



**Statement for the Record of Dana Hanchin,
President and CEO, HDC MidAtlantic**
Housing & Community Development Committee's
informational meeting on Housing Development
October 23, 2023

INTRODUCTION

Thank you, Representative Sturla and members of the House Housing & Community Development Committee, for this opportunity to testify on the need for affordable housing for seniors, families, and individuals living with disabilities. My name is Dana Hanchin, and I am the President and CEO of HDC MidAtlantic (HDC).

HDC is a nonprofit affordable housing provider based in Lancaster, Pennsylvania that owns and/or manages over 3,400 apartments serving more than 5,000 residents in 72 communities located in urban, suburban, and rural areas across Pennsylvania, Delaware, and Maryland. Fifty-four of our affordable communities are located in Pennsylvania, housing more than 3,800 of the Commonwealth's residents. Across HDC's 53-year history, we have provided safe, affordable housing to over 50,000 residents, invested \$325 million building and preserving housing, resulting in \$1 billion in local economic impact. We are dedicated developers and providers of, and advocates for, affordable housing. We believe housing is a human right and are committed to ensuring everyone has a safe, welcoming, affordable place to call home. HDC MidAtlantic is a proud charter member of NeighborWorks America, a network of nearly 250 nonprofit organizations across the United States that work together to create affordable housing, support residents, and strengthen communities.

HDC provides housing that is safe and affordable to individuals with lower incomes, focusing on seniors, families, and individuals living with disabilities, all vulnerable populations who disproportionately face barriers to accessing or maintaining housing stability. The individuals who choose to live in HDC housing are diverse, but we know that approximately 80% of households in HDC communities earn less than \$30,000 per year. Typically, HDC housing is open to households who earn 20%, 40%, or 60% of Average Median Income (AMI). In 2022, 1,835 residents, or approximately 35% of individuals who choose to live in our affordable housing communities, identified as being 62+; 728 residents, or 13%, report that they are living with a disability, and approximately half of residents identify as BIPOC (Black, Indigenous, Person of Color). HDC takes a people-centered approach to affordable housing, making sure that an individual's lived experience and voice are at the center of our work. We take great strides to ensure that our affordable housing communities are accessible for all residents regardless of their stage of life or disability status, always meeting and, at times, exceeding minimum standards





required by the Pennsylvania Housing Finance Agency (PHFA) and United States Department of Housing and Urban Development (HUD).

HOUSING NEED GROWING ACROSS PENNSYLVANIA

HDC currently operates 54 affordable communities, totaling more than 2,600 apartments, in Pennsylvania. Forty-five of these communities have waitlists as there are no vacancies available, and 23 of those 45 waitlists are closed entirely because the wait exceeds three years. In total nearly 4,000 people are sitting on waitlists in Pennsylvania, nearly as many as we are able to house. HDC has 11 developments, totaling more than 500 apartments, in the pipeline across the state as well. Future developments are planned in Berks, Lancaster, Luzerne, Montgomery, and Wyoming counties. Two of our developments currently in progress—1528 West Apartments in Allentown, PA, which broke ground at the end of September, and The Apartments at College Avenue in Lancaster, PA, which will break ground in late fall—already have interest lists that total more than 120 individuals indicating the need and anticipation for these communities.

While there is a housing need for all demographic groups, we are seeing a noticeable increase in the need for senior and ADA compliant affordable housing. Currently, 32 of our affordable housing communities in the Commonwealth are designated for seniors, making up more than 45% of our portfolio. Approximately 7% of the apartments in HDC's portfolio are ADA compliant, a total of 242 units, and 70 households, or 2%, participate in the Section 811 Supportive Housing for Persons with Disabilities program, which is designed to allow individuals living with disabilities to live as independently as possible through subsidized housing and supportive services. While these numbers meet the minimum requirements of what HDC is obligated to provide as an affordable housing developer and property manager, we know this does not satisfy the accessibility needs for residents who are currently living in HDC communities, and for those on waitlists anticipating apartment availability.

It is not uncommon for current residents to request a transfer into an ADA compliant apartment within their building as they age in place, their disability status, or their life circumstances change. Residents are also able to request a reasonable modification of their existing apartment to make certain ADA compliant upgrades. In the last three years, 28 transfer requests and 229 reasonable modification requests were submitted to HDC's Property Management department. These internal numbers demonstrate the growing need for accessible affordable apartments within our current portfolio.





SUPPORTIVE SERVICES

HDC's Resident Services program is one of our core services alongside Real Estate Development and Property Management, which speaks to our people-centered approach. The Resident Services staff uses a trauma-informed lens to meet residents where they are, listening to their questions and concerns, helping to navigate through challenges, and celebrating successes together. The team provides households with support in areas like financial capability, housing stability and eviction prevention, access to support services, resident engagement, and community building.

We believe that a safe place to call home is a cornerstone for household stability and growth, which can allow individuals to focus on other aspects of life. When a resident makes the decision to live in an HDC affordable housing community, our Resident Services staff meets with them one-on-one to assess their needs and resources and connect them with service providers and programs in their communities. Participation with Resident Services is voluntary. However, we know that the potential benefits of the program contribute to residents reporting a very high and positive quality of life through surveying. The presence of and access to Resident Services also directly relates to increased rates of rent collection. On average, communities with Resident Services on site see an average increase of 20% in rent collections.

In 2022, over 1,600 HDC residents accessed services, programs, and benefits through the Resident Services program—44% of which live in senior communities and 56% live in general occupancy communities. Services and benefits accessed most fall into the categories of food access and support, health and nutrition, benefits and insurance, community engagement, and eviction prevention. Of the 736 senior residents who were connected to outside agencies last year, 522 or 70%, of them were connected with benefits that support senior living, healthcare, and disability access further indicating the need for services to support aging in place and disability services within these populations.

ECONOMIC CHALLENGES

Creating and expanding affordable housing is always a challenging endeavor, but these processes have become more difficult following the COVID-19 pandemic. HDC, along with developers across the state and the country, are currently facing many new economic and environmental challenges that have created additional barriers and further thinned resources including escalating costs, higher interest rates, a backlog of unpaid rent, drawn out eviction processes, and a strained labor market.

Over the last three years, the cost of construction has escalated and continues along that trajectory resulting in significant delays to the building process. While the cost of materials has





begun to stabilize, their availability and the cost of labor continues to increase beyond the current inflation curve. Supply shortages are also contributing to extended completion dates more than three to six months beyond projections. These extensions have resulted in higher interest carrying costs, further cost burdening developers.

The Consortium for Housing and Asset Management is reporting more than a 12% increase in insurance, and that is only expected to continue to rise in the coming years. The cost of repairs and administration for properties is also up nearly 9% respectively. The average property is now carrying an accounts receivable balance of \$34,000 across the board, and the average property's debt has doubled to nearly \$23,000.

These market conditions are being felt by peer affordable housing providers, but we cannot forget that the challenges caused and worsened by the pandemic are also felt by residents. Low-income individuals are more affected by the inflation in costs of food, energy, gas, and rent because while these costs increase, often their incomes do not. This year, social security increased by 8.7%, but was still outpaced by the rising cost of inflation which increased 11%.

FUNDING AND SUPPORT

There is much that the state can do to expand funding, create incentives, and support affordable housing. HDC applauds the state's recent commitment to raise PHARE funding to \$60 million in 2023-24. This commitment is just the beginning, and we encourage you to continue this initiative and increase PHARE funding to \$100 million over the next several years to support local housing, blight remediation, supportive services, homeownership counseling, and home purchase programs.

We also encourage the expansion of the Pennsylvania Department of Community and Economic Development's Neighborhood Assistance Program Tax Credit, which could provide critical gap funding for affordable housing programs. These funds recently helped HDC close a \$6 million gap on The Apartments at College Avenue. Additionally, the creation of a significant dedicated funding line item in the state budget to support new construction and preservation of multifamily and single-family affordable housing would eliminate some barriers to development and demonstrate the kind of bold thinking necessary to make strides towards meeting Pennsylvania's deficit of 235,000 housing units.

There are several policy levers that other states have utilized to prioritize and promote affordable housing including requiring localities to plan for the housing needs of their respective regions; implementing state standards for local land use and planning regulations to lower housing costs, such as increasing density, reducing parking requirements, streamlining approval processes and





allowing housing type by right; providing carrots to incentivize a particular production goal; and/or imposing sticks to penalize jurisdictions for failing to carry out their housing obligations. These recommendations are in line with the recent 2023 report from the Turner Center for Housing Innovation at University of California, Berkeley entitled, “Incentivizing Housing Production: State Laws from Across the Country to Encourage or Require Municipal Action.”

At the federal level, HDC has endorsed the Visitable Inclusive Tax Credits for Accessible Living (VITAL) Act to address the housing affordability and accessibility crisis for people with disabilities. This Act has the potential to increase funding for the Low-Income Housing Tax Credit (LIHTC) program to increase the number of accessible homes overall and require that states administering LIHTC construct at least 20% of apartments as ADA compliant and/or walkable and rollable, an improvement over current standards.

HDC has also advocated for the expansion of the LIHTC program through the Affordable Housing Credit Improvement Act (AHCIA), which would support the financing of nearly two million new affordable homes by increasing the number of credits allocated to each state, increasing the number of affordable housing projects that can be built using private activity bonds, and improving the LIHTC program to better serve at-risk and underserved communities including veterans, victims of domestic violence, formerly unhoused students, Native American communities, and rural Americans.

While the LIHTC program is our country’s most successful affordable housing program that has supported much of the development that has occurred over the last 37 years, seniors on fixed incomes can struggle to afford LIHTC rents. Rental operating subsidies are critical to ensuring these vulnerable populations can access safe, affordable housing and not pay more than 30% of their income on rent. Increased funding for the Project-Based Rental Assistance could help more seniors and people living with disabilities remain stably housed in LIHTC properties.

CONCLUSION

The need for affordable housing is only going to continue to grow in Pennsylvania and across the country. While the funding sources and policy changes above will not solve every issue, housing developers like HDC are able to do more for vulnerable populations including families, seniors who choose to age in place, and individuals living with disabilities with expanded and consistent funding. Every dollar and every decision has the power to make a difference in the lives of people living in affordable housing.





HDC remains committed to working with you to identify solutions to ensure that families, seniors, and those living with disabilities are empowered to achieve their own personal success in vibrant, thriving affordable housing communities that are equitable, accessible, and affordable for generations to come.

Thank you,

A handwritten signature in blue ink, appearing to read "Dana", followed by a long horizontal line extending to the right.

Dana Hanchin
President and CEO
HDC MidAtlantic



Pre-Development



COMPLETION: Early 2026

- **The Apartments at College Avenue** - Lancaster, PA
General Occupancy - 64 Apartments
Rent Range: \$200-\$850
Estimated Total Development Cost: \$23.4 million
Partners: United Disabilities Services
Steinman Foundation

Phase 1 of \$100 million plan to redevelop former UPMC/St. Joseph's hospital site in partnership with Washington Place Equities



COMPLETION: Early 2026

- **Scranton Rehabilitation**
Total Rehabilitation Cost: \$10.1 million

Saint Stanislaus Apartments - Newport Township, PA

General Occupancy - 30 Apartments

Saint Thomas Court Apartments - Hazleton, PA

General Occupancy - 20 Apartments

Saint Vincent Apartments - Plymouth, PA

General Occupancy - 19 Apartments

Saint John Apartments - Hazleton, PA

Senior Occupancy - 24 Apartments

Saint Catherine Manor Apartments - Scranton, PA

Senior Occupancy - 60 Apartments

Under Construction



COMPLETION: Winter 2024

- **1528 West Apartments** - Allentown, PA
Senior Occupancy - 49 Apartments
Rent Range: \$307-\$1,107
Estimated Total Development Cost: \$19 million
Partners: Alliance for Building Communities
Eastern PA Down Syndrome Center

10 apartments set aside for adults living with intellectual and developmental disabilities.

Rehabilitation



COMPLETION: Fall 2024

- **Scattered Site Preservation**
Total Rehabilitation Cost: \$7.8 million

Norriswood Apartments - Norristown, PA

General Occupancy - 42 Apartments

Exeter Senior Living Apartments - Exeter, PA

Senior Occupancy - 46 Apartments

Willow Ridge Apartments - Hershey, PA

General Occupancy - 60 Apartments

Planned Developments

College Ave Phase II - Lancaster, PA
General Occupancy - 75 Apartments

St. Luke Ridge - Gilbertsville, PA
Senior Occupancy - 48-60 Units

Paradise Apartments - Paradise, PA
General Occupancy - 42 Apartments

Cornerstone at 6th and Chestnut - Reading, PA
Senior Occupancy - 48 Units

Communities in Pennsylvania

2590 Affordable Apartments

BERKS COUNTY

7 communities; 350 apartments

Birdsboro

River Run Meadows Apartments

Hamburg

Hamburg School Apartments

Leesport

Southgate Apartments

Reading

Market Square Apartments

Penns Common Court

Providence House

Womelsdorf

Henner Apartments

CENTRE COUNTY

1 community; 66 apartments

Bellefonte

Governor's Gate Apartments

CHESTER COUNTY

7 communities; 254 apartments

Atglen

Glenbrook Apartments

Coatesville

Ash Park Terrace

The Brandywine Center

Washington House Apartments

Parkesburg

Parkesburg School Apartments

West Chester

Denney Reyburn Apartments

Hannum Gardens

DAUPHIN COUNTY

3 communities; 159 apartments

Hershey

Willow Ridge Apartments

Highspire

Highspire School Apartments

Middletown

Springwood Glen Apartments

LACKAWANNA COUNTY

1 community; 60 apartments

Scranton

Saint Catherine Manor Apartments

LANCASTER COUNTY

24 communities; 1278 apartments

Columbia

Saint Peter Apartments

Trinity House Apartments

Denver

The Apartments at Heatherwoods

Elizabethtown

Market House Apartments

Whistlestop View Apartments

Ephrata

Franklin Street Apartments

Lancaster

The Apartments at Mulberry Corners

Duke Manor Apartments

King Theatre Apartments

Lancaster Apartments

Plum Tree Apartments

Ruoff Tower

Tabor Place Apartments

Umbrella Works Apartments

Landisville

Landisville Apartments I

Landisville Apartments II

Lititz

Aster Place Apartments

Larkspur Crossing Townhomes

Mountville

Rockford Chase Apartments

Sylvan Retreat Apartments

New Holland

Mountain View Terrace

Quarryville

Oak Bottom Village

Oak Bottom Village II

Oak Bottom Village III

LEBANON COUNTY

2 communities; 77 apartments

Fredericksburg

Beach Run Apartments

Lebanon

Deer Lake Apartments

LUZERNE COUNTY

6 communities; 195 apartments

Exeter

Exeter Senior Living Apartments

Hazleton

Saint Thomas Court Apartments

Newport Township

Saint Stanislaus Apartments

Plymouth

Saint Vincent Apartments

Wilkes Barre

Heritage Point Apartments

Saint John Apartments

MONTGOMERY COUNTY

1 community; 42 apartments

Norristown

Norriswood Apartments

NORTHAMPTON COUNTY

1 community; 46 apartments

Bethlehem

South Side Lofts

YORK COUNTY

2 communities; 93 apartments

New Freedom

New Freedom Apartments

York

Wyndamere Apartments

About HDC MidAtlantic

HDC owns and/or manages 3,400 apartments, providing housing that is safe and affordable to those with lower incomes, focusing on seniors, families, and individuals living with disabilities. Serving more than 5,000 residents in 72 communities located in urban, suburban, and rural areas across Pennsylvania, Delaware and Maryland, HDC builds hope and opportunity for all residents to reach their full potential by creating, preserving, and strengthening affordable housing communities.

Experts in Real Estate Development

We are developers/owners, development consultants, and participate in joint venture partnerships. We handle every aspect of the development process and have long-standing relationships with various lending institutions, housing agencies, investors, architects and contractors to design and build communities of excellence.

Learn more about partnering with our team.

Contact **Claude Hicks**, Senior Vice President of Real Estate Development at chicks@hdcweb.org.



8 W. King Street, Suite 821, Lancaster PA 17603
(717) 291-1911 • hdcweb.org • info@hdcweb.org

Follow Us   

HDC builds hope and opportunity for all residents to reach their full potential by creating, preserving, and strengthening affordable housing communities.

Welcome home.