

WRITTEN TESTIMONY
FOR
PUBLIC HEARING
ON
PENNSYLVANIA HOUSING AFFORDABILITY AND
REHABILITATION ENHANCEMENT FUND

June 11, 2014
9:30 a.m.
Hearing Room #1
North Office Building
Harrisburg, PA 17120

To: Senate Urban Affairs & Housing Committee
Senator David G. Argall, Chairman

From: Westmoreland County
Jason W. Rigone, Director Westmoreland County Department of Planning &
Development

Re: Housing Trust Fund

Senator Argall and Committee members, thank you for the opportunity to present testimony before the Senate Urban Affairs & Housing Committee.

I, Jason W. Rigone, Director of the Westmoreland County Department of Planning & Development and Executive Director of the Westmoreland County Industrial Development Corporation, am here today to express my support on behalf of Westmoreland County for the establishment of dedicated revenue source to supplement the Pennsylvania Housing Trust Fund. My experience is with the Pennsylvania Housing Finance Agency (PHFA), the organization that administers the Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund. I would like to recognize the Pennsylvania Housing Finance Agency in that they have worked diligently to create this program and they have been great advocates for Westmoreland County's projects.

Through its participation in the Marcellus Shale impact fee program, Westmoreland County is eligible to apply annually for PHARE program funding. In 2012 Westmoreland County's application to PHFA for the inaugural round of PHARE funding requested funds for an "owner-occupied housing rehabilitation program", a pilot program designed to be established in the municipalities of the county with the highest number of active Marcellus Shale wells. A similar rehabilitation program was operated by the county's redevelopment authority for many years, but was discontinued in 2005 because of excessive administrative costs. The PHARE funding has given the county the opportunity to re-establish the rehabilitation program on a smaller scale. A partnership with the Westmoreland County Housing Authority's Rehabilitation / Weatherization Program was developed that used the expertise of the Authority's staff to evaluate clients, assess the housing and perform the rehabilitation work. The rehabilitation work focuses specifically on code-related issues such as wiring, roofing, water damage, etc. that if left unattended could cause housing to become too costly to rehabilitate and a blight in the community. The PHARE grant allocated \$125,000 and the county matched the grant with \$47,500 in PA Act 137 funds from its local affordable housing trust fund. To date nearly half of the funds have been expended or committed to projects.

When the announcement for the second round of PHARE applications was made in 2013, the county had a better idea of what projects PHFA considered priorities and how much funding could be available to the county. Coincidentally we had just seen statistics that showed there were nearly 550 properties in Westmoreland County Tax Claim Bureau's Repository of Unsold Properties - 271 of which were in the City of Monessen, a municipality with a population of 7,706. The once thriving steel-town lost over half of its population in the

past 2 decades and with that, many properties were abandoned. In addition, the city is faced with an aging population, crime and a depressed economy. We met with city officials to collaborate on ways to address and alleviate some of these problems. As a result it was decided that the county would apply for a 2013 PHARE grant and request funds to assist with property acquisition, demolition, construction of rental housing and a down payment and closing cost assistance program - a four-phased approach to begin attacking some of the issues facing the city. PHFA awarded \$400,000 to the county for the project, estimated at \$1 million.

The Planning Department staff conducted a study of the repository properties and developed an inventory for city officials to use to determine what properties to acquire and how to best approach the disposition of these properties. The options include demolition, rehabilitation or offering properties to neighboring property owners as a side yard. Once the city determines the best approach for disposition, officials will make the appropriate contacts to begin the process. Concurrently, a demolition contractor will be hired through a competitive bidding process to remove all structures identified as “not suitable for rehabilitation”. The PHARE grant will support property acquisition and a portion of the demolition. The city will also support the demolition with a share of its Community Development Block Grant funds.

During the research for the project it was realized that over 60 city properties were on the multi-list for sale. Having had success throughout the county with its American Dream Downpayment Initiative (ADDI) program funded through the U.S. Department of Housing and Urban Development, funding was added to cover downpayment and closing costs for approximately 25 income-eligible homebuyers.

The final piece of the plan is in its design phase. The project involves the conversion of an empty, deteriorating former department store into 13 units of rental housing in the city's downtown area. Funding for this portion of the project is being provided by the county through its HOME Investment Partnerships grant funds and local Affordable Housing Trust funds.

The implementation of the PHARE program by PHFA in 2012 was one of the key factors in the county's decision to commission a county-wide housing market study. The significant changes to the federal HOME program and declining grant funds were also significant factors. The analysis consists of an examination of current policy approaches, identification of existing housing problems and projections for Westmoreland County's future to establish a set of data-driven policy approaches and action steps. Stakeholder interviews were conducted with the county's affordable housing partners, private developers, real estate brokers, housing authority representatives, municipalities, homeless shelter representatives, etc. and data was analyzed at the block group level to determine trends. Primary findings show the need for more affordable housing options for the senior population. There is also a need to stabilize older housing stock, an issue that will be addressed in the 2014 PHARE application. The application methodology will be to work with the Westmoreland County Land Bank in identifying and acquiring properties suitable for rehabilitation and resale. The proceeds from the sale of the properties will be put back into the program for the continuation of this process and the eventual self-perpetuation of the program.

Thank you for allowing me this opportunity to present my testimony on this much-needed program.