

Raise the PHARE Funding Cap



Housing Alliance
of Pennsylvania

PHARE is the Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund, administered by the Pennsylvania Housing Finance Authority (PHFA).

Also known as the state housing trust fund, PHARE expands opportunities for people in need and revitalizes communities. The program creates, rehabs, and supports local housing, blight remediation, supportive services, homeownership counseling, and home purchase.

Since the Legislature dedicated a portion of Pennsylvania's Realty Transfer Tax revenue to PHARE, the strength of the real estate market has allowed the program to grow, creating jobs, attracting investment, growing local tax bases, and helping people in need in every community in the Commonwealth.

PHARE is working and is oversubscribed. We must increase state investment in this program to help more families, create more jobs, and decrease blighted properties across Pennsylvania.

The Housing Alliance and our partners support a funding cap increase that allows the program to grow in response to need and respect the budgetary demands on state resources without raising taxes.

Making Families and Communities Stronger

- PHARE grants have funded over 1,000 projects across all of Pennsylvania's 67 counties since its creation in 2012.
- PHARE has helped over 7,000 households since 2012.

Flexible to Local Needs

- PHARE can support a wide range of housing needs determined by the local community.
- Local organizations have used PHARE to provide rental assistance, new and rehabbed homes for purchase and rent, home repairs, home-buyer assistance, and demolition of blighted, abandoned properties to make way for future homes.

Efficient, Transparent and Built on a Plan

- Each year PHFA proposes a plan for the use of the funds, clearly stating the priorities for the fund. PHFA provides the public an opportunity to submit ideas. Every year, PHFA submits a report to the legislature on the grants and their outcomes.

PHARE Funding and Raising the Cap

PHARE's main funding source is the Realty Transfer Tax (RTT), a 1% tax on real estate transactions. In 2015, the Legislature dedicated a portion of the RTT to fund PHARE, expanding the program to all Pennsylvania counties.

The legislature increased the original \$25 million cap on RTT to \$40 million in 2019 with wide bipartisan support.

- Funding for PHARE is based on a formula that allocates the lesser of:
 - 40% of the difference between current RTT collections and the base year (FY 2014-15) estimate of \$447.5 million, OR
 - \$40 million.
- The \$40 million cap was reached in FY 2018-19, FY 2020-21, and will again cap in 2022.
- Since FY 2014-15 (base year for RTT revenue for PHARE), annual RTT collections have increased 64%, an average annual growth rate of 7.6%.
- In FY 2020-21, the RTT generated over \$676 million, making \$91.5 million available for PHARE based on the above formula. If not for the cap, an additional \$51.5 million could have been available for housing.
- With FY 2021-22 RTT revenue projected at \$687 million, \$95.9 million could be available for PHARE. With the current \$40 million cap, over \$55.9 million would be returned to the state's General Fund.
- Today's strong real estate market and corresponding RTT revenue increases can allow additional funds to be dedicated to PHARE.

PHARE Projects Stimulate the Economy

- ✓ Half a billion dollars have been leveraged from the state's investment since 2012. In just the first three years, 500 jobs were created.
- ✓ Housing construction, rehab 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 have grown from increased property values, revitalized land use, new developments, and employment.
- ✓ Affordable housing provides the foundation for economic mobility for thousands of individuals and families, breaking the cycle of generational poverty.

About the Housing Alliance of Pennsylvania

We are 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 commonsense solutions to balance Pennsylvania's housing market and increase the supply of safe, decent homes for low-income people.

History of PHARE

2010	Act 105 - Established Pennsylvania's first state housing trust fund, PHARE
2012	Act 13 - Designated a portion of the Marcellus Shale Impact Fees for PHARE.
2015	Act 58 -Dedicated a portion of revenues from Realty Transfer Tax (RTT) to the PHARE, making available funding for the entire state for the first time.
2017	\$12.03 million in 2016 RTT dollars awarded to 68 organizations in 40 counties
2018	\$17.1 million in 2017 RTT dollars awarded to 97 organizations in 53 counties
2019	\$25 million in 2018 RTT dollars awarded. An additional \$8.7 million would have been available without the cap
2019	Legislature Raises the RTT funding cap to \$40 million
2020	\$40 million in 2019 RTT dollars awarded An additional \$4.3 million would have been available without the cap
2021	\$36.1 million in 2020 RTT dollars awarded
2022	\$40 million in 2021 RTT dollars awarded An additional \$51.5 million would have been available without the cap

A strong real estate market with a corresponding abundance of resources has allowed PHARE to thrive and now have the opportunity to expand.

Legislation will soon be introduced to raise the PHARE RTT funding cap. This will allow PHARE to be a sustainable source of funding to help our communities and neighbors without needing to increase taxes.

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