

## The Coronavirus State Fiscal Recovery Fund in Pennsylvania

May 24, 2021

Pennsylvania has a once-in-a-lifetime-opportunity to address persistent challenges of blight and abandonment, emergency home repair, and housing development needs exacerbated by the COVID-19 pandemic. The Coronavirus State Fiscal Recovery Fund established under the American Rescue Plan Act can be used to address the negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector.<sup>1</sup>

### Recommendations

The Housing Alliance of Pennsylvania urges the Pennsylvania Governor's Office and the General Assembly to invest funds in the Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE), the state's housing trust fund. PHARE is an existing grant program designed to be flexible so that all communities in the state can use the funds to meet their specific needs. PHARE funds are leveraged with other funding sources, attracting investment into Pennsylvania's communities and their future, creating jobs, and supporting local businesses.

PHARE is a popular program, that receives more requests for projects than it can award. The statewide PHARE program, funded by a portion of the state's realty transfer tax, funded 627 projects at \$121 million from 2016 - 2020.<sup>2</sup>

We recommend investing the Coronavirus State Fiscal Recovery Fund into the PHARE fund for the following specific uses.

#### Finance gaps caused by rising construction costs in Low Income Housing Tax Credit (LIHTC) projects

The pandemic caused a shortage of construction workers and construction supplies and disrupted the supply chain of construction and home materials. Construction cost increases have impacted most affordable housing developers, putting critically needed homes at risk of not being built or rehabilitated. Both 9% and 4% LIHTC projects have been economically affected by the pandemic and are facing gaps that could delay or prevent new housing developments.

#### Demolish blighted, vacant, and abandoned buildings

Funds and program capacity that are often used to remove blighted properties were directed to immediate public health needs of the pandemic. The longer blighted properties remain, the increased economic, fiscal, safety, and health impacts they impose on their communities and local governments. The economic impacts of the pandemic have exasperated the challenges faced by businesses and families in low-income communities, including delays in removing the harm caused by blighted properties.

#### Make emergency home repairs

Families across Pennsylvania experienced wage and job loss due to the pandemic, with those working in essential but low paying jobs, facing some of the largest financial losses. Families were forced to prioritize their financial needs, delaying necessary home repairs. As home repairs go unaddressed, the damage to the home and the effects on the health of those living there increase, along with the cost to make the repairs.

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<sup>1</sup> Interim Final Rule. <https://public-inspection.federalregister.gov/2021-10283.pdf>

<sup>2</sup> Pennsylvania Housing Finance Agency.

[https://www.phfa.org/forms/phare\\_program\\_phare\\_fund/2020\\_phare\\_rfp\\_webinar\\_finaldraft\\_09242020.pdf](https://www.phfa.org/forms/phare_program_phare_fund/2020_phare_rfp_webinar_finaldraft_09242020.pdf)