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Senate of Pennsylvania

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DATE: June 17, 2011

TO: All Senators

FROM: Senator John P. Blake 

SUBJECT: Co-Sponsorship: Statewide Housing Trust Fund – County Opt-In

Whether one considers Pennsylvania's continued high foreclosure rate; disappointing realty transfer tax returns; blight and abandonment issues; pressure in accessing affordable housing in the Marcellus Shale drilling regions; and an aging housing stock in serious need of repair, it is clear that the state must step up to incent greater investment in adequate and affordable housing. The best way we can do this at the current time is to fund the Statewide Housing Trust Fund with a predictable and sustainable revenue source.

In the near future, I will introduce legislation to fund our Statewide Housing Trust Fund, which was established under Act 105 of 2010, known as the "Pennsylvania Housing Affordability and Rehabilitation Enhancement Program." Act 105 created the construct for a "fund" without funding. Under my proposal, counties may opt-in to the program by raising revenue from the recordation of writs in their respective Recorder of Deeds offices. The bill does NOT permit the increase of mortgage or deed recordation fees. Examples of these "other writs" are Easements - \$11.50; Declaration of Plans - \$11.50; Rights of Way - \$10.00; etc. In 2010, there were 827,925 "other writs" recorded in Pennsylvania, revealing the potential for significant funding from a reliable source. Counties may no-more-than double the current fee amounts.

Counties would be permitted to retain 25% for local affordable housing projects or to deposit local revenues into their already-established county-housing-trust funds via Act 137-turned-Act 49. The remaining 75% would be directed to the Pennsylvania Housing Finance Agency (PHFA) to meet debt service on a Statewide Housing Trust Fund bond issue, the proceeds of which would be distributed to affordable housing projects throughout the state, with preference given to counties that have opted in to participate in the Fund. PHFA has indicated that a dedicated \$5 million a year funding stream, as noted above, could support a bond-issue in the current market of up to \$70 million for the Statewide Housing Trust Fund.

The establishment of the Housing Trust Fund and the original intent to appropriate funding for the program enjoyed great bi-partisan support prior to the recession of 2008. My legislation will have no impact on the General Fund Budget and provides counties with the option to control their own destiny by leveraging state investment for much-needed, local, affordable housing initiatives.

Adequate and affordable housing is an issue touching every corner of our state. As we try to exit the recession we must acknowledge the substantial impact housing has on the state's economic performance. An effectively managed Statewide Housing Trust Fund of the scale suggested in this legislation can put Pennsylvania carpenters, plumbers, electricians and masons to work improving our housing stock while reinvigorating the building materials supply chain. It is for this reason that I ask for your suggestions and your support, and, more specifically, for your co-sponsorship of this important initiative.

If you have any questions or wish to co-sponsor this legislation, please contact Kyle Mullins of my staff at 717-787-6481 or kmullins@pasenate.com. Thank you for your consideration.