

## House Urban Affairs Committee Testimony – Tom Campbell, Pocono Mountains United Way

Text for oral testimony on 9/21/2022

### *<Open with anecdote from recent experience>*

I've spent last 18 months running the Pocono Mountains United Way's team that handled the majority of Monroe County's Emergency Rental Assistance Program applications.

In the first 6 months we fielded applications from people of all walks of life.

In the second 6 months we had a significant number of return applicants who were probably in rough straights before COVID, and still had difficulties that made housing a challenge for them.

In most recent 6 months, we've seen a number of those returning applicants, but also a large number of first-time applicants who never needed any kind of help before. Ever.

Many have been employed fairly steadily and often bump against the upper income limits of the program. Yet they were losing their housing because the rent had risen so much, so quickly, that their income was no longer sufficient. Or the house they were renting had been sold, and now they had to compete in the new, higher rate market to find something new.

You already know this is happening across the state. Across the country.

But it's particularly difficult here in NorthEast PA. None of our counties are big enough to have staff like metropolitan areas do; Keeping tabs on emerging trends and speculating on new and innovative ways to utilize these once in a lifetime funds. Each county or municipality does their best to engage consultants, occasionally working together across county lines – but always on a project basis. It's just not the same as in the large metropolitan areas with dedicated program design and funding experts on staff.

There are other unique challenges in Northeast PA too. Of course building materials are more expensive everywhere, which makes both new and existing housing more expensive.

But Pennsylvania's property-tax based school funding formula puts an unbearable burden on areas like our corner of the state where growth ebbs, and flows in torrents, and then ebbs again. A \$300,000 house in other parts of the state may be accessible to a low to middle income family, but the extra \$150 in property tax they must pay here means that that family's income-to-expenses ratio disqualifies them for a mortgage (and would make them more susceptible to future arrears if they did get the loan.) So home-ownership is off limits for more here.

And all the property tax hype always seems to focus on homeowners, but rentals are equally if not more impacted. Any owner renting out a house or apartment building must factor in \$100 to \$300 a month more in property taxes per unit than they would elsewhere, and they MUST pass that cost on to the tenant to make their ends meet.

And of course, "Rural" has its own challenges. Multi-family new-construction opportunities are fewer and further between (literally) because there is less infrastructure – particularly sewer and water systems. Occasionally there will be a round of special funding set aside for "rural" programs. But oddly enough, the most recent "Rural" funding set-aside for the HUD Continuum of Care system defined Rural in a way that excluded Carbon, Pike and Monroe counties.

Enough griping. What am I asking you to do? Warning – there's a surprise at the end:

3 things:

1. Listen to what all those providing testimony today share with you. Whether rural or urban or ex-urban or suburban, the programs you are supporting - both for new housing and for urban redevelopment - ARE vitally important to increasing the total number of available units in all our regions. And while my concern is for workforce housing, I know that if we can increase the amount of low income housing, it will take the pressure off demand for the next tier up in the rental market, allowing them to remain accessible for the region's workforce, and hopefully reduce the upward pricing pressure as well.

2. Work with your colleagues in other committees to reduce the cost to develop and maintain housing in PA, and especially in NorthEast PA.

That especially means (ugh) – property taxes.

Our state's property tax formula not only raises mortgage payments and the rents that landlords must charge, but it also dissuades developers from building multi-family units in places like Monroe county. Changes such as Act 58 are tools that can help sweeten the pot, but only if the local school taxing authority has room to offer them – which here in Northeast PA, they do not.

So, who wants to build and maintain a new workforce-focused rental development where infrastructure is scarce and property taxes mean you'll have to charge rents that will, by definition, require tenants to use a bigger part of their take-home pay for rent? Doing so means you're going to have to spend more on management and collection costs for anything you build in northeast PA. Developers simply focus their efforts on easier to manage jurisdictions.

3. Childcare.

Who said anything about childcare?

Yes, childcare is a housing issue. Because that family with the gray Toyota may have been able to make ends meet, may have been able to afford housing – If-- both family members were able to work.

But with an extreme lack of quality childcare across the region, and at such a high cost for what there is, few non-professional jobs can justify returning to the workforce when you have two pre-school children in the family. The math just doesn't work - it's cheaper to stay and look after your kids instead of going to work. So we have unfilled jobs everywhere, while we also have families that can't afford these new higher rents.

As long as we leave the childcare services issue unsolved (including after-hours childcare for hospitality industry areas like the Poconos), hard-working families will continue to struggle to afford housing – even once we take some of the demand pressure off with the other two steps I just mentioned.

**<Close with recap of anecdote used to open testimony>**