

Fayette County Community Action Agency, Inc.

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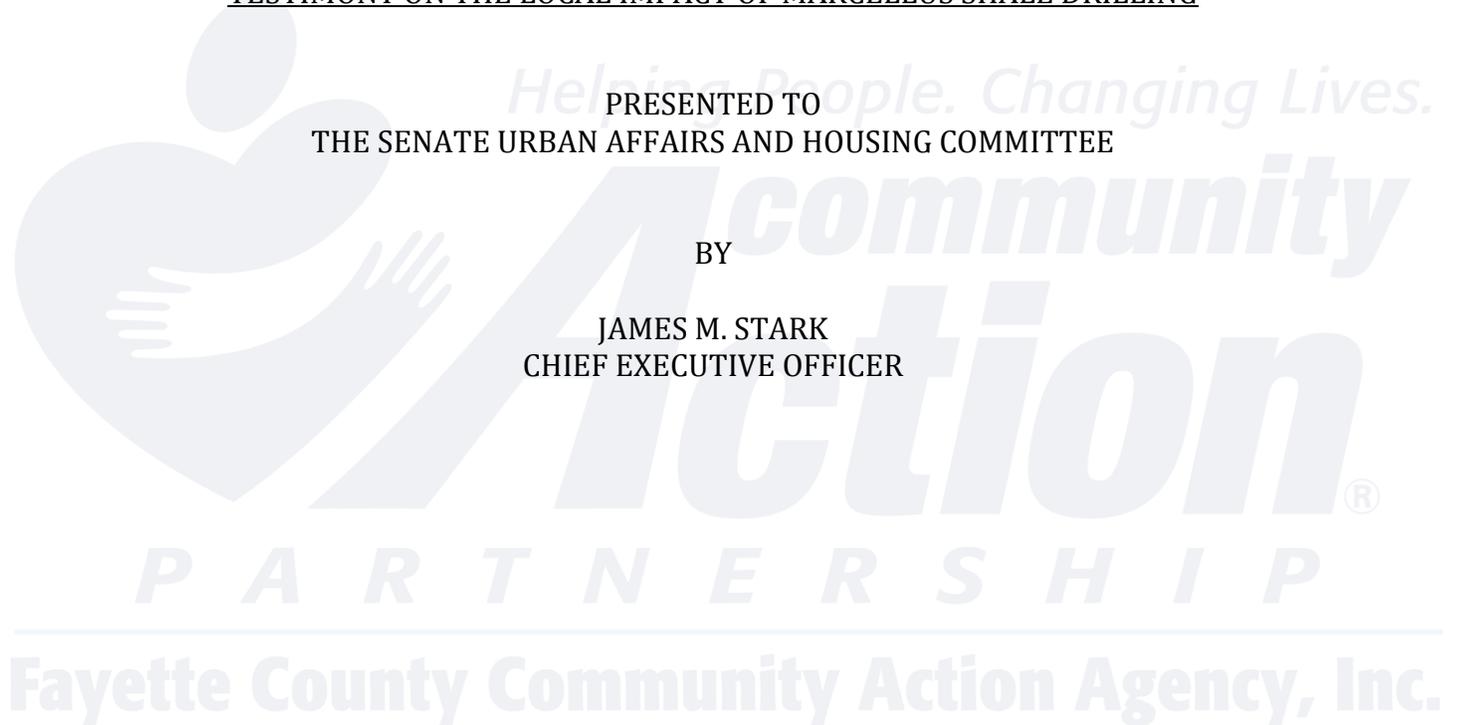
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TESTIMONY ON THE LOCAL IMPACT OF MARCELLUS SHALE DRILLING

PRESENTED TO
THE SENATE URBAN AFFAIRS AND HOUSING COMMITTEE

BY

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Good Afternoon. Thank you Senator Yaw and members of the Senate Urban Affairs and Housing Committee for the opportunity to share with you some of the progress and the challenges we see regarding housing in the Fayette County area.

My name is James Stark and I am the Chief Executive Officer of Fayette County Community Action Agency, Inc. (FCCAA) which is headquartered in Uniontown, PA. It is an honor to have the opportunity to present this testimony.

FCCAA is a non-profit charitable organization that provides a range of services to residents of the Fayette County area. Our mission is to strengthen individual and families to become more self-sufficient, achieving their potential by taking advantage of opportunities, improving the conditions in which they live, and taking ownership of their community.

As a Community Action Agency, we work to change people's lives and improve communities.

We provide a range of services to the local community, working with many of the Commonwealth Departments and programs. We operate several Senior Centers throughout the County, deliver services through the Women's Infants and Children program, and offer adult education and training services. We also operate the County's food bank and offer a range of emergency services, including food and shelter.

Much of the service work in which we are engaged involves housing. We are a HUD-Certified Housing Counseling Agency and we offer a full continuum of housing services, ranging from emergency shelter to rent/mortgage assistance to homeownership and first-time homebuyer programs. These services are offered in partnership with State, Federal, County, and private funding sources.

In addition to providing housing services, FCCAA is engaged in community development and housing development. Our Agency has a successful track record of developing housing directly and also through an affiliate, Threshold Housing Development, Inc (THD). THD was formed through a partnership between FCCAA and Community Action Southwest, which serves Washington and Greene Counties in Southwestern PA. Since 1991, THD developed more than 290 new construction and renovation projects in Washington, Greene and Fayette Counties.

We have also been fortunate to be part of the Local Initiative Support Corporation (LISC) Sustainable Communities Program initiative. This comprehensive community development initiative is designed to focus resources on community investment as well human resource investment through training, coaching, efforts to build a healthy community through crime reduction, and various health initiatives. The five goals of the program include:

1. Expanding investment in housing and other real estate;
2. Increasing family income and wealth;
3. Stimulating economic development;

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4. Improving access to quality education; and
5. Supporting healthy environments and lifestyles.

We believe that successful revitalization requires a comprehensive approach rather than simply investment capital investment in housing. Therefore, in addition to housing development, we have focused on commercial development, business development, training, and promoting healthy lifestyles. This comprehensive approach has allowed us to develop other initiatives directly and in partnership with others initiatives include:

- The development of a federally-qualified health center;
- The development of a food hub to strengthen the agriculture production and processing of value added food products locally;
- In partnership with the Uniontown Redevelopment Authority, the exploration of developing a food market in a food desert in Uniontown;
- The development of green and Energy Star residential and commercial buildings;
- The establishment of a community college satellite center;
- Strengthening of community participation and planning efforts; and
- The development of community gardens and other resident-driven activities.

Our local communities recognize and look forward to the growth of jobs in the gas industry and recognize that the resources from the impact fee will benefit our local communities.

Fayette County is a fourth-class county. We have seen a decline in population over the past decade from 148,644 in 2000 to a population of 136,606 in 2010. Fayette County and much of rural western PA are challenged by high unemployment and high poverty rates, along with a myriad of other social problems. 19% of Fayette County families live below the federal poverty level (compared to 12% statewide). The only Pennsylvania County that has a higher percentage of families in poverty is Philadelphia County. Fayette also has an aging population with about 33% of residents over age 55. Some of the other social challenges which the county must confront are:

- Higher unemployment rates
- A per capita income that is 30% less than the statewide per capita
- 25% of our residents and over 50% of our children rely on Medical Assistance to meet their health needs
- Our county residents suffer from higher chronic health problems including heart disease and diabetes rates.
- High rent to income ratios (42.5% of Fayette County families who rent pay over 30% of their household income in rental expense)

In 2011, the Appalachian Regional Commission and the Institute for Public Policy and Economic Development published a report entitled “Impact on Housing in Appalachia Pennsylvania as Result of Marcellus Shale.” It reported that, between January 2009 and July 2011, the county recorded a total of 194 Marcellus Shale permits and 90 wells.

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This report identified affordable housing as a major issue for our local communities. The report identified a number of problems including:

- A lack of affordable properties
- Shortages of rental units due to the influx of gas workers
- Increasing rents

The increased demand for rental properties has resulted in increased rental prices, which have placed a greater burden on local families, particularly lower-income residents who have lower earning power.

Specific to Fayette County, the study reported that:

- The average household income increased between 2000 and 2010 by 22% to \$45,617, but is still lower than the statewide average of \$49,371.
- Unemployment rates remained among the highest of the counties that are part of the Marcellus region.
- Poverty in the last decade increased. 17.3% of residents live below poverty and almost 27% of children under 18 live in households with incomes below the federal poverty level.
- The study reported that, between 2000 and 2010, Fayette County experienced a net loss in total housing units of 3,717, with a slight increase in renter-occupied units.
- The County's median home value of \$79,600 is well below the Statewide median value of \$179,900.
- The number of home sales has declined since 2006. Last year we saw a slight increase with total home sales of 1,275, although the aggregate value of the sales continued to decline.
- 37% of our housing units were built before 1940 compared to 29% statewide.
- Only about 10% of our housing units are multifamily units (three or more) compared to 15.4% statewide in 2009.
- In 2009, the median gross rent was \$503 lower than the \$716 statewide

Over the last decade, we experienced a net loss of 3,717 housing units and saw a slight increase in renter-occupied units. Particularly in Uniontown, additional older and blighted properties have been recently removed through the work of the Redevelopment Authority.

There are numerous opportunities in addition to Marcellus development that will impact the housing market in the County. Improved highways have made access to the Pittsburgh and Morgantown labor markets easier. Additionally, investments in Uniontown and other communities have helped to improve amenities.

There are two parts to our communities' housing problem: having affordable housing for local residents and having adequate housing for the influx of new workers into the local communities. Both require developing an adequate supply of housing. To do so requires

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strong programs such as those offered by the Pennsylvania Housing Finance Agency, the PA Department of Community and Economic Development, the USDA Rural Development initiatives, and private funders. The new PA Housing Affordability and Rehabilitation Enhancement Fund, which funds the Housing Trust Fund through impact fees and targets resources to the Shale region, is an important addition to existing housing resources.

For many families, finding affordable housing is a challenge, particularly with the influx of workers in the Shale industries. Our agency works with about 800 families each year that are struggling with eviction and homelessness. Over the past few years, State resources have been reduced for the rental assistance program. Fortunately, additional federal resources, administered through the PA Department of Community and Economic Development, like the Homelessness Prevention and Rapid Rehousing Program, have helped to offset State reductions.

We have seen an increase in the number of people who are homeless without shelter during the two most recent point-in-time surveys. In the most-recent survey, 18 people were found sleeping on the streets during the night the survey was conducted. This was a substantial increase from the five found last year. Additionally, the number of homeless people residing in shelters has almost doubled since 2010 on the survey night. We are fortunate to have a strong shelter system throughout the county. 85 residents were sheltered the night of the survey. This number is indicative of families' economic situations, the county's high poverty rate, and the lack of public support, including Section 8 resources.

The waiting list for Section 8 housing vouchers in our county is several years long. We are seeing increasing rents, which is challenging for local residents. Our fair market rents range from \$579 per month for a one-bedroom apartment to \$861 per month for a three-bedroom apartment. With the families we help through the State Rental Assistance program, we have seen the average rent increase from last year's cost of \$626 a month to \$672 a month. 38% of our families countywide have incomes below \$25,000 a year. In our urban centers, like Uniontown (45%) and Connellsville (47%), where the housing market is tighter, there are more families with annual incomes of less than \$25,000 paying more for neglected properties.

Certainly our communities will benefit from the proceeds of the new impact fees. This funding will help communities to address infrastructure and other issues, as well as helping with the housing issues. Recently, Redstone Township was able to commit \$100,000 of its CDBG resources to help develop the infrastructure for Threshold Housing Development, Inc.'s new 36 single-family home Three Oaks development.

In recent years, Fayette County has benefitted from several important programs, which have helped to revitalize the county seat of Uniontown. The downtown area has benefited from the Main Street program, and also private investment to undergo a complete transformation. The Gallatin Avenue neighborhood, which is part of the State's Elm Street program, has seen improvements to the housing stock with both new construction and rehabilitation. The Statewide Weed and Seed initiative added Uniontown's Gallatin

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Avenue, LaFayette, and East End neighborhoods to the program, which helped to reduce crime and introduce a number of community initiatives. Unfortunately, with the challenges of the State budget, these important programs have been reduced or, in some cases, eliminated.

Despite the challenges, we have seen progress in housing development. FCCAA has been active in the development of housing options for the local communities. Recently, our work was recognized by the Community Action Partnership, a national association of Community Action Agencies, with The 2012 Community Economic Development and Innovation Award for Community Revitalization and Investment.

Uniontown Family Homes



In 2009, FCCAA completed the development of 30 three-and four-bedroom scattered-site in-fill homes in the City of Uniontown. This was primarily a PHFA-funded tax-credit development. FCCAA partnered with a private investor (PNC Multifamily Housing) in the development of these homes and funded the construction of the homes to achieve a Home Energy Rating System design score of 86 or higher. The construction of these homes will have an immense impact on the environment, the community, and the low-income families who occupy them. The area this development targets is part of a Blue Print Community, which was designated as such by the Federal Home Loan Bank of Pittsburgh because of its need for community development. These homes were developed using the Pennsylvania Housing Finance Agency Tax Credit Program. Tenants of the homes have the option to purchase the property for the outstanding debt at the end of the 15-year tax credit compliance period. This outstanding debt is estimated to be about \$50,000. The development serves working families with income of up to 60% of the average median income for Fayette County.

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FCCAA provides case management services to these residents, which links the participants to all of FCCAA's human service programs as well as all available human service providers in the area. Services include: housing counseling, life skills, mental health counseling, drug and alcohol counseling, rental assistance, nutrition and healthy living services, adult education, and secondary education.

The project was possible with the help of funds from the Federal Home Loan Bank and the DCED Housing Redevelopment Assistance Program through the Uniontown Redevelopment Authority.

Maple Garden Apartments



In 2011, FCCAA, in conjunction with PIRHL Developers (PIRHL), completed its most recent development, Maple Garden Apartments. Maple Garden Apartments is a 36-unit apartment building for independent seniors located in the heart of Uniontown's North Gallatin Avenue Elm Street area. Maple Garden Apartments is a \$7.2 million collaborative effort by FCCAA and PIRHL, a Cleveland-based residential developer. It is the second affordable housing development completed by FCCAA and PIRHL. Situated one-quarter mile from the Downtown Business District, in the Elm Street Community, Maple Garden Apartments addresses the region's need for high-quality affordable housing for independent seniors.

The building is certified to meet the Pennsylvania Housing Finance Agency's (PHFA) criteria for energy efficiency and conservation, operational savings, and sustainable building practices. Amenities also include multiple community rooms, two large outdoor

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patios, an exercise center, a computer room, and extra storage and laundry rooms on each floor.

Threshold Housing Development



Threshold Housing Development, Inc., (THD) a partnership project of Fayette County Community Action and Community Action Southwest, develops housing in Fayette, Greene, and Washington Counties. For more than two decades, THD has worked to provide safe, affordable housing for families in Southwestern Pennsylvania.

Threshold is a state-certified Community Housing Development Organization and has completed more than 290 new construction and renovation projects throughout the tri-county area. Projects are supported by a variety of funding including tax credits, grant programs such as HOME and other federal programs. Threshold is a sponsor of the **United States Department of Agriculture's Rural Development Self Help Housing programs**. This program requires the participation of families in the construction process. Families are required to contribute 30 hours a week of sweat equity to the project. These housing units are sold to first-time homebuyers. The contribution of time lowers the overall cost of the home, ultimately giving homeowners an added sense of pride and commitment to not only their home, but also to the betterment of our community.

Currently, THD is in the process of developing the second installment of the Stone Church Estates development, located in Redstone Township. This development will add 36 new homes to the already existing 23 homes in this rural part of the county.

Additionally Threshold is completing a 10-home development (Maple Street development) in the City of Uniontown. The Maple Street development will provide homeownership opportunities to 10 individuals/ families.

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Maple Street Development – Under Development



Concerns, observations and recommendations

The challenges faced by our local communities are present today and continue to grow. The development of affordable housing options does not happen overnight and often takes years to develop.

Tax credits alone are often not adequate to address the full financial needs of a project. State and federal funding and private resources combine to make successful developments. Each of the funding streams consumes time to secure the resources. Finding ways to speed the processes to support projects will certainly benefit development efforts. At the State level, the PHFA and the Department of Community and Economic Development have worked to streamline coordination of resources. Programs such as PennHomes and DCED's Keystone Communities Program are important to tax credit developments. We believe that the new format for tax credit applications (which separates urban and rural areas) provides an opportunity for smaller communities throughout the Marcellus Region.

Additionally, providing resources to fill gaps in the development budgets and to support some of the important predevelopment work will increase housing development. Finding funding to continue to expand housing resources for housing in the Marcellus region, as was done with the PA Housing Affordability and Rehabilitation Enhancement Fund, will help as well. Are there other ways to strengthen the Housing Trust Fund?

Programs like the Housing Redevelopment Assistance Programs which has been combined with the Keystone Communities program are important funding resources for developments. Because of the economy and the budget, the program has been reduced substantially. As funding allows, strengthening these resources will help the development of affordable housing.

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The Elm Street program has made a huge difference in Uniontown helping with blight removal and preparing properties for new construction and has led to the development of newer affordable properties. Elm Street has also strengthened the communications between city officials and the neighborhood which has opened an important dialogue and led to a stronger partnership.

We were fortunate recently to add the State Weed and Seed program to help respond to high crime rate which we see in Uniontown in the Gallatin Avenue and East End neighborhoods. Weed and Seed had an impact on combating the drug problem which exists in the neighborhood and reduces crime. It helped to engage the community in partnership with the Police Department. Weed and Seed is an important resource which unfortunately has been cut due to recent economic issues. As resources allow, Weed and Seed is a program worthy of investment.

Programs like Weed and Seed and the Elm Street initiatives are important in providing resources that allow local communities and small towns to respond to local needs important to community revitalization.

Finding ways to continue to provide resources for rent and mortgage assistance for lower income residents or residents dealing with an economic hardship, through a combination of federal and state resources, is certainly needed. Helping agencies to maintain the staffing needed to work with families to find affordable housing options will help.

We are pleased to see the Homeowners' Emergency Mortgage Assistance Program operational once again. This program fills an important need in the housing continuum.

We need strong partners at the State and Federal level. The programs of HUD are important. Historically, the USDA Rural Development programs have been a tremendous resource for Fayette County residents. At the State level, the Pennsylvania Housing Finance Agency resources are essential to the development of housing, as are the resources of the PA Department of Community and Economic Development. We also need to find ways to encourage private investments from banks, companies like the Federal Home Loan Bank, which supports Affordable Housing Development, and private foundations to strengthen deals and develop successful projects.

Small municipalities need help dealing with a range of housing issues. Building capacity in partnership with educational institutions, housing resources such as the Housing Alliance and the Local Initiative Support Corporation will be important to our success.

Again, thank you for the opportunity to share some of the challenges and some of the progress we are making in Fayette County.