



HOUSE COMMITTEE ON APPROPRIATIONS
2009-10 Legislative Session

FISCAL NOTE

HOUSE BILL: 60

PRINTER'S NO: 3975

PRIME SPONSOR: Daley

FISCAL IMPACT SUMMARY	FY 2010/11	FY 2011/12
Expenditure Increase/(Decrease):		
Pennsylvania Housing Finance Agency	\$0	\$0

OVERVIEW:

This bill amends the Housing Finance Agency Law (1959 Act No. 621 amended by 1983 Act No. 91) to establish the Pennsylvania Housing Affordability and Rehabilitation Enhancement Program (PHARE) within the Pennsylvania Housing Finance Agency (hereafter, the Agency).

THE SENATE AMENDED THE BILL TO ALLOW THE COMMONWEALTH TO PROVIDE FUNDS TO THIS PROGRAM IN THE FUTURE, AND TO ALLOW OTHER NON-COMMONWEALTH FUNDING SOURCES.

The bill specifies that the program shall fund projects to provide safe and sanitary dwellings for sale or rent to low-income or moderate income individuals or families; to increase availability or quality of housing for elderly or disabled persons; to prevent or reduce homelessness; to encourage development and rehabilitation of distressed neighborhoods; to provide mortgage or rental assistance, including housing counseling, foreclosure prevention and refinancing products; and to provide loans, low-interest loans to low-income and moderate-income owner-occupant individuals or families for repairs and improvements.

The bill further specifies that moneys for projects may be used for predevelopment activities, including title searches, market studies, project planning, architectural services, legal and engineering studies; acquisition and disposition of real or personal property; site preparation, including demolition and environmental remediation; and construction, reconstruction, alteration, and repair of existing structures, improvements, and infrastructure.

The bill stipulates funds available to this program may be set aside and used for matching funds for counties that have established optional county affordable housing funds pursuant to Chapter 60 of Title 53, Pa.C.S. (Municipalities, Generally). In order for a county to receive these funds, it must annually submit a report to the Agency with information that the Agency may require, which is not specified in the bill.

The bill specifies that funds from this program may not supplant existing resources dedicated to affordable housing. The bill allows the Agency to establish written policies giving preferences to projects that meet specific goals, such as energy efficiency. The Agency shall consider geographic distribution to ensure all areas within the state participate.

The bill also stipulates that thirty percent of funds appropriated for this program shall benefit households with incomes less than fifty percent of the median income.

Within ninety days of the effective date, and on March 15th for each year thereafter, provided there are sufficient funds available for purposes of the proposed act, the Agency shall adopt a plan as a public record which establishes the agency's priorities for the year and sets forth the method by which the available funds will be distributed. It requires a copy of the plan to be submitted to majority and minority chairpersons of the Senate Urban Affairs and Housing Committee and the House Commerce Committee, to be published in the Pennsylvania Bulletin, and to be published on the Agency's website no later than forty-five days prior to its adoption. .

Within ninety after the close of the calendar year for the first year, and on July 1 every year thereafter, provided there are sufficient funds available for purposes of the proposed act, the Agency shall issue a report as a public record containing a financial statement, an itemized list of projects, and a description of other expenditures to the Governor, the Auditor General, and the majority and minority chairpersons of the Senate Urban Affairs and Housing Committee and the House Commerce Committee, and the report shall be put on the Agency's website.

The bill establishes a Fund within the State Treasury for this program, and all money received in the Fund along with accrued interest within the Fund is appropriated to the Pennsylvania Housing Finance Agency for the purposes of the bill. The bill also specifies that all allocations distributed to and grants received by the Commonwealth from the U.S. Department of Housing and Urban Development pursuant to the Housing Trust Fund, established in Section 1338 of the Housing and Economic Recovery Act of 2008, (HERA) (Pub. L. 110-289, enacted July 30, 2008), are hereby deposited in the Fund created by this bill to be administered by the Pennsylvania Housing Finance Agency consistent with this proposed Article and applicable Federal law.

The Housing and Economic Recovery Act of 2008 provided that the government sponsored enterprises (GSEs) of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) would provide funding to the national Housing Trust Fund. These GSEs, however, were placed into conservatorship in September 2008 by the Federal Housing Finance Agency precluding any funding to the Housing Trust Fund. On December 16, 2009, the U.S. House of Representatives passed by a vote of 217 to 212 a bill to create the Jobs for Main Street Act, which would have provided, in part, \$1 billion to the national Housing Trust Fund. The U.S. Senate has not yet passed such legislation, and it is uncertain if and when Congress will fund this initiative.

The Pennsylvania Housing Finance Agency does not receive appropriations for general government operations. It pays for its expenses through the fees and profits it makes running housing programs. For, FY 2010/11, Act 1A of July 6, 2010, provided \$10,476,000 to the Agency for the Homeowners Emergency Mortgage Assistance Program (HEMAP).

The effective date is ninety days.

ANALYSIS:

This bill establishes a program to fund a broad range of affordable housing projects within the Agency but provides no funding for the program *except* for the possibility of receiving funding from the U.S. Department of Housing and Urban Development pursuant to the Housing Trust Fund, established in Section 1338 of the Housing and Economic Recovery Act of 2008, (HERA) (Pub. L. 110-289, enacted July 30, 2008), or from other sources, such as foundations.

This bill stipulates that implementation is contingent upon sufficient funds to carry out the provisions, which prevents the Agency from incurring costs to develop plans and produce reports before funding is received. It is unknown if or when Congress might provide funding to the national Housing Trust Fund. Any potential future expenditure to implement this bill will depend upon future revenue, if forthcoming.

The Pennsylvania Housing Finance Agency and the Pennsylvania Housing Alliance were consulted in preparation of this note.

PREPARED BY: Erik D. Randolph, Senior Analyst
House Appropriations Committee (D)

DATE: November 15, 2010

General Note and Disclaimer: *This Fiscal Note was prepared pursuant to House Rule 19(a), and the elements considered and reported above are required by Section 5 of the rule. Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*