

COMMONWEALTH OF PENNSYLVANIA  
HOUSE OF REPRESENTATIVES  
HOUSE COMMERCE COMMITTEE

IRVIS OFFICE BUILDING, ROOM G50  
HARRISBURG, PENNSYLVANIA  
WEDNESDAY, SEPTEMBER 17, 2008, 8:35 A.M.

BEFORE: HON. PETER J. DALEY, CHAIRMAN  
HON. MARK LONGIETTI  
HON. NICK KOTIK  
HON. MICHAEL P. MCGEEHAN  
HON. JAMES WANSACZ  
HON. JARET GIBBONS  
HON. TED R. HARHAI  
HON. DICK L. HESS, CHAIRMAN  
HON. BRIAN L. ELLIS  
HON. CHRIS ROSS  
HON. MATTHEW E. BAKER  
HON. MARTIN T. CAUSER  
HON. MIKE FLECK  
HON. RICHARD A. GEIST  
HON. JULIE HARHART  
HON. JIM MARSHALL  
HON. DAVE REED

ALSO PRESENT

DAVID CALLEN, MAJORITY EXECUTIVE DIRECTOR  
JOSEPH MILLER, MINORITY EXECUTIVE DIRECTOR  
JOHN SCARPATO, RESEARCH ANALYST

HEATHER L. ARTZ, RMR, CRR  
REPORTER - NOTARY PUBLIC

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1           CHAIRMAN DALEY: This meeting of the House  
2 Commerce Committee will come to order. Will the  
3 secretary call the role?

4           REPRESENTATIVE LONGIETTI: Chairman Daley?

5           CHAIRMAN DALEY: Present.

6           REPRESENTATIVE LONGIETTI: Representative  
7 Bennington? Representative Brennan?

8           CHAIRMAN DALEY: Representative Bennington's  
9 on leave.

10          REPRESENTATIVE LONGIETTI: Representative  
11 Gibbons? Representative Harhai? Representative King?  
12 Representative Kirkland? Representative Kotik?

13          REPRESENTATIVE KOTIK: Here.

14          REPRESENTATIVE LONGIETTI: Representative  
15 Longietti here? Representative McGeehan?

16          REPRESENTATIVE MCGEEHAN: Here.

17          REPRESENTATIVE LONGIETTI: Representative  
18 Siptroth?

19          REPRESENTATIVE SIPTROTH: Here.

20          REPRESENTATIVE LONGIETTI: Representative  
21 Smith?

22          CHAIRMAN DALEY: Leave.

23          REPRESENTATIVE LONGIETTI: Representative  
24 Wagner?

25          CHAIRMAN DALEY: On leave.

1                   REPRESENTATIVE LONGIETTI: Representative  
2 Wansacz? Representative White?

3                   CHAIRMAN DALEY: On leave.

4                   REPRESENTATIVE LONGIETTI: Representative  
5 Yewcic? Chairman Hess?

6                   CHAIRMAN DALEY: He's upstairs. He'll be  
7 down.

8                   REPRESENTATIVE LONGIETTI: Representative  
9 Baker? Representative Boyd? Representative Brooks?

10                  REPRESENTATIVE BROOKS: Here.

11                  REPRESENTATIVE LONGIETTI: Representative  
12 Causer? Representative Ellis?

13                  REPRESENTATIVE ELLIS: Here.

14                  REPRESENTATIVE LONGIETTI: Representative  
15 Fleck?

16                  REPRESENTATIVE FLECK: Here.

17                  REPRESENTATIVE LONGIETTI: Representative  
18 Geist? Representative Harhart? Representative  
19 Harris?

20                  CHAIRMAN DALEY: He's on leave.

21                  REPRESENTATIVE LONGIETTI: Representative  
22 Marshall?

23                  REPRESENTATIVE MARSHALL: Here.

24                  REPRESENTATIVE LONGIETTI: Representative  
25 Reed? Representative Ross?

1 REPRESENTATIVE ROSS: Here.

2 CHAIRMAN DALEY: I want to thank everyone  
3 for taking the opportunity to come out this morning.  
4 I know 8:30's a little early to start committee  
5 hearings. But as you can tell, we have members  
6 probably coming in and leaving as the process goes on.

7 Today we're here to discuss House Bill 2600.  
8 And we all know that we need affordable housing.  
9 Communities need affordable housing; families need  
10 affordable housing; and employees need affordable  
11 housing. Shelter's one of the most basic human needs,  
12 but because of the mismatch of local markets' wages  
13 for jobs and areas that have the jobs are inadequate  
14 to support local housing costs, when we don't help  
15 solve the equation, employers go wanting for workers  
16 and workers go wanting for job.

17 Thirty-eight states have already established  
18 housing trusts to stimulate the creation of affordable  
19 housing. Our time to do so is now, and it is long  
20 overdue. In this, the largest, most robust economy --  
21 of course, over the weekend, last several days we  
22 start raising some questions about how robust we  
23 are -- no one should go homeless or live in  
24 dilapidated housing or face a daily struggle and  
25 frustration with physically disabling -- physical

1 disability because of steps that can't be climbed,  
2 doors that are too narrow for a wheelchair, and  
3 cabinets that can't be reached. No one should live in  
4 shelter that requires half of a day's minimum wage to  
5 heat because of ramshackle conditions.

6 This housing trust will work with builders,  
7 housing advocates, and lending to underwrite good,  
8 sound, decent housing for the working poor, the  
9 disabled, and the elderly, among others. These  
10 efforts can keep construction workers working and help  
11 prime small downtowns with mixed use development.

12 I hope today's testimony will illuminate for  
13 all of us how this is a reasonable undertaking, a  
14 reasonable undertaking and a prudent undertaking.

15 Ladies and gentlemen, we do have one change.  
16 We're going to be moving John Blake up after Brian  
17 Hudson testifies. We're going to move John Blake up,  
18 and we have someone to testify from the Tri-County  
19 Patriots for Independent Living, Deborah Crouse. And  
20 we'll put her on the agenda.

21 First person to testify, Brian, please come  
22 forward. Mr. Hudson's testimony is in the PHFA  
23 packet.

24 MR. HUDSON: Thank you, Chairman Daley and  
25 Chairman Hess and members of the committee. Thank you

1 for the opportunity to testify here this morning on  
2 House Bill 2600.

3 I would like to talk about the Pennsylvania  
4 Housing Finance Agency's, its programs and what our  
5 support of House Bill 2600, what it means to the  
6 agencies and its programs.

7 PHFA was created by the General Assembly in  
8 1972. Our mission is to provide affordable housing  
9 throughout the Commonwealth for families and persons  
10 of modest means and those with disabilities. Since  
11 that time, we've financed more than 130,000 homes and  
12 over 81,000 apartment units. The agency is governed  
13 by a 14 member board. You will hear later from one of  
14 my board members in his testimony, Mr. Gary Lenker.

15 Statewide, and the agency has funded over 49  
16 billion in funding for affordable housing.  
17 Additionally, the Homeowner's Emergency Mortgage  
18 Assistance Program, known as HEMAP, has saved over  
19 41,000 homes from foreclosure. HEMAP was also  
20 recognized by Harvard University as one of the top  
21 innovations of American government.

22 Housing, jobs, community and stability, the  
23 elements required to make the communities flourish are  
24 sufficient, stable tax base, jobs, and housing that is  
25 affordable to those that live there. They are

1 inner-related. Jobs create demand for housing; good  
2 housing sustains a solid tax base. Employment  
3 opportunities, housing construction, and real estate  
4 sales create demands for goods and services, which  
5 creates more jobs, leading to additional housing  
6 demand and more community stability.

7 To help stimulate the construction  
8 revitalization cycle, the Commonwealth and  
9 Pennsylvania Housing Finance Agency has developed  
10 numerous programs that are affective at addressing the  
11 core needs of communities while making maximum use of  
12 limited resources.

13 PHFA's initiatives help your constituents in  
14 three important areas, single family homeownership  
15 program, rental housing financing, and rehabilitation  
16 or foreclosure prevention.

17 Let me talk a little bit about our  
18 homeownership programs. We raise our funds to make  
19 mortgages to first-time home buyers and for those who  
20 are in targeted areas that can be a second or third  
21 time home buyers due to sale of tax exempt and taxable  
22 securities. PHFA securities are rated the highest, AA  
23 plus by Moody's, and AA by S&P and AA2 by Moody's  
24 Investor Service. As you might imagine, the volatile  
25 times in financial market we still maintain that



1 stable financial rating. All of our loans, which we  
2 currently service in-house, now about 50,000 loans  
3 right now, are serviced right here in Pennsylvania.  
4 So when we make a mortgage it stays here in  
5 Pennsylvania. We do about 6,000 first-time home buyer  
6 loans a year. Our portfolio in-house is about 3  
7 billion -- \$3 billion.

8 And we modify our loans. Let's say a  
9 homeowner gets in trouble or starts to fall behind.  
10 If that payment is 15 to 30 days late, we immediately  
11 call that homeowner to try and find out what's going  
12 on within that household and is there something that  
13 we can do to help. We will modify our mortgage rates  
14 to make sure that that loan remains affordable, do  
15 modifications to keep that homeowner in their home.

16 In addition, the agency community  
17 revitalization initiatives collectively, called the  
18 Homeownership Choice Program, which we created in  
19 2000, was designed to revitalize distressed areas.  
20 Since 2000, PHFA has dedicated about \$74 million of  
21 its reserves or income, which has leveraged another  
22 \$464 million in private capital to rebuild our  
23 distressed communities, provide options for new  
24 construction, rehabilitation, blight eradication, and  
25 mixed use development. These programs attract \$7 of

1 outside investment for every dollar committed by the  
2 PHFA.

3 Our rental housing program, the Commonwealth  
4 receives about \$24 million allocation annually for  
5 under the Low Income Housing Tax Credit Program. That  
6 24 million brings about 200 million in equity to the  
7 table to build rental apartment units throughout the  
8 Commonwealth.

9 PHFA finance developments are monitored  
10 throughout their existence so that they remain safe,  
11 enduring and attracting investment in the Commonwealth  
12 housing stock. Residents receive the benefit of the  
13 agency funded housing services to help them learn job  
14 skills to take full advantage of locally operated  
15 programs and enjoy their advancing years with dignity.  
16 We found that by providing these social services, you  
17 make a better tenant, ultimately transfer them to a  
18 better homeowner and better community. So we started  
19 when there's -- in the rental program provide social  
20 services, drug counseling, family counseling  
21 throughout the life of that program while those  
22 tenants are there, just makes for a better community  
23 all the way around.

24 Under foreclosure prevention, I mentioned  
25 our Homeowners' Emergency Mortgage Assistance Program

1 known as HEMAP. This was created in 1983 as a result  
2 of downturn in the steel, loss of jobs; some of the  
3 same foreclosure issues that we're dealing with today  
4 but on a different magnitude obviously. And that's  
5 one of the reasons why the Commonwealth has some  
6 experience with what is currently happening on the  
7 foreclosure crisis across the nation. But in 1983  
8 HEMAP was created to save homes as a result of the  
9 loss of jobs in the steel industry.

10 Since that time, the Commonwealth has  
11 appropriated over \$200 million. We've lent almost  
12 \$500 million under this program, and we saved 41,000  
13 homes from foreclosure. HEMAP was recognized by  
14 Harvard University as one of the top 18 innovations in  
15 American government. A number of states have started  
16 HEMAP-like programs. Delaware calls their DEMAP.  
17 Tennessee is looking at one, and North Carolina is  
18 experimenting with a pilot program designed like HEMAP  
19 also. And we received calls from Michigan to take a  
20 look at our HEMAP program to design something similar.

21 Last fall, as a result of the foreclosure  
22 crisis, we created two new refinancing programs.  
23 REAL, Refinance to an Affordable Loan, and HERO,  
24 Homeowner Equity Recovery Opportunity.

25 These are both refinance options available

1 to homeowners for different circumstances. Under the  
2 REAL is for the homeowners is just beginning to slip  
3 in their mortgages. They're one or two payments  
4 behind. We have a network of about 80 lenders  
5 throughout the Commonwealth that will originate this  
6 program on behalf PHFA. And then we will buy that  
7 loan and keep that in our portfolio and service it  
8 here in Pennsylvania.

9 Under HERO, which is more of in circumstance  
10 of what you're hearing in the market today, it's for  
11 the homeowner who's upside down in their mortgage.  
12 They owe the lender more than their property is  
13 valued. PHFA will negotiate on behalf of homeowners  
14 with the lender for a reduced assignment to PHFA for  
15 that loan. In some cases we've had the mortgage  
16 reduced 30, 40, \$50,000 and then have that loan  
17 assigned to PHFA at an affordable rate and service,  
18 again, here in Pennsylvania.

19 Unemployment, natural disasters, accidents,  
20 and illness can disrupt the ability of many homeowners  
21 to make mortgage payments. If the situation is bad  
22 enough, foreclosure, eviction, and homeless result in  
23 the blight associated with the abandoned buildings.  
24 For this reason preventing foreclosure as a means of  
25 blight prevention is a high priority for PHFA. We are

1 advocating a fund for housing despite of its record of  
2 achievement and reinvestment of earnings each year to  
3 supplement the financial incentives state legislature  
4 and congress have provided. PHFA can approve only  
5 about one-third of our advocates. So we see a demand  
6 for our programs on a three-to-one basis.

7           The agency is unable to afford to fund  
8 others because it lacks the necessary capital. To  
9 address this continuing imbalance, PHFA is requesting  
10 that the Commonwealth provide a stable source of funds  
11 that at least matches the subsidy of funds that we are  
12 currently contributing to these programs.

13           I certainly would like to thank Chairman  
14 Daley for his prime sponsorship of the proposal, as  
15 well as all the 35 members of the General Assembly who  
16 signed on as cosponsor. The overall investment of the  
17 agency is already made and reaped billions of dollars  
18 in additional private and public funding and spurred  
19 other local and regional initiatives.

20           What is also painfully clear, however, is  
21 the demand for such funding in all of these programs  
22 is much greater than the capacity at PHFA or indeed  
23 our other single entity to meet these needs.  
24 Consequently, the agency finds itself unable to fund  
25 two-thirds of the proposals brought to it. These

1 proposals are not being funded because they are not  
2 good proposals, it's just because we just do not have  
3 the funds to provide funding for the communities.

4           To this end, the agency is seeking the  
5 passage of HB 2600 to create a statewide housing trust  
6 fund, such as those already existing in over 38 states  
7 around the nation. Many of these funds provide  
8 resources to their housing finance agencies even  
9 without an appropriated fund. We've done a good track  
10 record, but we know the demand around the Commonwealth  
11 is much more than -- we're just hitting the tip of the  
12 iceberg, quite truthfully. Additional resources would  
13 have a dramatic impact in many Pennsylvania  
14 communities. Housing Trust Fund would stimulate the  
15 construction and sale of homes and apartments while  
16 promoting local development and blight eradication,  
17 efforts that provide real benefits to a wide array of  
18 commercial, industrial interests.

19           I would like to cite several examples of how  
20 our funds have turned around communities around  
21 Pennsylvania. And when we created the Homeownership  
22 Choice Program in 2000 we were looking around the  
23 Commonwealth of communities that were distressed,  
24 blighted areas where there were vacant lots or empty  
25 shells in need of substantial rehabilitation.

1           In 2001 in a section of Northeast  
2 Philadelphia known as the Badlands, if I could direct  
3 your attention to the picture here, you see our before  
4 and after shots. A blight of epic proportion  
5 characterized this neighborhood. Vacant lots,  
6 deteriorating shells, abandoned buildings, narcotics  
7 dealing, violent crime, you name it. With the help of  
8 a \$1.7 million loan from PHFA's Homeownership Choice  
9 Program leveraged by over 6.5 million in additional  
10 funding from other sources, 50 new homes were built in  
11 the reclaimed formerly blighted area. These new homes  
12 were all sold prior to completion, and one year later  
13 appraised higher than the original selling price.

14           With the subsequent approval of funds from  
15 the Homeowners of Choice Program, an additional 55  
16 homes have been built. They too were all sold prior  
17 to completion. The second homeownership choice loan  
18 of 2.7 million generated more than 9 million in  
19 additional investment.

20           So this is a perfect example, turning around  
21 a community certainly in East Philadelphia. Blight is  
22 being driven back across the area. The revitalization  
23 is dramatic. What is formerly known as the Badlands  
24 in Philadelphia is now Pradera, safe, decent,  
25 affordable, and desirable neighborhood in which to

1 live. Additional private development and investment  
2 is now under way. Property values and home values are  
3 raising. And this is exactly the model that we wanted  
4 to create on a statewide basis under the Homeownership  
5 Choice Program.

6 Next example is the Lockhart Building in  
7 Sayre. A commitment of 250,000 from PHFA leveraged  
8 another 1.4 million. And this was under a Mixed Use  
9 Financing Initiative. We call it MUFII. And I didn't  
10 come up with the name, by the way. The project  
11 provided for the renovation of commercial storefronts  
12 on the bottom floor of the building and substantial  
13 rehabilitation of seven one-and-two-bedroom apartments  
14 on the upper stories.

15 What we found is some communities that as we  
16 completed our housing initiative there was still one  
17 piece missing, and that was the commercial piece, the  
18 corner store, the grocery store, the bakery, and  
19 whatever the case may be. And this was a perfect  
20 example of a Mixed Use Finance Initiative where you  
21 have a combination of rental properties and commercial  
22 establishment to further revitalize that community.

23 The rehabilitation of the Lockhart Building  
24 is helping to re-establish the long-term viability of  
25 downtown Sayre while provided housing, rental



1 apartments on the top floor.

2 Another example of our efforts is the East  
3 Liberty development in Pittsburgh. East Liberty once  
4 was one of America's most affluent communities, has a  
5 rich yet troubled history, filled with East Liberty  
6 architectural gems, a domed market-house, several  
7 ornately apportioned churches and seminary campus.  
8 East Liberty began to decline in 1930 and by 1960 the  
9 city, state, and federal governments unleashed on it  
10 one of the largest urban renewal projects in American.  
11 The project demolished over 1 million square feet of  
12 commercial and residential property, separating the  
13 commercial district from adjoining residential  
14 enclaves by a four lane state highway.

15 While the community has suffered significant  
16 decay, its location at the hub of Pittsburgh East End  
17 creates the opportunities for dramatic rebirth. In  
18 this particular case, PHFA commitment of 2.1 million  
19 brought over 12 million of additional resources and  
20 private capital for sale homes. You can see  
21 significant change in the neighborhood.

22 CHAIRMAN DALEY: Did you say that's East  
23 Liberty or East Liberty?

24 MR. HUDSON: East Liberty.

25 CHAIRMAN DALEY: Get it right for Pittsburgh

1 people, East Liberty, okay.

2 MR. HUDSON: East Liberty, yes. Dramatic  
3 impact has totally revitalized this area. Sorry,  
4 Mr. Daley. And the housing replaced many of the lost  
5 homes. The first phase of this effort has resulted in  
6 the rehabilitation and renovation of buildings that  
7 maintain the neighborhood's architectural integrity.

8 And the last example I'd like to cite is  
9 right here in Harrisburg. PHFA worked together on  
10 several rehab projects, and this one was the Old Town  
11 neighborhood in Uptown Harrisburg area, the -- if  
12 you're familiar with Harrisburg, the Green Street  
13 area. It also -- we have an investment in Capitol  
14 Heights, which is also just about completed in the  
15 Harrisburg area. But this is 85 homes under  
16 rehabilitation. And I can tell you I personally  
17 toured some of these homes where you walk in the front  
18 door and there was actually no floor. You're looking  
19 straight down at the basement. So we're talking about  
20 substantial rehabilitation.

21 These homes originally were selling for in  
22 the neighborhood of 40, \$50,000. Now we're looking at  
23 125,000. And it's totally revitalized the old  
24 Harristown -- Harrisburg Uptown neighborhood here.

25 So in closing, PHFA certainly supports the

1 House Bill 2600. We thank you for everything that you  
2 you've done in supporting PHFA. These programs and  
3 successful projects is a reason demand for the agency  
4 programs has grown, is oversubscribed by three to one.  
5 On behalf of the board and staff of the Pennsylvania  
6 Housing Finance Agency, I want to thank you for the  
7 opportunity to discuss our programs with you today and  
8 your ongoing support.

9 I'd also like to point out in your packet is  
10 a CD containing disk of other properties that we've  
11 done throughout the Commonwealth and testimony from  
12 some of those areas, communities, the Community  
13 Development Corporation, non-profit, for profit  
14 developer that has worked with us on revitalizing  
15 Pennsylvania. We think this is significant and is  
16 even more so in the times that we're dealing with.

17 Thank you very much for the opportunity to  
18 speak to you this morning. I'll be happy to answer  
19 any questions you may have.

20 CHAIRMAN DALEY: Brian, thank you on behalf  
21 of all the members of the committee. We're so proud  
22 of the tremendous job that you do and your agency does  
23 as one of the -- without a doubt one of the best in  
24 the nation. Representative Longietti.

25 REPRESENTATIVE LONGIETTI: One quick

1 comment, Mr. Chairman. I'm a relatively new member to  
2 the Commerce Committee and joined a year and a half  
3 ago when I joined the legislature. I want to  
4 compliment the Chairman for one of the first things  
5 that he did was set up a meeting where we went over to  
6 PHFA where you, Mr. Hudson, Mr. Fogarty sat down us  
7 with and explained the programs. And I can't tell you  
8 how much help you've been to my constituents when I  
9 call on your agency, what wonderful programs you have.

10 And watching the news today on CNN where  
11 they talk about the AIG bailout, how timely this  
12 legislation is. Senator Dodd was talking about we're  
13 not really going to have stability in the financial  
14 markets until we stabilize the housing market. And so  
15 I think this is what your programs are about and what  
16 House Bill 2600 is about. So I think it's very timely  
17 that we're discussing this and actually have a bill  
18 that we're trying to move forward. So thank you.

19 MR. HUDSON: Thank you, Representative  
20 Longietti. I'm glad you recognized Bill Fogarty. I  
21 just want to introduce him to the members that may not  
22 know him. I'm sure everyone knows Bill. Bill is our  
23 director of government affairs at PHFA and he's here  
24 to serve you.

25 CHAIRMAN DALEY: I apologize to Chairman

1 Hess. Chairman Hess.

2 CHAIRMAN HESS: Thank you, Chairman Daley.  
3 Brian, just one question. On the loans that you have  
4 taken over or you have financed, how many of them have  
5 totally defaulted?

6 MR. HUDSON: Now that we have them?

7 CHAIRMAN HESS: Yes.

8 MR. HUDSON: We have only one loan that is  
9 delinquent, and we've done about 150 so far. And it's  
10 only 30 days.

11 CHAIRMAN HESS: It's only 30 days  
12 delinquent?

13 MR. HUDSON: That's right.

14 CHAIRMAN HESS: Thank you. That's a very  
15 good record.

16 MR. HUDSON: It is very good.

17 CHAIRMAN DALEY: Representative McGeehan.

18 REPRESENTATIVE MCGEEHAN: Thank you very  
19 much, Mr. Chairman. And I want to echo Representative  
20 Longietti's and Chairman Daley's comments about the  
21 effectiveness of PHFA. It's certainly been, under  
22 your leadership, Executive Director Hudson, certainly  
23 a farsighted proactive agency. And the Commonwealth  
24 should be proud of the service you provided to its  
25 citizens.

1                   And following up on Representative  
2 Longietti's question about the capital availability  
3 now, where do you see that now with the current crisis  
4 on Wall Street, do you see that impacting your ability  
5 to borrow and then to lend to citizens of the  
6 Commonwealth?

7                   MR. HUDSON: The recent federal bill that  
8 was passed provided the Commonwealth an additional 400  
9 million of tax exempt authority, which is one of our  
10 primary means of raising. It's a temporary, one-time  
11 infusion of capital, if you will, but what we're fast  
12 finding that PHFA is becoming the only game in town  
13 because we still do full-blown underwriting and we do  
14 95 percent loan-to-value loans.

15                   So we think that our programs are going to  
16 be even more in demand. And I have had conversations  
17 with the Governor about this taxing volume. PHFA has  
18 already got the 400 million that has been allocated by  
19 the federal government. The state receives about a  
20 billion annually, and we've been getting a pretty good  
21 portion of that, ranging anywhere from 325 to 450  
22 million. And I expect that would continue under these  
23 times.

24                   But the biggest thing we see is the jump in  
25 demand for our programs, because this credit crunch,

1 if you will, is causing most lenders to ask for 10 to  
2 20 percent down for first-time home buyers, so you  
3 found that population being locked out of the market.

4 REPRESENTATIVE HESS: Let me follow up if I  
5 may, Mr. Chairman.

6 CHAIRMAN DALEY: Go ahead.

7 REPRESENTATIVE MCGEEHAN: Thank you. And  
8 you talked about the tightened standards, lenders  
9 requiring 10 or 20 percent down. That leads to the  
10 next question. We all know that some people probably  
11 in normal circumstances wouldn't have been eligible  
12 for loans in the past five years, and because of some  
13 of the more lax lending standards that's happened  
14 we're dealing with the crisis we are now because of  
15 that. And you talked about your counseling program.  
16 I think that's important, because people that have  
17 loans that shouldn't have loans still have to deal  
18 with repaying that.

19 My question is about the counseling program  
20 and the percentage that you're doing. Are you -- is  
21 your rate of counseling success greater than in the  
22 general marketing? Banks are now dealing with  
23 counseling their people who are delinquent and  
24 sometimes default. What are you doing differently  
25 than private banks are doing and can we do better?

1 What's the success? How is your counseling impacting  
2 these folks' ability to repay these loans?

3 MR. HUDSON: We had -- in 2003, if I can  
4 give a little history, we did a statewide foreclosure  
5 study. And quite truthfully, it was the result of  
6 some lending activity that was occurring in Monroe  
7 County, as Representative Siptroth can attest to.

8 And from that study, along with Department  
9 of Banking, banking hired about 30 new positions to  
10 provide enforcement. That's when we first created our  
11 counseling network funded by PHFA and a small piece of  
12 that funding by the federal government.

13 Earlier in 2008 we received about 3.5  
14 million from federal funds for counseling. We have  
15 about a hundred counselors in the agency that cover  
16 the entire Commonwealth for us. And we've trained  
17 them in predatory lending, debt, and credit  
18 management. So as homeowners or potential home buyers  
19 come in, we'll tell them you're not ready for a home  
20 yet, which was part of the problems, others getting  
21 loans that they should not have had in the first  
22 place. And those that are in a home, we're telling  
23 them -- teaching them how to better manage their  
24 budgets so they can remain in their home.

25 We only want to use the HEMAP program, which



1 we know is there, as a last resort to provide  
2 resources to keep the homeowner in their home. But we  
3 think we have a great success record right now. We've  
4 counselled annually about 15,000 homeowners or  
5 potential home buyers how to -- what their  
6 responsibilities are with homeownership. In some  
7 cases we're in the homeownership business, but it's  
8 not for everyone when you think it is, and we'll make  
9 them wait until they are truly ready for  
10 homeownership, then you have a better homeowner. So  
11 we think we have a great success story with our  
12 counseling network.

13 REPRESENTATIVE MCGEEHAN: Thank you,  
14 Mr. Chairman.

15 CHAIRMAN DALEY: Thank you. Representative  
16 Brooks.

17 REPRESENTATIVE BROOKS: Thank you,  
18 Mr. Chairman. I also would like to thank you for the  
19 meeting you had last year in regards to meeting with  
20 the PHFA. It was very valuable with regards to the  
21 new members and I do appreciate that. And I also  
22 appreciate Mr. Hudson for being here.

23 I do have one question on the legislation  
24 where it says, "The agency shall take into  
25 consideration geographical distribution of funds

1 appropriated to the program to ensure that all areas  
2 of this Commonwealth participate."

3 Can you just elaborate on that as far as how  
4 you make that decision or what goes into that process?

5 MR. HUDSON: Well, what we will evaluate and  
6 what we're considering there is where the population  
7 is. But we didn't -- did not want to eliminate  
8 certain rural areas, for instance. We want to make  
9 sure that each municipality had this opportunity to  
10 share in the trust fund. And that quite truly was the  
11 basis around that, to make sure that it was fairly  
12 distributed.

13 REPRESENTATIVE BROOKS: Okay. So you don't  
14 just base it on population. What else do you base it  
15 on?

16 MR. HUDSON: We're looking at need. We're  
17 looking at community impact, some of the same things  
18 that we look at under our current programs, where we  
19 may have made a commitment, maybe another Commonwealth  
20 agency has made a commitment, our Department of  
21 Community Economic Development, things like that. So  
22 we will consider a broad group of factors in making a  
23 determination as to allocating the resources for the  
24 fund.

25 REPRESENTATIVE BROOKS: Okay. Thank you

1 very much.

2 CHAIRMAN DALEY: Thank you. Brian, if I  
3 could digress for maybe a minute or so. This morning  
4 I had spoke to you about AIG.

5 MR. HUDSON: Yes.

6 CHAIRMAN DALEY: And for the members and for  
7 the public that's listening, watching, and sitting  
8 present this afternoon -- this morning, could you  
9 explain our involvement, being PHFA's involvement,  
10 with AIG?

11 MR. HUDSON: AIG provided primary mortgage  
12 insurance, one of our primary mortgage insurance, to  
13 our mortgage first-time home buyer program. And that  
14 particular insurance would pay the first anywhere from  
15 20 to 35 percent of the claims, depending on the  
16 structure of the mortgage.

17 Most mortgages that have a loan to value  
18 over 80 percent are required to have primary mortgage  
19 insurance. It actually insures the lender against a  
20 catastrophe or casualty in regards to that mortgage.  
21 And AIG, through one of its subsidiaries, provided  
22 that to PHFA.

23 As the insurance industry -- and there were  
24 a few of them that were downgraded by both Moody's and  
25 S&P. As they were downgraded, we were no longer

1 authorized to deal with the insurers that were  
2 downgraded by Standard & Poors and Moody's. In 1991  
3 we created a risk retention fund, which is an  
4 insurance fund within PHFA, to provide insurance.  
5 Originally this -- this fund was created because of  
6 red lining in certain urban areas. And now we're  
7 using that fund to step up and provide insurance where  
8 the lack of primary mortgage insurance is available.

9 But AIG was a significant player in the  
10 primary mortgage insurance market across the nation  
11 also, as well as this life and casualty insurance.

12 CHAIRMAN DALEY: Thank you, Brian. I  
13 thought it was important that we amplify exactly how  
14 that interfaces with what you do and what we do here  
15 in the Commonwealth.

16 MR. HUDSON: Exactly.

17 CHAIRMAN DALEY: Thank you very much.

18 MR. HUDSON: Thank you.

19 CHAIRMAN DALEY: Our next testifier -- Bob,  
20 Gary, I'm going to ask you just hold off for a second.  
21 We're going to have John Blake. John is the executive  
22 deputy secretary for the Department of Community and  
23 Economic Development representing the secretary this  
24 morning.

25 MR. BLAKE: Chairman Daley, Chairman Hess,

1 it's a pleasure and an honor to be here on behalf of  
2 DCED. And to all ladies and gentlemen of the  
3 committee I extend greetings from Secretary Yablonsky.  
4 I will talk a little bit about DCED, talk about the  
5 conditions that we believe warrant House Bill 2600 at  
6 this time, and talk a little bit about our  
7 interpretations of the current legislation and its  
8 current form in some detail.

9           The Department of Community and Economic  
10 Development provides grants, loans, tax credits to  
11 assist developers of affordable housing and improves  
12 the housing conditions for existing homeowners and  
13 renters. The programs at DCED administers assist  
14 roughly 7500 households annually.

15           Over the past five years, Governor Rendell  
16 has increased funding and created new resources for  
17 housing and community development programs in his  
18 budget proposals, which the General Assembly has  
19 ultimately approved.

20           These budgetary increases include more than  
21 doubling of the housing redevelopment assistance  
22 appropriation, which now totals nearly 34 million  
23 annually, and establish the Elm Street Program, which  
24 is funded at just under 7 million annually.

25           More importantly, DCED is using these

1 expanded resources in smarter ways. We prioritize the  
2 use of our funds consistent with the Keystone  
3 Principles For Criteria, Growth, Investment, and  
4 Resource Conservation to focus on projects that target  
5 our core communities; address strategic needs in a  
6 community; leverage other resources, including other  
7 state investments in community and programmatic  
8 activities that have a multiplier effect on the use of  
9 our public dollars; and create positive impacts that  
10 have long-term community changing results that will  
11 truly revitalize and restore Pennsylvania's older  
12 cities, boroughs, and rural communities.

13 DCED also continues its great partnership  
14 with PHFA and Brian Hudson and his group. While the  
15 two agencies have a long tradition of coordinating  
16 activities, this administration has seen DCED provide  
17 resources directly to PHFA using consistent  
18 priorities. The two agencies have synchronized their  
19 application cycles as well as established joint review  
20 and decision-making procedures. This closer  
21 partnership has resulted in better use of the public  
22 funds made available for housing in Pennsylvania.

23 Despite these laudable efforts and improved  
24 output of units assisted, we face a tidal wave of  
25 needs in which we fall abysmally short. Addressing

1 all housing problems that exist statewide based on the  
2 2000 census, more than 1.1 million low and moderate  
3 income homeowners and over 850,000 low and moderate  
4 income renters pay what are essentially unaffordable  
5 amounts for their house, which is generally defined as  
6 paying more than 30 percent of a household's income  
7 towards housing.

8           Census data from 2006 and the recent  
9 subprime mortgage crisis indicate that these figures  
10 have all worsened during this decade. But the  
11 frequency with which subprime mortgages were issued in  
12 2005 and 2006 make it likely that the state's  
13 foreclosure rate will increase in the next two years.

14           Nearly 3,000 properties in the Commonwealth  
15 went into a stage of foreclosure last month. While  
16 less than the national average, the amount is up from  
17 15 percent three years ago, according to Realty Trac  
18 Inc. Further, an estimate of the Pew Center for the  
19 States projects that 1 in 46 Pennsylvania homeowners  
20 will face foreclosure over the next couple of years,  
21 nearly doubled the figures from the second quarter of  
22 2008.

23           Consequently, DCED thoroughly supports the  
24 new programmatic effort proposed by House Bill 2600.  
25 This Bill would authorize the flexible and creative

1 programs to address the housing needs of the  
2 Commonwealth. The Bill would give PHFA the ability to  
3 be responsive to housing conditions as they change  
4 over the years. As the recent crisis has taught us,  
5 we cannot always foresee the housing problems that  
6 will arise in financial markets and the housing  
7 industry as changes occur.

8           Given this context, DCED urges that House  
9 Bill 2600 retain its flexibility to permit prompt and  
10 appropriate responses to address housing needs now and  
11 in the future.

12           In fact, in analyzing the bill, DCED has  
13 only identified two weaknesses, the funding mechanism,  
14 dedicated fund source underneath; and the duplication  
15 caused by the community advisory committee.

16           In order for the program to be successful  
17 there must be long-term predictable funding. The  
18 current version of the bill makes the program subject  
19 to annual appropriations. While the Rendell  
20 Administration has provided strong and consistent  
21 support to housing and community development programs,  
22 the track record of other administrations has not been  
23 as predictable.

24           In supporting this bill, DCED also proposes  
25 that it could be improved by amending the provisions



1 regarding the community advisory committee. This  
2 function can be fulfilled by the existing Pennsylvania  
3 Housing Advisory Committee statutorily authorized by  
4 the Pennsylvania Affordable Housing Act.

5 PHAC, the Pennsylvania Housing Advisory  
6 Committee, already serves as a state level advisory  
7 committee proposed of cabinet secretaries and  
8 executive directors from several state agencies,  
9 including both DCED and PHFA members from each of the  
10 caucuses and General Assembly and others appointed by  
11 the Governor, including representatives of the housing  
12 and redevelopment authorities, for profit and  
13 nonprofit housing developers, local government  
14 officials, supportive service providers, homeless  
15 agencies, technical assistance provides, and organized  
16 labor.

17 This advisory committee provides input and  
18 advice to both DCED and PHFA on the use of federal and  
19 state housing funds as outlined in the state's  
20 consolidated plan. The committee also now serves as  
21 the state Interagency Council on Homelessness. The  
22 committee meets twice annually, but its meeting  
23 schedule could be expanded to address this new program  
24 and avoid duplication of effort by having only one  
25 statewide advisory committee.

1           House Bill 2600 should be amended to assign  
2           the advisory committee responsibilities to PHAC  
3           regarding the Pennsylvania Housing Affordability and  
4           Rehabilitation and Enhancement Program. Such an  
5           amendment would allow better coordination and more  
6           consistent approaches in the development of fiscal and  
7           programmatic policies for our housing programs.

8           Again, I thank you for the opportunity to  
9           comment on House Bill 2600 and I'm happy to answer  
10          your questions. And in concluding, just want to  
11          express deep appreciation on behalf of the Secretary  
12          for the support of the General Assembly for DCED, its  
13          programs, its operations. Thank you very much, ladies  
14          and gentlemen.

15                CHAIRMAN DALEY: Thank you very much. I'd  
16                like to acknowledge the presence of Chairman Geist,  
17                who is present. Representative Wansacz,  
18                Representative Causer, Representative Harhart, and  
19                Representative Baker.

20                    Representative Boyd.

21                REPRESENTATIVE BOYD: Thank you,  
22                Mr. Chairman. Appreciate your testimony. I believe,  
23                if I heard you correctly, you identified a weakness in  
24                the bill as the way its structured is not a dedicated  
25                funding source, that it doesn't have a dedicated

1 funding source for this program; is that correct?

2 MR. BLAKE: That's correct.

3 REPRESENTATIVE BOYD: What do you suggest we  
4 do?

5 MR. BLAKE: And I'll tell you a couple  
6 things I would share with you. And I don't have  
7 enough discourse with the governor's office to point  
8 to a specific source. All I would share is there an  
9 absolute physical necessity for a housing trust fund  
10 as evidenced by the testimony of Brian Hudson and  
11 myself. Thirty-eight other states have it.

12 In answering your question, there's a couple  
13 of things I would point out just to draw an analogy,  
14 if I could, please. Beg the indulgence of the  
15 committee. But I was the redevelopment authority  
16 director in Lackawanna County in Northeastern  
17 Pennsylvania back in 1992. The Casey Administration  
18 adopted the Act 137 Housing Trust Fund which allowed  
19 counties to increase recordation fees on mortgages at  
20 the recorder of deeds and raise the set of funding  
21 locally. And many of the counties throughout the  
22 state, I don't know how many at this point have opted  
23 into that.

24 And what it creates was a predictability of  
25 revenue that was leveraging federal resources and

1 other states resources to have a meaningful impact in  
2 housing in counties throughout the state.

3 We haven't evaluated thoroughly a dedicated  
4 revenue stream that could underfund this. Certainly an  
5 appropriation is essential at this point to get it  
6 started. Our hope and expectation would be with  
7 dealing with the Governor's office as well as PHFA and  
8 the committee to identify opportunities for dedicated  
9 funding stream to guarantee a sustainability over the  
10 long term.

11 REPRESENTATIVE BOYD: Thank you,  
12 Mr. Chairman.

13 CHAIRMAN DALEY: Any other questions from  
14 members of the committee? Staff? Thank you very  
15 much, Deputy Secretary.

16 MR. BLAKE: Thank you, Mr. Chairman.  
17 Appreciate it.

18 CHAIRMAN DALEY: Our next testifier will be  
19 Bob Hay, president of the Association of Realtors, and  
20 Gary Lenker, vice president of operations for Donco  
21 Construction.

22 MR. LENKER: Good morning, Chairman Daley,  
23 Chairman Hess, and members of the House Commerce  
24 Committee. My name is Gary Lenker and I am here on  
25 behalf of the Pennsylvania Builders' Association to

1 testify in support of House Bill 2600 amending the  
2 Housing Finance Agency law to establish Pennsylvania  
3 Housing Affordability and Rehabilitation Enforcement  
4 Program.

5 I am vice president and director of  
6 operations of Donco Construction in Dauphin, PA. We  
7 are builders of single family home, primarily in  
8 Dauphin, Cumberland, and York counties. I'm also a  
9 member of and vice chairman of the Pennsylvania  
10 Housing Finance Agency. In addition, I am a past  
11 president of the Pennsylvania Builders' Association.

12 This proposed legislation is very important  
13 to housing consumers and will be valuable to the  
14 housing industry, which is in a serious recession.

15 While the PHFA has done great work on behalf  
16 of the people of Pennsylvania for the past 30 years,  
17 there's a great need to do more to rescue families and  
18 their homes that are caught up in the mortgage  
19 foreclosure crisis. This crisis has no immediate end  
20 in sight.

21 Homeownership is the single greatest source  
22 of equity for American households; however, increasing  
23 costs of homeownership in recent years have made it  
24 more difficult for those with modest incomes to afford  
25 a home.

1           House Bill 2600, along with its companion  
2 pieces, 2601 and 2602, create a home mortgage  
3 foreclosure rescue program to move families from  
4 unaffordable mortgages to fixed rate mortgages with  
5 Pennsylvania Housing Finance Agency.

6           The legislation will expand PHFA's ability  
7 to assist homeowners in renegotiating alternative  
8 payment plans with their original lender. This  
9 legislation represents a comprehensive approach to  
10 addressing the housing and economic crisis facing  
11 Pennsylvania.

12           The bill would also create an affordable  
13 housing trust fund within PHFA. Thirty-eight other  
14 states, as well as the District of Columbia, along  
15 with 550 cities and counties across the country, have  
16 already created such funds to stimulate production of  
17 affordable housing. The number of housing trust funds  
18 has doubled in just five years.

19           This proposed fund will be overseen by an  
20 advisory committee of housing experts that includes  
21 representation from builders, municipal housing and  
22 redevelopment authorities, housing advocates, the  
23 governor, and a member of the four caucuses.

24           This advisory committee will assure that the  
25 most good is being done with the available funds.

1 Trust fund would allow and enable PHFA to expand its  
2 programs to rebuild or rehabilitation and preserve  
3 housing for low to moderate income persons, elderly,  
4 and disabled individuals.

5 Because housing is the foundation of every  
6 healthy community, local and state governments are  
7 recognizing that they need to contribute public  
8 resources to adequately house their residents. They  
9 are using housing trust funds as the vehicle to do  
10 exactly that.

11 Housing trust funds offer a flexible way to  
12 provide a reliable stream of funding to support homes  
13 for low income families. These funds are a  
14 demonstrated way to reach the goal of every American  
15 having a safe and affordable place to live.

16 Continue downward pressure on home prices  
17 takes away from the quality of outstanding mortgage  
18 credit, making it even more difficult to refinance or  
19 restructure adjustable rate mortgages that have  
20 encountered or are facing payment resets. These  
21 effects, in turn, intensify the alarming upsurge of  
22 mortgage foreclosures, puts even more homes on the  
23 "for sale" market, and adds to the downward pressure  
24 of housing crisis and mortgage quality. This is a  
25 dangerous cycle.

1            Pennsylvania did enact Act 137 in 1992 which  
2            created Pennsylvania's county trust fund. Since the  
3            Act's passage in 1992, 50 of the Pennsylvania's 67  
4            counties have raised more than \$125 million for  
5            affordable housing programs in their communities.  
6            Those programs have ranged from senior citizen housing  
7            to owner-occupied rehabilitation work, to providing  
8            financial assistance in developing rental housing.

9            A state housing trust fund is the next  
10           logical step in assuring that more Pennsylvanians can  
11           achieve the dream of homeownership or the provision of  
12           the safe and affordable rental housing.

13           PBA supports House Bill 2600, 2601, and  
14           2602. I believe this legislation will allow all  
15           Pennsylvanians to enjoy homeownership. Thank you  
16           again for allowing me to testify today and I would be  
17           happy to answer any questions you may have.

18           CHAIRMAN DALEY: Gary, what we're going to  
19           do is we're going to wait till Bob's done testifying  
20           and then we'll have questions from the committee.

21           MR. HAY: Thank you. Good morning, Chairman  
22           Daley and members of the House Commerce Committee. My  
23           name is Bob Hay and I am president of the Pennsylvania  
24           Association of Realtors. I have been an active real  
25           estate agent for over 30 years and am currently the



1 broker/owner of my own company in Stroudsburg, Monroe  
2 County.

3 On behalf of the 34,500 members of PAR,  
4 thank you for giving us this opportunity to present  
5 our views on the issue of establishing a housing trust  
6 fund in Pennsylvania.

7 House Bill 2600, the Pennsylvania Housing  
8 Affordability and Rehabilitation Enhancement Program  
9 would allow the Pennsylvania Housing Finance Agency to  
10 develop programs to build, rehab, and preserve homes  
11 specifically for low to moderate income individuals  
12 and families, seniors, and people with disabilities.

13 According to the Center For  
14 Community Change, there are nearly 600 local and state  
15 housing trust funds established throughout the  
16 country. Thirty-eight states and the District of  
17 Columbia have created 49 housing trust funds. Seven  
18 states have passed legislation that encourage and/or  
19 enables local jurisdictions to dedicate public funds  
20 to affordable housing -- California, Iowa, Indiana,  
21 Massachusetts, Missouri, New Jersey, Pennsylvania,  
22 South Carolina, and Washington.

23 Four states have created housing trust funds  
24 legislatively, but do not have public revenues  
25 committed to the funds -- California, Idaho, Montana,

1 and Rhode Island. California is currently engaged in  
2 a campaign to secure dedicated public revenue.

3 The state housing trust funds collect in  
4 excess of 1.28 billion per year. With the local funds  
5 included, the number jumps to 1.6 billion per year to  
6 advance affordable housing initiatives.

7 We believe that a housing trust fund in  
8 Pennsylvania would not only complement these  
9 established programs, but also the national housing  
10 trust fund signed into law by President Bush on July  
11 30, 2008, as part of the American Housing Rescue and  
12 Foreclosure Prevention Act. The act, the first new  
13 federal housing production program since the home  
14 program was created in 1990, specifies that funds for  
15 the National Housing Trust Fund would come from annual  
16 contributions made by Fannie Mae and Freddie Mac.

17 Availability of housing for all income  
18 levels is critical for the balanced and healthy growth  
19 of the Commonwealth and its individual communities.  
20 The housing trust fund with the specific programs  
21 designed to spearhead affordable housing developments  
22 or provide incentives to developers and builders to  
23 construct affordable housing would be extremely  
24 beneficial across the state, but particularly in  
25 Monroe County.

1           In a recent Monroe County assessment of  
2 needs and assets update, the lack of affordable  
3 housing was listed as one of the most significant  
4 challenges facing the county. Entry level  
5 professionals find it very hard to afford a home, and  
6 a significant number of people who work in the county  
7 live elsewhere largely because of the cost of housing  
8 is too high. Some of Monroe County's largest  
9 employers have cited that more than 50 percent of  
10 their workforce lives outside the county. The lack of  
11 affordable housing in Pennsylvania is a significant  
12 hardship to low income and working families, and  
13 prevents them from meeting other basic needs, such as  
14 food, clothing, transportation, and medical care.

15           As the cost of gas and additional  
16 necessities continue to rise and mortgage foreclosures  
17 are at an all-time high, we are greatly concerned  
18 about the impact on the housing market. We believe  
19 the housing trust fund is one tool that could help  
20 keep existing owners in their homes and would give  
21 everyone a fair chance to achieve the American dream  
22 of homeownership.

23           On behalf of PAR, thank you for inviting me  
24 today to speak about this issue and share our support  
25 of a statewide housing trust fund. I'd be happy to

1 answer any questions.

2 CHAIRMAN DALEY: Mr. Hay, Mr. Lenker, thank  
3 you very much for your testimony. Representative  
4 Boyd.

5 REPRESENTATIVE BOYD: Thank you very much,  
6 Mr. Chairman. Gentlemen, appreciate your testimony.  
7 I'm going to put you on the spot a little bit if I  
8 can. Prior testifier suggested a change to this bill  
9 that would be prudent would be to have a dedicated  
10 source of funding. Do you have any creative solutions  
11 to trying to do that?

12 I don't -- I think -- I mean, I certainly  
13 can't speak for other members, but I think  
14 bipartisanly many of us think that 2600 is a good  
15 bill. We appreciate the work of PHFA. Brian's done a  
16 great job and I think -- I'm from Lancaster County. I  
17 know, you know, we have, I think, one of our number  
18 one issues in Lancaster County is, you know, the  
19 availability of workforce housing, too. It's critical  
20 to growing counties, as much as it is to counties that  
21 are struggling with, you know, having lost jobs.

22 So the question is, where do we get the \$10  
23 million a year? Typically we look to sources of  
24 revenue. One of the things that's been floated  
25 periodically for any number of programs has been the

1 reality transfer tax. When I say that, I see the hair  
2 on your neck come up and those kinds of things.

3 So I'm asking. Do you have creative  
4 solutions, how do we come up with a dedicated source  
5 of funding to fund a program like this? Do you have  
6 any ideas for us?

7 MR. HAY: Well, while Gary is consulting, I  
8 have to say, Representative Boyd, that I do not have  
9 sitting here this morning any particular source of  
10 funding for it. I do agree that there should be a  
11 dedicated fund for it. I do feel that between the  
12 associations of the Pennsylvania builders,  
13 Pennsylvania realtors and others, I'm sure that we can  
14 get 2600 enacted, that we certainly can sit and work  
15 on coming up -- along with the General Assembly,  
16 coming up with a dedicated funding source for it.

17 REPRESENTATIVE BOYD: I appreciate that.  
18 I'll look forward, Chairman Daley, to maybe some  
19 future conversations on that issue specifically.

20 Just out of curiosity sake, how many homes  
21 are sold in Pennsylvania annually? Do you have a  
22 number roughly? I mean, either new homes or, you  
23 know, resales? I mean, is there a number that PAR has  
24 out there? Is it a hundred thousand homes moved a  
25 year? 50,000? What is it, just out of curiosity's

1       sake.

2                   MR. HAY:  You are putting me on the spot.  I  
3       honestly do not have that figure.  And I don't want to  
4       take a wild guess on it.  I certainly would be happy  
5       to get back and share with the committee that  
6       information.  We do have those statistics available  
7       through the participating multiple listing services  
8       throughout the Commonwealth.  So I would be happy to  
9       get those figures for you.

10                   REPRESENTATIVE BOYD:  Okay.  Perhaps after  
11       the hearing we can sit down, have some conversations  
12       about, you know, maybe some creative solutions to the,  
13       you know, a systemic funding mechanism.  I think  
14       that's key to the success of the program, to be honest  
15       with you.  Thanks, Mr. Chairman.

16                   CHAIRMAN DALEY:  Gary, with that expression  
17       on your face I guess you have no response.

18                   MR. LENKER:  Only that whatever the number  
19       of homes that have been built or sold in -- annually,  
20       it has definitely changed drastically in the last year  
21       and a half.  I can attest to that as a practitioner in  
22       the industry.

23                   CHAIRMAN DALEY:  Okay.  Representative  
24       Siptroth.

25                   REPRESENTATIVE SIPTROTH:  Thank you,

1 Mr. Chairman. Mr. Boyd had my point question to  
2 Mr. Hay, but I would like to welcome Mr. Hay, and  
3 being from Monroe County and president of the  
4 Pennsylvania Association of Realtors, I certainly  
5 appreciate you coming down today, also, and Gary, you  
6 as well.

7 One thing, part of your testimony indicated  
8 that a number of commuters in our county, and  
9 specifically we have become a bedroom community, being  
10 near New York as you're well aware of, so we have the  
11 computer based travels out of Monroe County eastward  
12 to secure employment of greater value than what could  
13 be secured in Monroe County and Pike County as well.

14 And we also have the commuter base that  
15 travels eastward in the morning from the west because  
16 of the difference in affordable housing in Monroe  
17 County.

18 And this all adds it a lot of congestion on  
19 our highway network. So I would certainly encourage  
20 the passage of this bill. And we would -- I would  
21 like to hear your response regarding whether or not a  
22 new board needs to be formed or not. That's one  
23 question in my mind as well.

24 Let's not make it a more bureaucratic  
25 process. Let's try to keep it simple. And if folks

1 are doing the same job that they're doing now, maybe  
2 the addition of another board is not necessary.

3 MR. HAY: I would agree with the proposal  
4 that if there's a board that's already there that's  
5 doing the job, I would not be in favor certainly of  
6 duplication. I think it does create more opportunity  
7 for the whole process to get mired down. So there is  
8 boards that are there and I would -- I would  
9 personally support utilizing the existing boards.

10 REPRESENTATIVE SIPTROTH: Thank you, Gary.  
11 Do you have anything else to add?

12 MR. LENKER: Just hearing -- hearing  
13 Mr. Blake's testimony this morning and hearing the  
14 fact that that board does exist, I would need to know  
15 a greater detail exactly what they do as to what it  
16 compares to in the proposed legislation to make a  
17 final decision or recommendation on that.

18 REPRESENTATIVE SIPTROTH: Okay. Thank you.  
19 Maybe a work session with all of the presenters might  
20 be in order. Thank you very much. Thank you,  
21 Mr. Chairman.

22 CHAIRMAN DALEY: Thank you, gentlemen, for  
23 your testimony today. The next presenter shall be  
24 Christopher Gulotta. Did I pronounce that right?

25 MR. GULOTTA: Gulotta.



1                   CHAIRMAN DALEY: I'm sorry, John. I must  
2 have skipped John Carpenter. John Carpenter, are you  
3 here. I'm sorry, Chris.

4                   MR. GULOTTA: Not a problem.

5                   CHAIRMAN DALEY: I made a mistake. John  
6 Carpenter's the deputy direct of Philadelphia  
7 Redevelopment Authority.

8                   MR. CARPENTER: Good morning. I'm John  
9 Carpenter, deputy executive director of the  
10 Redevelopment Authority of Philadelphia. On behalf  
11 Philadelphia's Mayor, Michael Nutter, I thank you for  
12 the invitation to offer our support for HB 2600, the  
13 Pennsylvania Housing Affordability and Rehabilitation  
14 Enhancement Act.

15                   This act supports the creation of a  
16 statewide housing trust fund designed to develop and  
17 sustain affordable housing throughout the  
18 Commonwealth. First, let me express our gratitude and  
19 support for the extraordinary efforts of the Housing  
20 Alliance of Pennsylvania. In their testimony you'll  
21 hear why this new housing resource is so important to  
22 the Commonwealth.

23                   I'm here today to tell you why we believe  
24 this important effort will benefit the City of  
25 Philadelphia and help us advance the work that we

1 began a few years ago.

2 Philadelphia created its own housing trust  
3 fund in 2005. The trust fund is supported by a  
4 surcharge on the recording fee for real property  
5 transactions and a limited appropriation of funding  
6 from our general fund.

7 In the three years since its inception, the  
8 record fee has generated more than \$37 million in  
9 revenue for the trust fund, supplemented by roughly  
10 \$4.5 million in appropriations and nearly \$2 million  
11 in earned interest.

12 Clearly this is a significant new resource  
13 for affordable housing in Philadelphia. We put these  
14 funds to work to support a wide range of affordable  
15 housing efforts. In fiscal year 2007, our most  
16 recently completed year, the trust fund awarded almost  
17 \$19 million to 35 development projects that will, when  
18 complete, produce almost 1100 new units of housing.

19 This \$19 million investment is expected to  
20 leverage \$213 million in additional investment, more  
21 than 11 investment dollars for every trust fund  
22 dollar.

23 Philadelphia's Housing Trust Fund also  
24 provided nearly \$2.8 million in support to our basic  
25 systems repair program, helping 623 very low income

1 homeowners make crucial repairs to their homes. These  
2 repairs included new heaters, roofs, and sewer systems  
3 that, left unrepaired, would have rendered the home  
4 uninhabitable.

5 The trust fund also provided more than  
6 \$900,000 to our adaptive modifications programming,  
7 helping 66 people with disabilities make needed  
8 changes to their homes so they could continue to live  
9 independently. These changes include ramps,  
10 accessible kitchen and bathrooms and lifts designed to  
11 make the homes accessible.

12 Philadelphia's Housing Trust Fund also  
13 provided more than \$600,000 to community organizations  
14 helping 82 families avoid homelessness.

15 In one year, 1100 new units of housing, 780  
16 units of preserved housing are a remarkable outcome  
17 for our housing trust fund, but there is clearly more  
18 that needs to be done. Every program that we support  
19 is oversubscribed. Waiting lists for critical  
20 services are still too long. More resources are  
21 urgently needed. We welcome your effort to bring a  
22 state resource to these efforts.

23 The new financing invested in the state  
24 Housing Trust Fund can be expected to generate similar  
25 results to ours and will strengthen and amplify local

1 efforts across the Commonwealth. It maybe too early  
2 to tell, but it could also improve our ability to take  
3 advantage of new federal resources that are expected  
4 to become available in the coming years.

5 The recently adapted Federal Housing and  
6 Economic Recovery Act of 2008 offers a new federal  
7 housing trust fund that may begin distributing funds  
8 as early as 2010. A key element of this effort is a  
9 local matching requirement that would likely be met by  
10 the resources of your proposed housing trust fund.

11 Let me note one other feature of HB 2600  
12 that I believe merits recognition and support, the  
13 proposed community advisory committee. Philadelphia's  
14 Housing Trust Fund is governed by an oversight board  
15 comprised of community representatives as well as city  
16 appointed and elected officials. The diversity of  
17 this board ensures that the fund is responsive to  
18 community need and accountable to the public and makes  
19 Philadelphia's fund considerably more effective.

20 The proposed structure of the advisory  
21 committee to the PHARE program is similar in nature to  
22 our oversight board. We encourage you to take  
23 advantage of the wealth of experience and diversity of  
24 opinion that such a structure offers.

25 Thank you for this opportunity to talk to

1 you about the Philadelphia Housing Trust Fund. We  
2 look forward to working with you as the bill moves  
3 forward to passage and implementation.

4 CHAIRMAN DALEY: Mr. Carpenter, thank you  
5 for your testimony today. Chairman Hess, any  
6 questions? Any members have any questions? Hearing  
7 none, Mr. Carpenter, thank you very much for your  
8 testimony.

9 MR. CARPENTER: Thanks so much.

10 CHAIRMAN DALEY: Chris, I apologize again.  
11 He's executive director of the Cumberland County  
12 Housing and Redevelopment Authority.

13 MR. GULOTTA: Good morning. Chairman Daley,  
14 other members of the committee on commerce and  
15 committee staff, my name is Christopher Gulotta. I'm  
16 the executive director of the Redevelopment and  
17 Housing Authorities of Cumberland County.

18 I want to thank you for this opportunity to  
19 testify before the committee on behalf of the  
20 Pennsylvania Association of Housing and Redevelopment  
21 Agencies on House Bill 2600, which would establish the  
22 Pennsylvania Housing Affordability and Rehabilitation  
23 Enhancement Program.

24 This has been a tough decade for housing and  
25 redevelopment authorities in Pennsylvania and

1 throughout the nation. It has been far more difficult  
2 for these organizations to accomplish their objectives  
3 because of the dramatic decline in federal funding  
4 since the year 2000.

5 Housing authorities have not received any  
6 new funding for housing vouchers, the primary vehicle  
7 to make privately owned rental housing affordable  
8 since the year 2000, and no new public housing units  
9 have been funded since 1994. To make matters worse,  
10 the amount of funding for modernization of public  
11 housing and to cover operating costs associated with  
12 public housing has been reduced by over 30 percent  
13 since the year 2000.

14 Some would argue that other entities have  
15 come onto the scene in recent years to produce  
16 affordable housing, in effect taking up the slack.  
17 But let there be no mistake, these private developers  
18 and private nonprofit developers that are now  
19 developing affordable housing are only able to help  
20 persons with extremely low incomes, which is defined  
21 as under 30 percent of the area median income, because  
22 of the housing voucher assistance provided to  
23 residents of these developments by housing  
24 authorities. Without this voucher assistance, the  
25 rents in these developments would be too high to serve

1 the most vulnerable households in our Commonwealth.  
2 These are households who are senior citizens on fixed  
3 incomes, persons with disabilities with very limited  
4 earning capacity, and the working poor with an hourly  
5 rate at or close to the minimum wage.

6 The essential point is that the lack of  
7 rental assistance, which is evidenced by tens of  
8 thousands who are on waiting lists for rental  
9 assistance in Pennsylvania, will continue to hamper  
10 efforts to provide affordable housing, affordable  
11 rental housing to the neediest persons in our  
12 Commonwealth.

13 The decline in funding for public housing  
14 should also be taken very seriously by public policy  
15 makers in our state. Public housing, which has taken  
16 public relation hits in the past 40 years, often,  
17 unfairly, is operated, I'm proud to say,  
18 professionally in Pennsylvania, and the public housing  
19 product has you upgraded substantially in recent  
20 years; however, the precipitous decline in federal  
21 funding for public housing operations could eventually  
22 result in the closing of public housing in the state  
23 as reserves dry up and housing authorities are unable  
24 to continue to operate without losing money.

25 In response to the cuts to date, housing

1 authorities have already been forced to defer  
2 maintenance, layoff staff, and cut residents' service  
3 programs that are designed to move people from poverty  
4 to self-sufficiency.

5 On the redevelopment side, redevelopment  
6 authorities and other community development agencies  
7 in the Commonwealth have had to deal with reduced  
8 federal funding for community development. The total  
9 annual appropriation for the Community Development  
10 Block Grant Program is approximately what it was 25  
11 years ago, which index for inflation means we're  
12 working with less than half of the funding in 2008  
13 that we had in 1980 when I started at the  
14 Redevelopment and Housing Authorities of Cumberland  
15 County.

16 What does this significant reduction in  
17 index dollars mean in terms of affordable housing in  
18 Pennsylvania? In my county, Cumberland County, a  
19 substantial portion of the annual community  
20 development block grant budget is used for housing  
21 rehabilitation, both owner and renter occupied, for  
22 down payment, closing costs assistance, for the  
23 development of housing for first time home buyers, and  
24 for housing counseling. In effect cuts to the  
25 Community Development Block Grant Program mean we have



1 lost the capacity to rehabilitate homes for seniors  
2 who can still live comfortably and affordably in the  
3 home that they own. We've lost the ability to help  
4 modest income families realize the American dream of  
5 homeownership and to help the working poor live in an  
6 apartment they can afford.

7           In Pennsylvania, we are doing our job, not  
8 just housing and redevelopment authorities but  
9 community development agencies, nonprofit housing  
10 corporations, and others that are concerned with  
11 providing affordable housing. We are doing our job  
12 with one hand tied behind our back. In 38 other  
13 states there are state housing trust funds that  
14 complement federal funds.

15           The Pennsylvania Housing Affordable and  
16 Rehabilitation Enhancement Program levels the playing  
17 field and gives housing and redevelopment authorities  
18 and other providers of affordable housing in  
19 Pennsylvania additional resources -- additional  
20 financial resources needed to succeed in preserving  
21 the affordable housing that we already have, expanding  
22 the supply of affordable housing, helping those most  
23 in need, and ensuring the health of the housing  
24 industry, including housing and redevelopment  
25 authorities.

1           House Bill 2600 has been endorsed by over  
2     300 organizations in the Commonwealth, including the  
3     Pennsylvania Association of Housing and Redevelopment  
4     Agencies. The legislation is written broadly enough  
5     to support existing and future ventures of housing and  
6     redevelopment authorities, including the modernization  
7     of public housing, supplemental operating funding for  
8     public -- and supplemental funding -- operating  
9     funding for public housing. In addition, language in  
10    the act provides that the funds may be used to provide  
11    rental assistance and to support projects to encourage  
12    the development and rehabilitation of distressed  
13    neighborhoods.

14           We are pleased that the legislation includes  
15    the provision for community advisory committee that  
16    would include representation from the nonprofit  
17    sector, such as housing and redevelopment authorities.

18           In my opinion -- I'm going to move from my  
19    prepared remarks for a minute, because I understand  
20    the issue of this community advisory committee has  
21    been raised by some of the committee members. This is  
22    a committee that will not duplicate in any way what is  
23    in existence in this Commonwealth. Candidly, the  
24    housing advisory committee at the Pennsylvania  
25    Department of Community and Economic Development,

1 while a valuable committee, does not begin to address  
2 what this community advisory committee would be  
3 looking at and what their function would be.

4           Their function -- there are eight functions  
5 of this committee. The first would be to participate  
6 in the development of guidelines for programs carried  
7 out under this article. The second function would be  
8 to recommend program and funding activities. The  
9 third function would be to identify and recommend  
10 annual funding priorities. The fourth function, to  
11 solicit public comment on proposed programs and  
12 guidelines in writing or at meetings conducted  
13 throughout this Commonwealth. The fifth, to establish  
14 priorities and programs for the use of 30 percent of  
15 the funds appropriated to the program. Let me say  
16 that again, establish priorities and programs for the  
17 use of 30 percent of the funds appropriated for the  
18 program.

19           So the community advisory committee, with  
20 regard to this fifth function, will have meaningful  
21 input in terms of how these funds are used. And  
22 that's important, because this community advisory  
23 committee is on the ground. They know what those  
24 needs are and can work with the Pennsylvania Housing  
25 Finance Agency to make sure that those needs are

1 addressed.

2           The sixth function, make recommendations to  
3 the board regarding priorities and programs for the  
4 use of 70 percent of the funds appropriated to the  
5 program. The seventh function, evaluate impact and  
6 results of the program, so there's a program  
7 evaluation component. And finally, to advise the  
8 agency on new program development.

9           I believe that the representation of this  
10 community advisory committee will be sufficiently  
11 broad based that it will represent not only  
12 geographically the Commonwealth but the various  
13 entities and types of housing development that we need  
14 to see occur in this Commonwealth.

15           House Bill 2600 will be an economic stimulus  
16 program for communities. I know this is of concern to  
17 the commerce committee. More specifically, the  
18 construction and rehabilitation of affordable housing  
19 will result in the construction -- will result in  
20 construction and permanent jobs and will no doubt  
21 expand the tax base of communities experience --  
22 experiencing little or no growth.

23           We also need to see housing as part of the  
24 infrastructure. I know this committee has concerned  
25 itself with that issue. Housing clearly, and

1 affordable housing specifically, is part of the  
2 infrastructure needed in a community to encourage and  
3 sustain growth.

4           Unfortunately, there is still a disconnect  
5 between economic development and community  
6 development. In other words, businesses are created  
7 in one place, frequently with the benefit of state  
8 subsidy program, and there is little or no housing  
9 affordable for the workers who fill the jobs near that  
10 place of employment. Furthermore, essential personnel  
11 such as firefighters, police dispatchers, emergency  
12 medical technicians and paramedics have entry level  
13 wages that mean that they pay a disproportion amount  
14 of their income for housing.

15           The Pennsylvania Association of Housing and  
16 Redevelopment Agencies encourages the legislature to  
17 enact this legislation for the 2.5 million households  
18 in this Commonwealth that have incomes less than  
19 \$50,000 a year. For those households, affordable  
20 housing is a huge need that will be addressed by this  
21 important legislation. Thank you.

22           CHAIRMAN DALEY: Thank you very much. Any  
23 questions from members of the committee?

24           MR. SCARPATO: I just had a couple of  
25 questions just to try to flesh out a little bit on

1 this housing advisory committee that you're  
2 establishing. The statute itself provides for PHFA  
3 that has a board, fits very -- I just have to tell you  
4 I just started looking at it, but it looks very  
5 similar to the one that's established under this  
6 particular bill, including members of the general  
7 assembly and for-profits developers, et cetera.

8           What would be the advantage to having  
9 another board that, frankly -- I mean, obviously the  
10 Governor picks six people to PHFA and they could vary  
11 based on who the governor is, frankly, at that time.  
12 But what would be the advantage of having another  
13 board which looks very similar to what PHFA itself is  
14 for a particular program rather than saying, you know,  
15 PHFA ought to be doing this and, like they do all  
16 their other programs, their board kind of manages  
17 everything?

18           MR. GULOTTA: First, my impression is that  
19 the Pennsylvania Housing Finance Agency is comfortable  
20 with this advisory committee, because I think they  
21 recognize that their board, which is extremely  
22 capable, very, very well qualified, may not be  
23 connected at the grass roots level in all parts of  
24 Pennsylvania.

25           And my experience is that programs need to

1 be developed from the ground up. And the way you do  
2 that is by having people participate in a process to  
3 develop those programs. This is really the chance to  
4 develop this program, including the guidelines for  
5 this program from the ground up. Because I think  
6 you're going to see a number of organizations engaged  
7 in that process, and these would be advocacy  
8 organizations for affordable housing, nonprofit  
9 housing corporations, housing and redevelopment  
10 agencies. And I think we're in a position, those  
11 organizations that operate at a local level, I think  
12 we're in a position to add value to this process. And  
13 in saying that I'm not in any way suggesting that the  
14 board of the Pennsylvania Housing Finance Agency is  
15 lacking in any way. I think it does a terrific job.  
16 But an advisory committee has the capacity to bring  
17 some voices into that process that may not be there  
18 now, because it is much more broadly based.

19           And this is really -- when you look at this  
20 legislation, because of that community advisory  
21 committee, I think the legislature can be assured that  
22 this will be a process that will be developed, again,  
23 at a grass roots level. These guidelines, I think,  
24 will reflect the thinking of practitioners and  
25 organizations at the grass roots level that I think

1 are in a position to share some meaningful thinking  
2 with the Pennsylvania Housing Finance Agency.

3 CHAIRMAN DALEY: Thank you, Mr. Miller. Any  
4 other questions from members of the committee?  
5 Hearing none, thank you for your testimony.

6 REPRESENTATIVE MARSHALL: Mr. Chairman.

7 CHAIRMAN DALEY: I'm sorry. Mr. Marshall,  
8 Representative Marshall.

9 REPRESENTATIVE MARSHALL: Thank you,  
10 Mr. Chairman. Really just to go along with that, the  
11 committee, I understand in the bill it says there  
12 wouldn't be any compensation for that committee, but  
13 they'd be entitled to reimbursement for reasonable  
14 expenses. And we know how that can add up. I mean, I  
15 would like to see the funding stream dedicated to  
16 housing for those individuals that need it, but I  
17 think we need to be fiscally responsible and get as  
18 many of those dollars directed right to the housing  
19 and not onto what I think are duplicative committees  
20 and their expenses.

21 I think that PHFA is doing a good job and I  
22 think that their committee is really a mirror of this  
23 language. And I would hope that all the dollars we  
24 could gather would go actually to the people that  
25 really need it. Thank you.



1           CHAIRMAN DALEY: Thank you. Do you want to  
2 respond?

3           MR. GULOTTA: I think that the cost  
4 associated with this community advisory committee  
5 would really be negligible. I think we're talking  
6 possibly 5 to \$10,000 a year in total expenses for  
7 this committee. In fact, that could be capped, if  
8 that was the thinking of the legislature.

9           Having said that, in my opinion, the value  
10 of having voices that may not have been part of the  
11 process in the past is vastly outweighed by an  
12 expenditure of let's say \$10,000 in expenses for  
13 community advisory committee.

14          CHAIRMAN DALEY: Thank you very much. No  
15 other questions? Thank you, Chris, for your  
16 testimony.

17          The next gentleman to be testifying this  
18 morning is Mark Dambly, president of Penrose  
19 Properties, LLC. His packet is the blue packet that  
20 everyone has.

21          MR. DAMBLY: Thank you. Thank you, Mr.  
22 Chairman. My name is Mark Dambly. I'm president of  
23 Penrose Properties. We have been in business, in  
24 existence for more than 35 years, employing in excess  
25 of 350 people in the Commonwealth and have developed

1 over 5,000 units in Pennsylvania, 10,000 units  
2 throughout the region we do business with, and we  
3 employ up to 500 people as the organization total.

4 Our work represents hundreds of millions of  
5 dollars of investment in the State of Pennsylvania,  
6 and I'm also a board member of the Housing Alliance of  
7 Pennsylvania, an advocate for policies that would  
8 increase housing opportunities for Pennsylvania's most  
9 vulnerable citizens.

10 I'm here today to offer my strong support  
11 for House Bill No. 2600, enactment of a statewide  
12 housing trust fund.

13 I'm here because the buildings we develop  
14 have an impact on the communities we serve and the  
15 state and local economies and the lives of our  
16 residents. I'm here to ensure that there are enough  
17 resources available for us and our colleagues to  
18 continue to carry out this important work.

19 As a developer, we are part of the  
20 revitalization of the many communities that you all  
21 represent, and I have included packets and fact sheets  
22 on a number of the properties we've developed  
23 throughout the Commonwealth for your review.

24 The bulk of our work represents in-field  
25 development where we transform underutilized

1 environmentally compromised land, bringing it back to  
2 life, turning it into high quality new construction or  
3 we restore once vacant properties from their original  
4 grandeur and give them new life as thriving  
5 residential communities.

6           Some examples of that work, I wanted to  
7 point out three of them, one would be Allentown Center  
8 Square, which is in Allentown, where we transformed  
9 two historic buildings that sat vacant for over a  
10 decade, the former Trojan Power Building, the  
11 Allentown National Bank. They are now converted and  
12 historically rehabilitated into a 63-unit building  
13 which was saved from demolition and restored.

14           The new building contains apartment units,  
15 affordable to seniors at or below 50 percent of the  
16 median area income, and has been a catalyst to  
17 revitalization in downtown Allentown.

18           Another example is the residence at Hanover  
19 Shoe in Hanover, Pennsylvania. We transformed the  
20 largest historic building in the borough, historic  
21 shoe factory, into 70 two-and-three-bedroom units,  
22 affordable to families at or below 50 percent of the  
23 median income.

24           And finally Vernon House, which is in North  
25 Philadelphia, was a dilapidated vacant apartment

1 building on a historic street near Fairmount Park. We  
2 were able to reclaim the building and place it back in  
3 service, 68 units of affordable housing for seniors at  
4 or about below 50 percent of the median income.

5           These developments, and many others that we  
6 have developed, represent significant investments in  
7 local, state economies. Our multiphase developments,  
8 such as Fairgrounds in Chester Township, Overlook Park  
9 in Allentown and Easton, represent 95 million, 90  
10 million, and 50 million in construction activity  
11 respectively.

12           As we work in different communities  
13 throughout the state, we make a priority to hire local  
14 subcontractors and workers and we believe this is an  
15 important component to our business model. In doing  
16 so, making sure that the investment stays in the  
17 communities we serve.

18           I say this because I believe that affordable  
19 housing is an important aspect of the local economies  
20 and contributes to the revenue base.

21           Our developments also have an important  
22 impact on the lives of our residents. Most of our  
23 developments are affordable to families and seniors  
24 making at or below 50 percent of the median income.  
25 Some buildings offer additional services to

1 populations with special needs. For instance, we did  
2 the Residence at Chestnut Ridge in Wallingford,  
3 Pennsylvania, which includes 68 assisted living units;  
4 Overlook Park in Allentown, which will house and  
5 provide services for 20 adults with mental health  
6 challenges. All of our developments include some  
7 element of support service and community activities,  
8 such as job training, house screening, computer labs,  
9 and referral services.

10 Financing these developments is always a  
11 challenge. And Brian and I were talking, it's almost  
12 scary to turn on the TV these days. As a developer  
13 of affordable housing here in Pennsylvania and seven  
14 other states, I have a firsthand understanding of how  
15 challenging it is to put together financially feasible  
16 developments. Our developments must rely on multiple  
17 sources of funding. A typical development of Penrose  
18 will include five or six sources, including low income  
19 housing tax credits.

20 As hard as we work to identify new resources  
21 and involve more participants in our developments,  
22 many deals still struggle with financial stability.  
23 In some cases the funding gap of a few hundred  
24 thousand dollars is all that stands in the way of a  
25 feasible affordable housing development. This means

1 that worthy developments, which would provide much  
2 needed housing for families, seniors, or individuals  
3 with special needs, are not proceeding.

4 In the current economic climate, more and  
5 more deals are sitting on the shelf along with all the  
6 potential investment that goes along with them. The  
7 softening of the housing market and the subprime  
8 meltdown have had a major negative impact on the  
9 affordable housing industry. Credit markets are  
10 tighter. Local housing resources, which often depend  
11 on transfer tax or recording fees, have diminished;  
12 and pricing for low income housing tax credits have  
13 plummeted.

14 The change in the tax credit market started  
15 well long before the recent takeover the Fannie Mae  
16 and Freddie Mac, who incidentally accounted for about  
17 50 percent of the \$8 billion market.

18 About eight months ago major tax credit  
19 investors including Freddie, Fannie, and Citi Group  
20 pulled their funds out of the tax credit market. As a  
21 result, equity pricing fell from an average of 92  
22 cents to approximately 80 cents. At this point in  
23 time there's very little to no liquidity in that  
24 market at any price.

25 What does this mean for our developments? A

1 60 units affordable development a year ago with a  
2 project cost of approximately 13 million would have  
3 raised \$9.1 million in cash from the syndication of  
4 those tax credits. Today, that exact same development  
5 would be lucky to achieve an \$8.1 million raise. As a  
6 drop of \$1 million in equity for this project, loss of  
7 \$1 million in equity would be the difference obviously  
8 between a deal that moves forward and one that does  
9 not.

10 This challenging funding environment does  
11 not mean we should stand by and hang up and go home.  
12 We cannot. Tough economic times mean that more and  
13 more citizens of Pennsylvania will be in need of  
14 affordable housing we produce. Communities will be in  
15 greater need of economic activity generated by our  
16 developments.

17 We all must redouble our efforts to find the  
18 means to continue developing high quality affordable  
19 housing for Pennsylvanians in need. To do this, we  
20 need sharpen our pencils, make sure our deals all make  
21 the best use -- possible use of available resources.  
22 And we must also identify new resources like the  
23 proposed housing trust fund.

24 House Bill 2600 comes at a critical time for  
25 the affordable housing industry in Pennsylvania. As

1 federal, local resources shrink, the state has an  
2 opportunity to step in and provide immediate funding  
3 to ensure that the engine of affordable housing  
4 development continues.

5           Ensuring that we can continue our work means  
6 that our substantial investments will continue to flow  
7 into the communities we serve. We will continue to  
8 create jobs and we will continue to build high quality  
9 affordable housing. The housing trust fund will  
10 provide the necessary resource to fund the funding gap  
11 and make more developments feasible. With the housing  
12 trust fund in place, developers will be able to  
13 advance the deals that have been shelved due to lack  
14 of funding.

15           I've seen similar programs work in Maryland,  
16 and New Jersey and I'm quite certain it will work  
17 effectively in Pennsylvania. I believe that the  
18 statewide housing trust fund is an idea whose time has  
19 come. The time to act on this legislation is now.  
20 And I respectfully urge this committee to move forward  
21 with legislation with all possible haste.

22           Thank you for your time.

23           CHAIRMAN DALEY: Thank you very much. I saw  
24 the Rittenhouse development in Norristown recently and  
25 I was amazed at its beauty and splendor. You did a



1 great job. I had no idea that you did it till I read  
2 through the different panels and proposals in the  
3 brochure.

4 MR. DAMBLY: Thank you.

5 CHAIRMAN DALEY: Any members of the  
6 committee have any questions, Mr. Chairman?

7 REPRESENTATIVE HESS: No.

8 CHAIRMAN DALEY: Thank you very much for  
9 your testimony today.

10 MR. DAMBLY: Thank you.

11 CHAIRMAN DALEY: Our next panel will be  
12 Elizabeth Hersh, executive director of Housing  
13 Alliance of Pennsylvania, and Ron Errett, executive  
14 director of Community Action Partnership of Mercer  
15 County. Deborah, you'll be last. Elizabeth, Ron.

16 MS. HERSH: Thank you very much for the  
17 opportunity to be here today. Thank you all for  
18 staying and listening. I appreciate your attention.  
19 We brought some friends with us this morning.

20 The Housing Alliance of Pennsylvania is a  
21 coalition, a statewide coalition with partners  
22 throughout the state. And I would like all the people  
23 who travelled here this morning so that you could see  
24 the real faces of the people who need homes, who  
25 provide homes, and who benefit from the housing

1 programs that PHFA administers so skillfully, I'd like  
2 to ask you all to stand up.

3 CHAIRMAN DALEY: And the poster says?

4 VOICE: It says, "Hearts for homes. Support  
5 the Pennsylvania Housing Trust Fund." And it was made  
6 by the two younger girls who are here and their school  
7 project, Learn, in Philadelphia.

8 MR. ARCHER: That's wonderful. If you  
9 could, could we have that for our office?

10 MS. HERSH: No way.

11 VOICE: We'll make you a copy. We'll make  
12 you a copy of this.

13 MS. HERSH: When you pass the legislation.

14 VOICE: But we'll copy it for you.

15 CHAIRMAN DALEY: You can probably leave that  
16 at my office next week.

17 MS. HERSH: No. I mean at the signing with  
18 the governor. We turn it over.

19 CHAIRMAN DALEY: That will be a deal.

20 VOICE: There are scores of children  
21 actually worked on this on Martin Luther King Day.  
22 And they sent you Valentines and Christmas cards  
23 asking you to have a heart for home.

24 CHAIRMAN DALEY: Well, thank you very much  
25 for coming. Thank you very much.

1 MS. HERSH: Well, you've heard a lot about  
2 the economic impact of housing, which is quite  
3 significant in a time of scarce public resources. I  
4 think the evidence is quite clear and compelling that  
5 this is a good use of scarce public dollars. And  
6 you've heard about the high quality of administration  
7 and accountability provided by the Pennsylvania  
8 Housing Finance Agency.

9 Several years ago when we attempted to get  
10 an increase in the Housing and Redevelopment  
11 Assistance line item, the major barrier we faced was a  
12 qualified state agency that had transparency and  
13 accountability to ensure those dollars would be well  
14 spent. And I think it's safe to say that's no longer  
15 an issue here. PHFA is among the best housing finance  
16 agencies in the nation.

17 At the Housing Alliance of Pennsylvania, we  
18 believe that if you work hard and play by the rules  
19 you ought to be able to afford a decent place to live,  
20 a place that's safe and stable. And we believe that  
21 if you're a person who has a disability or has a child  
22 with a disability, or if you're a Veteran who has  
23 served this country, or if you're a senior citizen  
24 living on a fixed income, or if for some reason you  
25 can't work or can't find a job, that you should still

1 be able to live safely with stability and dignity.

2 And we know, all of us, we know it  
3 intuitively, and it's nice to know that the research  
4 also supports it, that when children and families and  
5 people with disabilities and senior citizens have  
6 homes that they can afford, that are safe and decent  
7 and stable, they are able to contribute economically,  
8 they hold jobs; kids do better in school, they  
9 actually do better in school; and hospital costs,  
10 health care costs are reduced.

11 The unfortunate truth of the housing market,  
12 and we all knew this long before Wall Street started  
13 to collapse around us, is that the housing market in  
14 Pennsylvania, as around the nation, is out of balance.  
15 We've had growth in the high ends. We've had  
16 overincentivization and capitalization of  
17 homeownership, which we think is a good thing to have  
18 homeownership, but it's been overemphasized at the  
19 expense of rental housing and supported housing for  
20 people who need services.

21 And we need a housing market that is  
22 balanced. And it's the appropriate role of the State  
23 of Pennsylvania, as it is the federal government and  
24 local government, to take steps to provide new  
25 incentives and new capital to ensure that the growth

1 in the market is balanced and that there is an  
2 adequate supply of different kinds of homes to meet  
3 the needs of the community and the local economy.

4 So we urge you to take steps to vote for  
5 this legislation to begin by getting HB 2600 passed so  
6 that we can begin, as Representative Boyd said, to  
7 find a dedicated revenue source to support it.

8 We know that where there's a will there's a  
9 way. If we make the investment and make the  
10 commitment to making the housing market work for all  
11 people, that we know that with the resources in this  
12 room and all the people we represent and with all of  
13 your fine minds and experience that we will find a way  
14 to capitalize this program that makes sense, doesn't  
15 provide hardship, and unleashes the power of the  
16 economy investment in the housing market.

17 Finally, I would like to call your attention  
18 to the testimony that we have provided you this  
19 morning. Many of the people who need homes who can't  
20 afford homes today, they don't have lobbyists. They  
21 can't afford necessarily to take a day off from work  
22 to come and talk to you for themselves. So we have  
23 taken the liberty, with their consent, to bring their  
24 stories to you and to speak for them and all of us  
25 here today to speak for them and tell their stories so

1 you can see the people who are otherwise invisible to  
2 you.

3           And I would like to, if you would permit me,  
4 to tell you the names of some of these organizations  
5 throughout the Commonwealth. There is sometimes the  
6 myth that the lack of homes within reach for working  
7 Pennsylvanians and people with disabilities, senior  
8 citizens is only a Philly and Pittsburgh problem. And  
9 it is a Philly and Pittsburgh problem. But it is also  
10 a Gettysburg problem, a Reading problem, a rural  
11 problem. It is a problem throughout this state.

12           So let me tell you some of the groups who  
13 have submitted testimony in this book. And I hope  
14 that you will take a chance -- take the time and read  
15 a little bit of the individual testimony of some of  
16 the people who are here today.

17           The Pennsylvania Statewide Independent  
18 Living Council, people with disabilities often face  
19 housing hardships their entire lives through no fault  
20 of their own, because of the need for accessibility  
21 and affordability. The Pennsylvania Coalition Against  
22 Domestic Violence, women who are victims of domestic  
23 violence are also victims of economic violence that  
24 keeps them homeless and keeps them in abusive  
25 situations.

1 Penn Future, one of the leading  
2 environmental groups, supports this legislation. The  
3 Philadelphia Association of Community Development  
4 Corporations, 60 organizations who build homes and fix  
5 up neighborhoods throughout the City of Philadelphia;  
6 the Southwestern Pennsylvania Alliance of HUD  
7 tenants -- you are hearing about East Liberty, these  
8 are the tenants who lived in HUD housing and still  
9 live in East Liberty. Tabor Community Services in  
10 Lancaster; the WYCA of Greater Harrisburg; the  
11 Pennsylvania Planning Association; the Philadelphia  
12 Corporation For Aging; the Self Determination Housing  
13 Project; the Lehigh Valley Coalition For Affordable  
14 Housing; Local Initiative Support Corporation,  
15 otherwise known as LISC, and Rural LISC, which works  
16 in rural communities throughout the state. The AARP  
17 strongly supports this legislation; the Domestic  
18 Violence Service Center in Wilkes-Barre; Liberty  
19 Resources, which provides homes and help for people  
20 with physical disabilities; the Capital Area Coalition  
21 on Homelessness, and Tim Whelan from the United Way  
22 was here earlier this morning.

23 The Allegheny County executive Don Onorato,  
24 the Erie County executive; Habitat for Humanity in  
25 Bucks County, Monroe County, Harrisburg, Chester,

1 Lancaster, Reading and Berks; the Housing Development  
2 Corporation in Lancaster; Mullin and Longergan, a  
3 consulting firm in the works statewide; the City of  
4 Nantacoke; Nazareth Housing Services in Pittsburgh;  
5 the Pennsylvania Coalition Against Rape; United  
6 Neighborhood Centers in Lackawanna; the South Central  
7 Assembly For Effective Governance; and the Interfaith  
8 Hospitality Networks in Allegheny County, Northwest  
9 Philadelphia, Berks, Delaware County, Montgomery  
10 County, and Bucks County, many of whom are represented  
11 today -- these are the people who voluntarily who put  
12 people up who need homes in church basements until  
13 they can find places to live -- and the Zulu Nation in  
14 Philadelphia; the Citywide Youth Movement and I  
15 mentioned the Zulu Nation, because Curtis Holmes, the  
16 executive director of that group, doesn't have a  
17 computer and Internet access and went to the library  
18 to write his testimony and then to the Fed Ex to fax  
19 it, so imperative did he feel it was that you knew  
20 that this need for housing in his neighborhood.

21           Finally, I want to tell you the names of the  
22 individuals who have taken the time and made the  
23 effort to submit testimony. In a time when much is  
24 talked about about indifference and cynicism around  
25 our democracy, I think it is noteworthy that so many



1 people made the effort to provide testimony for you.  
2 Thomasina Mongo; Tamara Tankersley; Kelly Tenser from,  
3 Representative Daley, California, Pennsylvania; Ann  
4 Bond, who's from Phila -- from Harrisburg; Mr. and  
5 Mrs. Marcos Cruz, who are in Gettysburg -- the house  
6 they were living in, the land was sold for a new high  
7 end development -- Hyacinth King, who is here today;  
8 Gary Jeffreys, Robin Collins, Raymond Harris and  
9 Darren Griffith, who are all Veterans who have served  
10 the country and are now either disabled or unable to  
11 afford a place to live. Sara Lantz from Reading,  
12 Doris Baris; Kenny Austin, also a Veteran; Colleen  
13 Miller from Chambersburg, Kathy Patterson, Karen  
14 Collins, Doris Ramos, and Theotis Braddy, all of these  
15 people bare their souls, rose above their personal  
16 feelings of potential shame and embarrassment to help  
17 not only themselves and to help you understand the  
18 issue, but to provide hope and help for others who are  
19 not able to be here today.

20 And finally, I'd like to read you some part  
21 of Hyacinth King's testimony. Hyacinth, where are  
22 you? Meet Hyacinth. She's a real local hero.  
23 Hyacinth was at one time homeless. And today she's  
24 employed and she helps other people who are homeless.

25 And she says, "While she was living on the

1 streets, she would watch the construction of housing  
2 units, none of which she could afford on her  
3 disability income. Today she's an employee of Project  
4 Home, where she engages individuals living on the  
5 street, encouraging them to trust again and accept  
6 services most often in shelters. A shelter stay  
7 should be temporary. Unfortunately, Hyacinth sees  
8 people every day that she placed three years ago still  
9 in shelters, largely due to extreme shortage of truly  
10 affordable homes which are safe and clean."

11 She asks that you make the trust fund of it  
12 more than an idea. And she says, "No one should give  
13 up on their dream of having a place of their own,  
14 being able to watch television at night and having a  
15 safe, sound sleep at night. And the trust fund would  
16 help this to become a reality." Thank you.

17 CHAIRMAN DALEY: Thank you, Elizabeth. Ron.

18 MR. ERRETT: Thank you, Mr. Chairman. And I  
19 take the privilege of saying good morning to two of  
20 our Mercer County representatives. Good to see you as  
21 well.

22 My name is Ron Errett. I'm the president  
23 and CEO of the Community Action Partnership of Mercer  
24 County. I'm also the current chairman of the board of  
25 Mercer County Trust Fund, immediate past president of

1 the Shenango Valley Chamber of Commerce. I'm also a  
2 past president of the Board of Community Action  
3 Association of Pennsylvania and the Housing Alliance  
4 of Pennsylvania. And I'd also like to note that I'm a  
5 member of the Sharon Rotary Club.

6 I don't tell you all of this to  
7 credentialize myself, but in fact each of those  
8 memberships and affiliations is integral to the  
9 testimony I'm going to give you here today.

10 You already had speakers and you will have  
11 speakers far more able than I am to talk about the  
12 facts and figures of that. My intent would be to  
13 avoid that unless absolutely necessary. As far as I'm  
14 concerned, there are really only two issues we're here  
15 to decide. First, is it in the Commonwealth's best  
16 interest that every Pennsylvania citizen has a place  
17 to sleep every night. And second, does government  
18 have a role in guaranteeing that that occurs?

19 To me that's why we're here. I don't think  
20 I have to convince this panel that it's in everyone's  
21 best interest to do all we can to make affordable  
22 housing available to all Pennsylvanians.

23 There is an organization called Pathways.  
24 They do an annual self-sufficiency standard for all  
25 counties in Pennsylvania. For my county in 2008 a

1 single parent with three children would have to earn  
2 \$26.01 an hour to achieve self-sufficiently. By the  
3 way, that means, take care of all their needs with no  
4 government help whatsoever. We don't have a lot of  
5 those jobs in my county. That comes out to about  
6 \$55,000 a year.

7           That's why I want to tell you about Autumn,  
8 a single parent with four children. She's been  
9 travelling 32 miles round trip each day to work in a  
10 sewing factory for just slightly above minimum wage.  
11 She did that in an old car that would occasionally  
12 break down. She was barely able to pay the rent, let  
13 alone her utilities. Our agency provided housing  
14 counseling and credit repair assist, occasionally  
15 financial help, referrals to free prescription  
16 services and emotional support and friendship.

17           She recently was accepted to be a prison  
18 guard. She now looks forward to the almost \$30,000  
19 she will make plus health care for their children.  
20 And Autumn is not an exception in our world. She's  
21 like many that we see that simply want to work and  
22 make their own way. Unfortunately, she has a long  
23 road ahead of her yet, because of financial decisions  
24 she made in the past, decisions that allowed her to  
25 pay her bills and feed her children, her credit rating

1 is poor. She's not a prime candidate for most  
2 available loans. Does Autumn deserve an affordable  
3 place to live?

4 We're known in our community as the  
5 benevolent landlord. That's because we build  
6 apartment complexes for senior citizens and for the  
7 mentally challenged and we built new homes for those  
8 who simply could not afford to go through the  
9 traditional markets and taken some risks on those  
10 loans. Do these citizens, either in the ladder stages  
11 of their lives or poorer through no fault of other  
12 own, do they deserve a barely 500 square foot  
13 apartment that is clean and safe?

14 I would hope that all of us here in this  
15 room would agree the answer is yes. Now, I'm fairly  
16 confident that we agree, as the Housing Alliance has  
17 so wonderfully phrased it, if you work hard and play  
18 by the rules you should be able to afford a decent  
19 place to live. I think we would further agree that  
20 just because you have aged or experienced a mental  
21 illness or been burdened with the physical disability,  
22 that doesn't preclude you from wanting a safe and  
23 decent place to live.

24 So the only question that remains is should  
25 the Commonwealth, itself, be involved in being part of

1 the solution by passing House Bill 2600.

2 Here's what little bit I know. As a chamber  
3 of commerce member and past president I know investing  
4 in housing makes business sense. Our economy is in  
5 part driven by the housing construction industry. New  
6 jobs are created, money is leveraged, more property  
7 taxes are secured. In Mercer County I'm proud to say  
8 that our agency pays the taxes on the properties we  
9 build. We believe we should if we can. And there is  
10 the leveraging of other dollars. You already know  
11 that PHFA is levered between 6 and 8 times times the  
12 money it has loaned, depending on which product you're  
13 discussing of theirs. The Housing Trust Fund that I  
14 chair in our county insists on a leveraging element  
15 for any developer. And the last project we reviewed  
16 we needed a meager \$100,000 to leverage 3.2 million.

17 The national motto of community action is  
18 helping people, changing lives.

19 I know the development of a state housing  
20 trust fund would do that because I've personally seen  
21 it happen in my 36 years of work in that industry. So  
22 we provide housing, we change people's lives. We give  
23 them the safe, decent, affordable place to live, we  
24 change their lives.

25 My chamber experience tells me that this

1 fund is good for business because it will drive the  
2 economy, create jobs and increase revenue. My trust  
3 fund experience tells me that a state fund will  
4 leverage other dollars and act as a stimulus to the  
5 overall economy. But I do forget one thing. I told  
6 you at the beginning that I'm a Rotarian. Why did I  
7 do that? Well, every year the newly elected Rotarian  
8 international president chooses a theme, asks all  
9 Rotarians to advance that theme. This year's theme is  
10 "Make dreams real." In fact, I'm wearing that lapel  
11 pin today.

12 When all is said and done, I believe that  
13 this is all you are being asked to do with passage of  
14 this legislation. For the friends, neighbors,  
15 parents, aunts, nieces, sons and daughters of  
16 Pennsylvania, pass this legislation and for them you  
17 will make dreams real. Thank you.

18 CHAIRMAN DALEY: Thank you, Ron. Thank you,  
19 Elizabeth. Ron, I want to tell you that the past  
20 international president of the Rotary --

21 MR. ERRETT: Chuck Keller.

22 CHAIRMAN DALEY: -- Chuck Keller's my  
23 next-door neighbor. I grew up with Charles -- I  
24 didn't grow up -- I grew up with his children. He's  
25 acted as a mentor to me, tennis partner, a friend. I

1 was at his law firm as his preceptor so to speak, and  
2 I've known him all my life. He's great guy. And I  
3 know he also had a theme several years ago. And I do  
4 understand where you're coming from.

5 MR. ERRETT: Mr. Chairman, if this isn't  
6 passed can I tell Chuck it's your fault?

7 CHAIRMAN DALEY: He was at my house two days  
8 ago, so -- Mr. Chairman, questions?

9 REPRESENTATIVE HESS: No.

10 CHAIRMAN DALEY: Representative Brooks?

11 REPRESENTATIVE BROOKS: I do want to thank  
12 you, Ron, for making the long travel down here. I  
13 appreciate that. It's nearly five hours from where  
14 we're from. Earlier I had mentioned and read a part  
15 in the legislation with regard to geographical  
16 distribution. And I had asked Mr. Hudson about it. I  
17 do have a list of the projects that are listed in the  
18 17th District.

19 In building on that philosophy of wanting to  
20 spread this across Pennsylvania, do you have any  
21 suggestions when they form their thoughts as to how  
22 rural areas could be better represented? I'll read  
23 the part in the legislation because I don't believe  
24 you were here earlier.

25 "The agency shall take into consideration



1 geographical distribution of funds appropriated to the  
2 program to ensure that all areas of this Commonwealth  
3 participate to the greatest extent possible.

4           So do you have any thoughts as to ensure  
5 that the rural areas are represented and that we do  
6 receive funding? And I know we have received funding  
7 from PHFA, but we want to also ensure that it's  
8 equitable.

9           MR. ERRETT: I would just argue, and I  
10 resist -- I resist going for set formulas because the  
11 first measurement that any one of you should be  
12 concerned about is the competence of the project. So  
13 that's critical. To say allocate to certain areas  
14 because we should is a wonderful thing, but do not  
15 give up the standard of competence and well done  
16 projects.

17           Now, having said that, having said that,  
18 then I would argue that, yes, I certainly think that  
19 the DCED regions have worked very well in terms of  
20 looking at this Commonwealth and regional structures.  
21 There are other structures out there that look at us  
22 in different conglomerations. As you know, in Mercer  
23 County we belong to Erie or Pittsburgh, depending who  
24 wants us on that day. We belong with Ohio when the  
25 federal government redistributes the fences. So we

1 can be had is what I'm saying.

2           So but seriously, I do think that it would  
3 be helpful to say that we want to make sure that some  
4 disbursement of the money goes to an urban/rural  
5 conflict proportion relationship. You want to do that  
6 by regions. You might want to do that by DCED  
7 divisions. But at no level at all sacrifice  
8 competence. If our region of the state turns in  
9 incompetent proposals and our friends in Philadelphia  
10 turn in all competent proposals, quite candidly, we  
11 get nothing that year. I'm very serious about the  
12 competence issue. We got to do it competently and we  
13 got to do it well. Because Liz brought the people  
14 we're doing it for. We're just the stewards, so we  
15 got do it well for them.

16           REPRESENTATIVE BROOKS: I agree that the  
17 projects do have to have merit. So I want to thank  
18 you for your thought. And, Brian, we have a couple  
19 questions for you also, so if you could stick around  
20 and in regard to the committee.

21           MR. HUDSON: Sure.

22           REPRESENTATIVE BROOKS: I would appreciate  
23 that. Thank you very much.

24           MS. HERSH: Can I add something about the  
25 regional distribution? The Housing Alliance, as you

1 can see, is very diverse and is represented and is  
2 interested in the need -- housing and needs and  
3 interests of communities throughout the state.

4 In -- there is a provision to have a plan  
5 done and to have a comment period for the plan. And  
6 we believe that given the overall directive of  
7 regional -- of this widespread regional distribution  
8 combined with needs assessment evaluation and a plan,  
9 that it creates many mechanisms to ensure that -- and  
10 I agree with Ron's point about competence -- but that  
11 regions needs are met. And we believe another piece  
12 of that is ensuring that there is investment and  
13 capacity building and making sure that you have --  
14 that if you don't have high -- highly competent  
15 developers and providers in that region that there is  
16 the opportunity to grow them so that you can build the  
17 capacity to compete effectively for those dollars.

18 REPRESENTATIVE BROOKS: And I know with Ron  
19 and some of our other people in Mercer County at the  
20 helm that we will most certainly have great projects  
21 with great merit.

22 CHAIRMAN DALEY: Representative Longietti.

23 REPRESENTATIVE LONGIETTI: Thank you,  
24 Mr. Chairman. And I just really want to make a  
25 comment. Thank you, Mr. Errett, for travelling from

1 Mercer County to push what I think is a very important  
2 bill to help people across Pennsylvania.

3 This is kind of a role reversal for us  
4 because many of you don't know, but Mr. Errett hosts a  
5 radio talk show program that he invites Representative  
6 Brooks and I to participate on from time to time and  
7 ask us questions. And I'm actually going to let you  
8 off the hook today. Even though you're very much up  
9 to the challenge, I really don't have any questions to  
10 ask you.

11 MR. ERRETT: It's killing you, isn't it?

12 REPRESENTATIVE LONGIETTI: Right. But I do  
13 want to complement you because not only does Mercer  
14 County Community Action Partnership do, I think, a  
15 terrific job, but as you can see, Ron is very involved  
16 in our community and a lot of different capacities.  
17 And he does it not to get recognition, but because he  
18 does care about -- about other people. And as a  
19 fellow Rotarian, you certainly meet the four-way  
20 tester. Thank you.

21 REPRESENTATIVE LONGIETTI: I just want to  
22 thank you for your efforts.

23 CHAIRMAN DALEY: Now we find out why you  
24 bring up Rotarians all the time, because the member of  
25 the committee's members.

1                   MR. ERRETT: I grew up in Uniontown,  
2 Mr. Chairman.

3                   CHAIRMAN DALEY: I won't hold that against  
4 you. Thank you very much for your testimony. Thank  
5 you, Elizabeth. Thank you, Ron.

6                   The last person to testify today will be  
7 Deborah Crouse. She's with the Tri-County Patriots  
8 for Independent Living.

9                   MS. CROUSE: My name is Deborah Crouse. I'm  
10 a nursing home transitioning specialist from  
11 Tri-County Patriots for Independent Living in  
12 Washington, PA. And I have been asked to come and  
13 give a few words to you all. And behalf of  
14 Representative Daley, thank for the housing trust  
15 fund. We have seen as a glimmer from the housing  
16 trust fund. Now it has come to the horizon, hoping  
17 that we will be to the end of the tunnel here to make  
18 all this happen.

19                   I deal with a lot of our community members,  
20 transitioning them from nursing homes, from  
21 Washington, Fayette, and Greene Counties. I serve all  
22 three counties. And I have been asked by Ms. Kathleen  
23 Kleinmann, who is our CEO, Andy Cooper, and Michael J.  
24 Cogley, who is our executive directors of services at  
25 TRIPIL, for short.

1           We have worked in collaboration with PHFA,  
2 Mr. Hudson, Carla, opening up the TBRA program in  
3 Fayette County, hoping to branch out into Washington  
4 and Greene counties also for vouchers for people  
5 moving from nursing homes to give them not only  
6 affordable but accessible integrated housing.

7           We also work with the PA Housing Alliance,  
8 with Liz, George Moses, and at the time it was Ronell  
9 Guy. And I hold them very close to my heart because  
10 we had the redevelopment authority didn't really  
11 understand what CD, BG monies were about and what all  
12 the other stuff that goes in collaboration with that.

13           And Ronell says, well, Deb, you need to show  
14 up for some of those hearings that they're having.  
15 Well, we showed up at county courthouse in Washington.  
16 They was like, what meeting? Oh, here, publicized in  
17 the paper. We come to see what this is all about  
18 because we need housing.

19           Through their -- through their guidance and  
20 appearing at those hearings from time to time, now we  
21 have been working on a working relationship with them,  
22 receiving phone calls here just yesterday before I  
23 left the office saying we need to get together with  
24 you all down there at TRIPIL and any of the housing  
25 coalition members, anybody, that we need to know what

1 your needs are.

2 And I had suggested that we put a plan  
3 together -- the developers, the architects, all of the  
4 ones that you heard from today. They understand those  
5 avenues. My job is to find housing.

6 Housing is our biggest barrier for people  
7 moving out of nursing homes, and in addition to these  
8 people here, too. I get calls all the time from Safe  
9 Haven, which is a shelter for homeless; from the  
10 Interfaith Hospitality Network. We work -- if I have  
11 someone that needs assistance, if they need somebody  
12 that needs assistance, we work together to find them  
13 some type of housing. But at the present time we have  
14 people that's in nursing homes, and most of the time  
15 people think people in nursing homes are older people.  
16 That's not true. We're working presently with 18, 19  
17 years old, 31 year old people. And when you have  
18 subsidized housing with 30 percent of their income, we  
19 don't have a lot of income to be working with there.  
20 And what we need is the accessible, affordable  
21 integrated housing for every one of their needs.

22 And, you know, don't you all take this  
23 wrong, but some of the elderly population don't, you  
24 know, the high rises, you know, everybody, whether  
25 they be the elderly, whether they be -- and it's not

1 fair to the people with disabilities, you know, that  
2 they have to be housed with 62 and older. We need --  
3 we need -- we don't want to be segregated, you go this  
4 way and you go that way; and you can't have housing  
5 because of your age or because you have a disability.  
6 We all need that affordability and accessible housing.

7           And so, you know, some of the programs we  
8 have learned that we can address the issues, maybe  
9 somebody just needs a ramp to get out of the nursing  
10 home to go home to stay in the community and be  
11 productive citizens, taxpayers, what have you.

12           You know, right now I'm working with two  
13 gentlemen, one man that's from up in the Bronx, up in  
14 Harlem, getting his birth certificate just to get him  
15 from the nursing home, because they say, well, the  
16 nursing homes say, well, they're not homeless. Well,  
17 anyone that's in a nursing home that does not have an  
18 apartment or home to go back to, we -- we say, yes,  
19 they are homeless. They need those apartments. They  
20 need the housing to make their lives more productive,  
21 to remain in society and to be citizens just like we  
22 are paying taxes, what have you. Is that right?

23           VOICE: That's right. That's right. Go,  
24 Deborah, go. That's right.

25           MS. CROUSE: And I thank you very much for



1 your time.

2 CHAIRMAN DALEY: Thank you, Deborah.  
3 Members of the committee, any comments? Mr. Chairman,  
4 closing comment?

5 REPRESENTATIVE HESS: No.

6 CHAIRMAN DALEY: I want to thank you,  
7 Deborah, for coming out today. For everyone that's  
8 here, of the 29 members of this committee, and I want  
9 you to pay attention to this, we have one member  
10 that's from Philadelphia City, two members from the  
11 City of Pittsburgh, and the rest are from all of  
12 Pennsylvania. So we have a broad spectrum of members  
13 here that represents rural Pennsylvania from north to  
14 south to east to west. We're not just suits and  
15 skirts and dresses that sit up here as professionals.  
16 We are like you. Although we're elevated in this  
17 forum, it's because it gives us a better opportunity  
18 to see all of your faces. It's not that we're better  
19 than anyone here.

20 We as a committee have worked very  
21 diligently on mortgage issues in Pennsylvania, and I'm  
22 very proud of our committee. We're now working on  
23 this issue. And we think this is crucial to all  
24 Pennsylvanians, all of Americans, because no one in  
25 Pennsylvania should not have a home, a house over

1 their head. No one in this great country should go to  
2 bed hungry. But they do. And that's wrong. And I  
3 know in Fayette County, which is very much like  
4 Philadelphia, where 51 percent of my kids go to bed  
5 hungry under the age of 18, and 52 percent of my  
6 seniors live in poverty, that's not right.

7 So we're here and we're dedicated as  
8 stewards, all of us as legislators, because we know we  
9 have a small moment of time to be able to change the  
10 history of the state. We serve very small period of  
11 time. And ladies and gentlemen, this is our moment  
12 and now we're going to change Pennsylvania.

13 This afternoon we are going to have a  
14 hearing off the floor to consider this bill with  
15 amendment. For the members of the committee, we do  
16 have a copy of one of the amendments. We may have  
17 another amendment, and it's going to be drafted.  
18 Hopefully we'll vote this out of committee this  
19 afternoon and get on the floor for consideration  
20 hopefully next week. We have a small window of  
21 opportunity in the legislature before the election, as  
22 you know. So we're working desperately to try to  
23 seize that opportunity to get this bill out of the  
24 House and get it over to the Senate.

25 Thank you for your participation. Thank you

1 for coming from wherever you came from. Thank you for  
2 all the professionals, for all the non-professionals,  
3 for everybody that's here to participate. God bless  
4 you. Thank you very much. And have a safe trip home.  
5 Consider this meeting's adjourned.

6 (Proceedings concluded at 10:34 a.m.)

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I hereby certify that the proceedings and evidence are contained fully and accurately in the notes taken by me on the within proceedings and that this is a correct transcript of the same.

\_\_\_\_\_  
Heather L. Artz, RMR, CRR  
Notary Public