



Housing Alliance
of Pennsylvania

**The Housing Alliance of Pennsylvania
Impact of the Marcellus Shale Gas Drilling
on the Local Housing Market
Testimony Submitted, Tuesday, September 28, 2010**

While much has been made of the potential environmental impact of the gas drilling on the Marcellus Shale region, as well as the likely benefits of an economic boon to the area, the impact on the local housing market is also significant and requires attention and leadership from state and federal as well as local officials.

Quite simply, the influx of new workers and new money has driven up prices and flooded the existing supply of homes, apartments and hotel rooms. This is great news for local residential property owners: rents are going up and vacancy rates are going down. We can expect to see capital improvements as a result.

But what is the impact on the people whose wages or fixed incomes cannot keep pace with the new market? Already there are reports of low wage working people being priced out of the market, increased homelessness and people struggle to find anyplace to live. One intake worker reported that she was giving families tents. Given the newness of this trend, we must rely on anecdotal data from people on the front lines. Just last week the Housing Alliance together with the Lycoming County Housing Coalition convened a Regional Forum and over 100 people attended to attest to the pressing housing needs being experienced by people in the region. (See attached news clip).

The Housing Alliance is a statewide organization that works for solutions to the shortage of homes within reach of people with low and moderate incomes.

What can state officials do to ensure that the local housing market continues to function to meet the needs of the community, undergird the local economy and ensure that the traditional way of life in many of our rural communities is not lost while taking full advantage of the economic benefits of the surge in gas drilling? Here are four concrete, specific and do-able steps to acknowledge that there is a housing problem and begin to move forward to solve it:

- 1) Work with the US Congressional Delegation to increase HUD fair market rents for the Shale region so that Housing Choice (Section 8) Vouchers can be used by local residents.**
The Housing Choice program has a proven track record of stabilizing housing for seniors, people with disabilities and low wage working families while supporting the local rental market; owners can still make ends meet. But the Fair Market Rents (FMRs) for the region are stuck at pre-gas drilling levels. In Williamsport, the local housing authority is unable to use its vouchers because rents are too low. In Sullivan County they have a waiting list for the first time in their history. Local and state officials should work with their congressional delegation to approach the Secretary of HUD to increase the rent levels and to increase the number of vouchers available.
- 2) Work with the gas companies to invest in a balanced, healthy local housing market.**
State leaders can help the industry ensure the long term stability and viability of the communities they now call home by investing in the low income housing tax credits through the Pennsylvania Housing Finance Agency (PHFA). This will help increase the supply of high quality new rental homes provided by proven organizations like TREHAB that are affordable for local people with modest incomes.

3) Establish and fund a state housing trust fund. Enacting HB60, PHARE, is the first step.

The purpose of a trust fund is to provide capital and incentives to private for profit and not for profit entities to grow the housing market in way that meets the needs of the local community. For example, it can support rental assistance, rental rehab, homeowner education and basic systems repair to invest in upgrading the local housing stock while keeping it affordable. It can also help in community revitalization efforts, as deteriorated houses are renovated into affordable homes.

4) Look beyond expanding the local shelter system and focus on stable, permanent homes within reach of local residents.

Homeless shelters are a noble, compassionate response to the suffering of others. But they are not long term, sustainable homes in which to raise families and support the local workforce. We urge you to look to the lessons of other communities around the nation and not go backwards. Do not invest in an extensive system of homeless shelters; invest in housing first – homes that people can count on for their families' stability rather than disrupt their children with frequent moves. Invest in rental assistance, low income housing tax credit development of quality affordable rental, rental repair and rehab to keep apartments in the private market affordable for residents while profitable for owners; ensure that there is a pathway to homeownership and help for those who own their homes, but are struggling to maintain them.

Again, we thank you for your leadership in looking to the impact of the gas industry on the housing market and stand ready to assist in long term, viable solutions to ensure that local residents fully experience the benefits of their changing world through smart, timely leadership to stabilize and grow the housing market.

From the Williamsport Sun Gazette

Housing crisis: Gas workers get preferential treatment

September 24, 2010 - By MIKE REUTHER mreuther@sungazette.com

<http://www.sungazette.com/page/content.detail/id/554056/Housing-crisis--Gas-workers-get-preferential-treatment.html?nav=5011>

Housing has become a crisis for the homeless, low-income families and others finding themselves suddenly squeezed out of the market and looking for a place to live. It's also become a growing issue for the public at large.

Advocates representing service agencies, government, and business spoke out on the need to address the topic during a forum hosted by the Housing Coalition of Lycoming County at the Genetti Hotel Thursday.

The morning-long session, which included workshops addressing specific housing issues, served as a brainstorming session to learn what steps can be taken to address the matter.

Liz Hersh, executive director of the Housing Alliance of Pennsylvania, said gas drilling, with its influx of workers needing places to live, is driving up housing and rental costs. The problem of helping people who suddenly find themselves unable to afford higher rents is a problem that communities can't solve alone.

A state housing trust fund that would pool capital for helping people with home and rental needs is among the possible solutions.

As it stands now, there exists "a mismatch between supply and demand" in the housing market, including a shortage of 220,000 rental units in the state, Hersh said. With so many people unable to afford decent places to live, problems tied to crime, mental health and the overall economy can arise.

"Not doing anything right now is actually costing us money," she said.

Participants noted some of the positive strides already being taken.

Williamsport Mayor Gabriel J. Campana noted that in recent years a landlords' association has been formed and the city has committed to targeting blighted properties.

Dawn Astin of the American Rescue Workers referred to her agency's homeless men's shelter, along with an additional 24-bed emergency shelter set to open.

YWCA Executive Director Diane Glenwright noted the Y's three organizations that provide outreach, including Liberty House, a homeless shelter for women and children, which served 96 people last year.

Tioga County Commissioner Mark Hamilton said municipalities could use a funding boost from a severance tax.

Among the obstacles for residents looking for places to live are the lack of available jobs, high property taxes and restrictive regulations for first-time home buyers.

Rosann Pelleschi of the Lycoming County United Way said some landlords now refuse to rent to people other than gas company workers. She also referred to lack of affordable housing for senior citizens.

Other problems mentioned included a shortage of Section 8 vouchers for living in public housing, burdensome government bureaucracy, potential home buyers riddled with bad credit, and ex-inmates who can't find work needed to afford housing.

State Rep. Rick Mirabito, D-Williamsport, said that some two-thirds of rental units in Lycoming County are in Williamsport, where 29,000, or just one-quarter, of the county's people live.

Using public funding for projects that target blighted neighborhoods rather than for single-development businesses such as downtown hotels might better address the housing problems, he and others said.