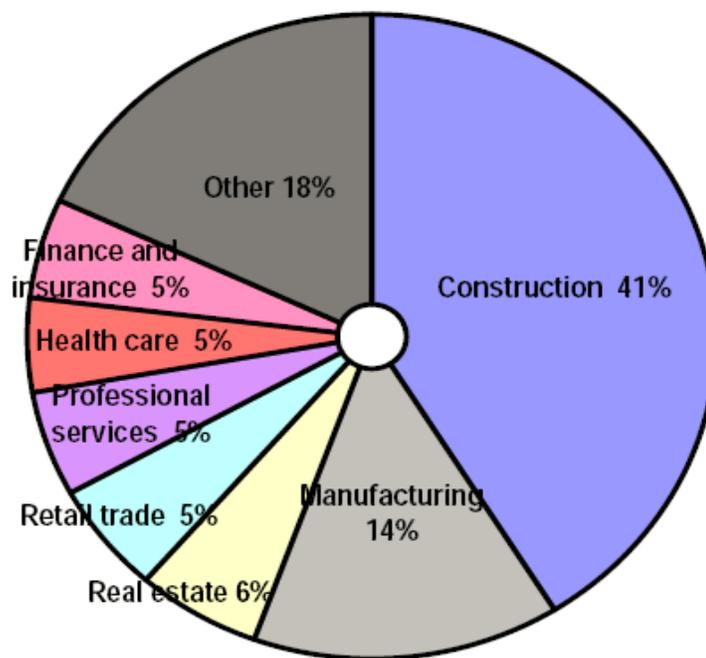


How? Establish a \$25M a year investment in the State Housing Trust Fund through a dedicated revenue source.

The Powerful Triple Bottom-line of the State Housing Trust Fund

- 1) Unleash the job creation and economic generating power of private rental developers.
- 2) Provide an opportunity for those who have been hardest hit by the recession and the homeless.
- 3) Incentivize financing to get blighted and abandoned homes into productive reuse.

Job Creation from the State Housing Trust Fund



Economic Impact

On its own, each \$10 million invested via the Pennsylvania Housing Trust Fund, in addition to providing homes for families in need, could:

-  Generate up to \$23 million in economic impact
-  Create up to 200 jobs
-  \$1.16 million in state tax revenues

When combined with the Low Income Housing Tax Credit, each \$10 million invested could:

-  Leverage an additional \$60 million in public and private investments
-  Generate up to \$160 million in economic impact
-  Create 1400 jobs
-  \$8 million in state tax revenues

Track Record

In Pennsylvania in 2010, PHFA’s Low Income Housing Tax Credit Program:

-  Produced 69 developments, 2,544 homes (1/2 for seniors)
-  Created 3,104 construction and 763 permanent jobs
-  Leveraged over \$200M in new private investment

Economists Say Rehab is the Most Powerful Investment

Estimated Economic and Fiscal Impacts within the Commonwealth of Pennsylvania Associated with Each \$1 Million in Various Expenditures via Pennsylvania Housing Trust Fund¹

EXPENDITURE TYPE	Indirect and Induced Expenditures Generated (\$M)	Total Expenditures Generated (\$M)	Total Earnings Generated (\$M)	Total Employment Generated	Total State Tax Revenues Generated (\$M)
New Single-Family Const.	\$0.62	\$1.62	\$0.52	14.2	\$82
New Multifamily Construction	\$0.69	\$1.69	\$0.54	14.8	\$86
Remodel/Rehab	\$1.28	\$2.28	\$0.73	20.0	\$116

What the Commonwealth stands to gain from investing \$25M a year:

-  2500 units of rental assistance @ \$10K a year, 1/3 the cost of shelters
-  1700 apartments rehabbed @ \$15K each
-  1700 home “mods” @ \$15K each, saves per year in each nursing home placement

What difference does it make to families?

-  17,000 people slept on the street in 2011 ²
-  39,000 people used the homeless system ³

¹ Source: Econsult Corporation (2009), US Department of Commerce – Bureau of Economic Analysis (2007), US Census Bureau (2007)

² Homeless Point-in-Time Count (year?)

³ Does not include Montgomery or Allegheny Counties which do not have Homeless Management Information Systems to track homeless service utilization

Doing Nothing is Expensive

Projected Savings by Investing in Quality Affordable Rental Compared to Emergency and Crisis Services Related to Homelessness⁴

Type of Service/Treatment	Cost per Day
Inpatient Hospital Stay	\$1,300
Psychiatric Hospital	\$700
Emergency Room Crisis Visit	\$230
Detoxification Program	\$215
Non-Hospital Rehabilitation	\$150
Prison	\$91
Emergency Shelter	\$34
Permanent Supportive Housing	\$25

Why use the state housing trust fund?

-  It exists exclusively for this purpose.
-  It has a brand new system of planning, needs assessment, competitive applications, equitable geographic distribution, transparency and accountability built in.
-  PHFA, the administering entity, is accountable to both the Governor and the Legislature through their Board of Directors and the Chairman is the Secretary of Banking.
-  The trust fund received its first funding source with Act 13, better known as the Marcellus Shale Impact Fee in 2012, at least \$2.5M the first year and \$5M annually after. This benefits 36 counties with active wells.
-  The other counties have no comparable investment strategy.
-  Jobs. Homes. Kids. Communities.

⁴ Note: The per day costs above do not include related expenses, often taxpayer-funded, including police services, court processing, emergency
 ???; Econsult Report 2011 for Project HOME of Philadelphia

Potential Sources

SOURCE	\$\$	What's Needs to Happen	Upside	Downside
Line item in the state budget	\$25M	<p>Legislative proposal to put these funds into the state budget.</p> <p>Could be to:</p> <ul style="list-style-type: none"> • PHARE (to PHFA) • Homeless Assistance Program with more flexible regs. • DCED Keystone Communities. <p>If DPW or DCED, would need MOU with PHFA.</p>	<ul style="list-style-type: none"> • Does not require a new fee. 	Relies on annual appropriation.
State Housing Trust Fund TAX CREDIT	\$25M	<p>Create a NEW tax credit for the State Housing Trust Fund to be run through PHFA.</p> <p>Make it a 100% tax credit to be competitive with the EITC.</p>	For-profit developers and builders could compete unlike with the NAP which only allows non-profits.	<p>Nonprofit developers currently using NAP may find it harder to secure investors.</p> <p>Uncertain amount from year to year.</p>
50¢ on a can of paint	\$25M ⁵	Legislation required.	<ul style="list-style-type: none"> • Related to property repair and construction. • Fund would create demand for more paint. 	The usual.
1 % premium on title insurance	\$5M	Legislation required.	Related to housing.	Small amount raised.

⁵ Estimated based on 2005 EPA report

SOURCE	\$\$	What's Needs to Happen	Upside	Downside
2% surcharge on property insurance policies (About \$1/month per policy owner)	\$40M⁶ \$80M⁷	Legislation required.	Related to housing. Premium would be collected by the insurance companies, which is already done for fire companies.	Insurance lobby. New fee.
5% surcharge on delinquent property taxes	\$???	Legislation required.	Targets irresponsible owners to help pay for blight remediation (assuming strong hardship protections). Ohio model.	With the eventual addition of land banks and better collections, a declining resource.
Raise recording fees on other writs filed with the Recorder of Deeds (all <i>but</i> deeds and mortgages ⁸) by \$10 each	\$18M	Amendments to existing statutes establishing fees.	Fees have not been indexed to inflation.	Existing rather than new fee.
Grow the Neighborhood Assistance Program tax credit (NAP) and make it competitive	\$36M	Amend existing NAP law; each component of NAP has a different credit level and use. It needs to all be brought up to 100% to be competitive with EITC and to streamline utilization	Modernizes a cumbersome old cobbled-together tax credit that is not tapping its full potential.	Not useful in rural areas; but they have Act 13 revenues. For profit developers don't benefit, but core communities do.

⁶ annually projected for residential alone;

⁷ if commercial properties are included

⁸ Deed and mortgage fees go to Act 137 county housing trust funds already

It's not just about money, it's about creating long term sustainability in our housing market, in our communities, in our workforce and in our families, we should:

1) **Fix-it-First**

- Invest in the existing housing stock, whether occupied or vacant, first.
- There are about 100,000 more houses than households in PA and about 300,000 empty structures.
- Waste not, want not. Before we build another new structure, we need to look at what we already have and see if we can't use it. If there are barriers to utilization, then we need to figure out how to overcome them.
- Multi-family rehab is the strongest economic generator of housing investments.
- There are a lot of powerful new blight tools for rehab and re-use, but no incentives: [Quick Guide to New Blight Tools](#)

2) **Prioritize Prevention**

In almost every case, prevention is less costly and more effective in addressing housing problems. But our system is largely engineered around intervention even though it is more costly. For example:

- Homelessness Prevention has been found to be 90-100% in preventing shelter admission for a year. This is a one-time grant of about \$1000 to help prevent eviction through paying back rent or utilities.
- Blight Prevention of occupied structures, such as Basic Systems Home Repair, resulted in less than 1% abandonment in Philadelphia as compared to the 4 times that rate when no intervention was made.
- Foreclosure Prevention saves financial institutions, taxpayers and communities.
- Recidivism Prevention through housing upon parole release. Last year 937 parolees remained incarcerated for 110 days past their release date at a daily cost of \$145. Research from New York, Minnesota and Washington states, for example, shows those same people with supportive housing for \$25 a day can be stabilized and re-integrated into the community. It saves the state money since prisons are one of the biggest drivers of cost. It makes communities safer and it helps make it possible for that person to contribute.
- Nursing Home Placement Prevention. Again, another driver of the state budget crisis is nursing homes. Coming in at about \$45,000 a year, it is the most costly and most utilized housing option for seniors and people with disabilities. Yet, for many with physical disabilities, a home modification at an average one-time cost of \$15,000 can prevent nursing home placement. Even so, this program is only funded at \$1M for the year while nursing homes are in the hundreds of millions.

3) **Use Evidence to Drive Funding and Policy Decisions**

Evaluate what we are doing, hold providers and developers accountable and learn more about what works and reward success.