, in February 1993. Even if a county has raised its recording fees since then it cannot raise the housing fund fee (other than Philadelphia). Removing the February 1993 restriction would allow counties to increase fees up to the current recording fee level and provide more resources for homes within reach of their residents.

OTHER CRITICAL STATE POLICY ISSUES

The Pennsylvania state budget provides resources to address homelessness, provide home modifications for people with disabilities, and assist community revitalization efforts. Yet these funds have been reduced dramatically over the past decade. An increased investment in Keystone Communities, the Homeless Assistance Program, and the Human Services Development Fund is necessary to address today's needs.

OTHER CRITICAL FEDERAL POLICY ISSUES

The US Department of Housing & Urban Development (HUD) and the US Department of Agriculture (USDA) administer programs that provide safe, secure, affordable homes to hundreds of thousands of low income Pennsylvanians. In addition, cities and towns across the commonwealth rely on HUD and USDA funding to address blighted properties and revitalize communities. Congress must provide adequate funding for HUD and USDA housing and community development programs to ensure a home within reach of all Pennsylvanians, end homelessness, and repurpose vacant and abandoned properties.

If you have questions, please contact us at (215) 576-7044 or info@housingalliancepa.org.