

Testimony of James F. McRath  
Senate Urban Affairs and Housing Committee

My name is James F. McRath and I am the Executive Director of the Bradford and Tioga County Housing Authority and serve as a member of the Regional Housing Consortium and the PA Department of Community and Economic Development's Northeast Regional Housing Advisory Committee. In addition, as the Executive Director of the Bradford Tioga Leased Housing Corporation, I have been closely involved with the PA Housing Finance Agency (PHFA) to develop affordable housing in Liberty Borough, Tioga County.

In my association with our dual County Housing Authority, I have been involved with housing issues for the past 30 years. The majority of that time I was directly involved with the private rental market through the Authority's rental assistance programs where we enter into rental contracts with landlords on behalf of low income tenants utilizing Housing Choice Vouchers.

I have inspected thousands of rental homes and apartments and negotiated rent charges with private landlords in every location throughout Bradford and Tioga County. In administering the rental assistance program I have accumulated a significant amount of rental information for use as both rent reasonableness and rent comparability as required by the US Department of Housing and Urban Development (HUD).

In all this time nothing has prepared me for the current changes occurring in the rental market as a result of the Marcellus Shale Gas Play. I agree wholeheartedly with PHFA's assertion that the Northern Tier of PA is experiencing a housing crisis. From my perspective I see the "gas play" as being in its third year of an initial ten year cycle of development and each year has seen an expanding gas development and increase in the number of wells placed in production. It is very possible that the initial ten year cycle could evolve into a twenty year cycle as the amount of gas identified in the Marcellus Shale exceeds original estimates.

The housing crisis is precipitated by the ever expanding number of workers employed by the gas industry. We have seen a continual increase of workers from Texas, Oklahoma, Arkansas and beyond arriving here and placing an ever increasing demand on the limited availability of existing rental housing. Owing to significant amount of compensation which can be earned as a gas worker, they have the financial ability to pay what the market will bear in obtaining housing here.

This has resulted in rents taking a significant increase, in some cases two to three times the cost from just one year ago. Rents for a two-bedroom apartment, which in the past totaled \$400/month, are now renting for between \$1,000 to \$1,200/month. This current situation is effectively pricing out Voucher Program participants from obtaining a decent rental dwelling since HUD places a number of restrictions on the allowable cost of a subsidized house or apartment.

The current Fair Market Rent for a two-bedroom unit as published in the Federal Register by HUD is \$579 in Bradford County and \$606 in Tioga County. These are gross rent figures meaning they incorporate the utility expenses of a unit. If a rental assistance tenant wished to rent a two-bedroom apartment and they were responsible for paying their own utilities, the actual allowable rent charged could not exceed \$450 since the utility allowance would have to be included with the contract rent. This reality has created an additional burden on applicants seeking participation on the Housing Choice Voucher Program.

Current program participants are also being affected since the rental contract must be renewed annually. In many situations the tenants cannot get their leases renewed due to landlords asking for significant increases in the rents they charge; rents of such an amount that are not permitted by HUD.

The current "crisis" is particularly devastating to those people I would classify as working poor; people employed in many jobs which pay minimum wage. This situation is beginning to create an ever increasing displacement of individuals and families who are being priced out of the rental market. And, given the ten year cycle that I mentioned previously, I don't foresee any improvement happening for a considerable time to come.

Thank you for the opportunity to discuss our current housing crisis.