



HOUSE HOUSING & COMMUNITY DEVELOPMENT COMMITTEE

Informational Meeting on Housing Development Lancaster Chamber of Commerce Building – Lancaster, PA October 23, 2023

AGENDA

2:00 p.m. Welcome and Opening Remarks

2:10 p.m. Panelists:

- Barbara Wilson, Executive Director, Lancaster City Housing Authority
- Dana Hanchin, President and CEO, HDC MidAtlantic
- Shelby Nauman, CEO, Tenfold
- Chad Martin, Executive Director, Chestnut Housing
- Lisa Greener, Executive Director, Community Basics, Inc.
- Chris Ballentine, Community Relations Manager, Willow Valley Communities
- David Martens, President, Zamagias Properties
- Ben Leshner, President, Parcel B Development Company
- Matthew Richards, Principal, Bowery Development Company
- John Dantinne, Owner/President, George St. Properties
- Rob Bowman, President, Charter Homes and Neighborhoods
- Brad Mowbray, Senior Vice President & Managing Director-Residential Division, High Real Estate Group

3:10 p.m. Discussion between Members and Panelists

4:20 p.m. Closing Remarks



**LANCASTER CITY
HOUSING AUTHORITY**
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October 23, 2023

Housing & Community Development Committee
Pennsylvania House of Representatives
106 Irvis Office Building
P.O. Box 202096
Harrisburg, PA 17120-2096

Subject: Testimony for Housing Development Investments

Dear Members of the Housing & Community Development Committee,

I am writing on behalf of Lancaster City Housing Authority to provide testimony supporting crucial housing development initiatives currently under consideration. As a representative of Public Housing Authorities, residents, and staff teams, it is imperative that we acknowledge the significance of affordable housing in Pennsylvania and the role that public housing plays in addressing this critical issue. I also want to extend deep gratitude to those who work within Public Housing Authorities to care for our residents and aged buildings. It is often a thankless job and we wouldn't be able to achieve our mission without each and every one of them.

Public housing has long been a vital component of Pennsylvania's social infrastructure, providing safe, affordable, and stable housing options to thousands of low-income families, seniors, veterans, and individuals with disabilities. *It has been instrumental in alleviating poverty and homelessness, fostering community development, and promoting economic stability.* We believe that investing in preserving and expanding public housing will have far-reaching benefits for our state and its residents.

- Operating Through Challenges: Public Housing Authorities confront significant challenges when it comes to securing adequate funding; one of the most pressing issues is chronic underfunding. This national shortfall in federal funding has resulted in maintenance backlogs, deterioration of aged infrastructure, and a lack of resources to

address pressing community needs. *We currently provide housing for over 3,100 individuals in Lancaster City; which includes 879 children.* However, the demand for such housing continues to outstrip the supply. Within the last five years we have been able to offset the federal funding gaps, with additional funding through State and local funding resources. Because of the additional funding through PHARE funds and PHFA, we can combat critical infrastructure needs of our aging portfolio. We urge the legislature to continue to advocate and allocate these types of resources to assist in the preservation of public housing infrastructure.

- **Growth Opportunities:** Public Housing Authorities employ various strategies to develop new housing units that meet the growing demand for affordable housing. One approach is through public-private partnerships, collaborating with developers and investors to construct new housing projects. *The Lancaster City Housing Authority is actively working to develop two sites that would create 70 additional units of affordable housing.* Another approach is creating entities to bolster funding opportunities, preserve existing units, and acquire properties to transform into affordable homes. *In partnership with our nonprofit entity, Partners With Purpose, we have secured and preserved 95 single-family homes in Lancaster City to remain affordable.*
- **Economic Stability:** Public housing not only offers affordable housing options but also plays a vital role in stabilizing the financial situation of low-income households. *Over 77% of our residents have an annual gross income of less than \$25,000.* When individuals have access to affordable housing, they can allocate more of their income toward other essentials such as healthcare, education, and food. This, in turn, strengthens our communities and contributes to economic growth.
- **Community Development:** Public housing has proven to be a catalyst for community development. It fosters diverse and vibrant neighborhoods, promotes civic engagement, and gives residents a sense of belonging. *The majority of our community is comprised of individuals from diverse racial and ethnic backgrounds, including those who identify as Black, Indian, Asian, and Hispanic.* Investment in public housing has the potential to revitalize communities and bolster economic empowerment.
- **Safe and Healthy Housing:** Public Housing Authorities are committed to maintaining safe and healthy living conditions for their residents. *We are one of the only affordable housing providers who are held to strict, thorough, and regulated safety standards.* Investments in modernizing and preserving public housing infrastructure are necessary to ensure residents have access to housing that meets contemporary health and safety standards.

In light of these considerations, we urge the state legislature to:

- Increased funding sources to preserve, renovate, and repair the supply of Public Housing Authority's affordable units.
- Provide incentives for public-private/nonprofit partnerships to develop affordable housing solutions.
- Encourage Redevelopment Authorities and other appropriate agencies to work with Public Housing Authorities to provide technical assistance in accessing tax credits and bond financing.
- Support legislation that strengthens tenant protections and ensures the availability of affordable housing for generations to come.

We understand the challenges faced by the state in balancing budgets and priorities, but we firmly believe that investing in public housing is not just a moral imperative; it is an investment in the future well-being and prosperity of our state and its residents.

Thank you for your time and consideration. We look forward to working collaboratively to address the critical issue of affordable housing and make a positive impact on the lives of our fellow citizens.

Sincerely,
Barbara Ellis Wilson
Executive Director



**LANCASTER CITY
HOUSING AUTHORITY**

Serving the Lancaster community since 1949



Presented By:

Barbara Ellis Wilson, Executive Director



OUR MISSION & PROGRAMS

The mission of the Lancaster City Housing Authority is to provide safe, decent, and affordable housing for low to moderate income individuals and families.

PUBLIC HOUSING

- OWN & OPERATE 469 UNITS
- HOUSING 1,200+ INDIVIDUALS

HOUSING CHOICE VOUCHER PROGRAM (SECTION 8)

- ADMINISTER 1,003 VOUCHERS
- HOUSING 1,900+ INDIVIDUALS

OUR PROPERTIES





OUR PROPERTIES

PUBLIC HOUSING

SUSQUEHANNA COURT: 75 UNITS

FRANKLIN TERRACE : 124 UNITS

CHURCH STREET TOWERS: 101 UNITS

FARNUM STREET EAST: 169 UNITS

CENTRAL OFFICE

OUR RESIDENTS



WE HOUSE OVER 3,100 PEOPLE
RESIDENTS ARE INCOME QUALIFIED

% of Area Median Income	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
30%	\$20,100	\$22,950	\$25,800	\$30,000	\$35,140	\$40,280	\$45,420	\$50,560
50%	\$33,450	\$38,200	\$43,000	\$47,750	\$51,600	\$55,400	\$59,250	\$63,050

OUR RESIDENTS



DEMOGRAPHIC INFORMATION

PUBLIC HOUSING RESIDENTS

AVERAGE GROSS INCOME: \$20,837

CHILDREN IN HOUSEHOLDS: 283

LIVING WITH DISABILITIES: 27%

OVER 50% OF OUR COMMUNITY IS COMPRISED OF INDIVIDUALS FROM DIVERSE RACIAL AND ETHNIC BACKGROUNDS, INCLUDING THOSE WHO IDENTIFY AS BLACK, INDIAN, ASIAN, AND HISPANIC.

OUR RESIDENTS



DEMOGRAPHIC INFORMATION HOUSING CHOICE VOUCHER RESIDENTS

AVERAGE GROSS INCOME: \$17,443

CHILDREN IN HOUSEHOLDS: 879

LIVING WITH DISABILITIES: 26%

OVER 50% OF OUR COMMUNITY IS COMPRISED OF INDIVIDUALS FROM DIVERSE RACIAL AND ETHNIC BACKGROUNDS, INCLUDING THOSE WHO IDENTIFY AS BLACK, INDIAN, ASIAN, AND HISPANIC.

RESIDENT SERVICES



The Lancaster City Housing Authority is fully committed to offering our residents support as they seek increased economic independence, improved mental and physical health and an overall better quality of life.

PROGRAMS

- Lancaster Neighborhood Senior Center
- Envision Center
- ROSS (Resident Opportunities and Self-Sufficiency) Program
- FSS (Family Self-Sufficiency) Program
- Resident Councils

COMMUNITY & ECONOMIC IMPACT



For every \$1 invested in public housing preservation,
there is a \$3 infusion into local economies

STAFFING

35 FULL-TIME EMPLOYEES

DISBURSEMENTS TO LOCAL SERVICE PROVIDERS

\$10,562,000

PAYMENTS TO LOCAL LANDLORDS, SUPPLIERS, SERVICE PROVIDERS, AND CONSTRUCTION PURVEYORS – RANGING FROM LARGE SCALE BUSINESS OPERATIONS TO INDEPENDENT CONTRACTORS



OUR BUSINESS MODEL

A QUASI-GOVERNMENTAL AGENCY

- NOT CITY OWNED
- NOT A NONPROFIT ORGANIZATION

FUNDING FROM THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

- FUNDING IS DECLINING
- FUNDING IS RESTRICTED & LIMITED
- UNABLE TO ACCESS MOST FEDERAL/STATE/LOCAL FUNDING PROGRAMS

EXPANSION OF AFFORDABLE HOUSING



NEW DEVELOPMENT OPPORTUNITIES

SUSQUEHANNA COURT & SOUTH LIME STREET HOMES

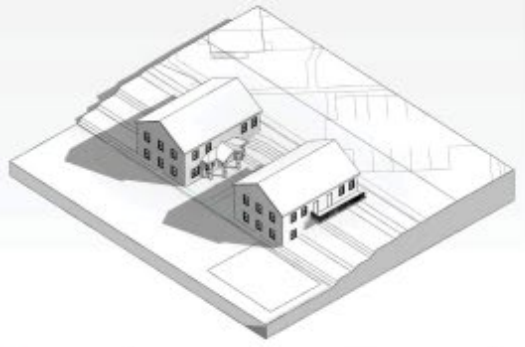
14 UNITS (1BR & 4/5BR)

ESTIMATED PROJECT COST: \$5,000,000

FRANKLIN TERRACE

56 UNITS (1BR)

ESTIMATED PROJECT COST: \$20,000,000



A:



A: (PER BUILDING)	B:
FIRST FLOOR:	FIRST FLOOR:
(1) 4-5 BEDROOM UNITS (2 TOTAL)	(4) 1-BEDROOM UNITS
SECOND FLOOR:	SECOND FLOOR:
(2) 1-BEDROOM UNITS (4 TOTAL)	(4) 1-BEDROOM UNITS

B:









YOUR SUPPORT

PARTNER

Connect with our residents to provide programs, services, information, and opportunities.

INVEST

To expand our services, we need investments and funding programs to rehabilitate, preserve, and expand our housing stock.

ADVOCATE

Adopt policies to support affordable housing initiatives that include Public Housing Authorities, non-profit developers, and incentive public/private partnerships

MEET WITH OUR RESIDENTS

Come visit us!



A NEW APPROACH

Created in 2019, Partners With Purpose is a nonprofit organization created to work in partnership with the Lancaster City Housing Authority.

Currently owns 95 scattered-site single family properties throughout Lancaster City which provide homes for Housing Choice Voucher recipients.



STRUCTURE: Nonprofit, 501c3 organization

MISSION: Preserve and expand affordable rental housing in Lancaster

STRENGTHS:

- Increased access to federal/state/local funding programs & philanthropic dollars
- Established and experienced maintenance and management services

OUTCOMES:

- Increased availability of affordable rental housing options
- Streamlined referral source for voucher holders
- Positive landlord and tenant relationships



OUR THANKS!

BARBARA ELLIS WILSON, EXECUTIVE DIRECTOR

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**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.



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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.

House Housing & Community Development Committee
Informational Meeting on Housing Development
October 23, 2023

Tenfold Statement

Good afternoon I am Shelby Nauman, CEO of Tenfold and Tenfold Community Lending. We are a non profit organization operating in Lancaster and York with our lending work in housing extending into an 8-county area of south central PA. We have crisis services including an Outreach team connecting with people who are unsheltered in Lancaster County and City and a 52-room shelter for veterans, individuals and families transitioning from homelessness, we manage Lancaster County's Coordinated Homeless Assessment Referral system, we provide supportive housing services, fair housing services, education and counseling including landlord – tenant mediation, financial education and counseling including mortgage foreclosure and eviction counseling, the SOWE neighborhood initiative in Lancaster's Southwest and also Lending- both for first time, low income homebuyers, home repair, and through our Local Housing Initiative Fund and Trust to help fund the creation and preservation of affordable housing units. We serve a broad range of clients, the majority of them under 80% Area median income.

We are requesting help in the context of preventing housing instability and homelessness and help to make home ownership possible for low – moderate income households and all of this relates to low inventory and low vacancy rates.

Eviction prevention strategies need funding to prevent a slide of people into becoming homeless for the first time. We are seeing this in large numbers due to high rents and other costs forcing households to spend over 30% of monthly income on housing related expenses. Stat- Lancaster County renters – about 48% cost burdened and 20% of homeowners.

The PA Homeowners Assistance Program which can assist with mortgage foreclosure and assistance with tax payments remains closed, funding this program can help vulnerable households to keep the homes they have been investing in.

We are also asking for assistance for Rapid Rehousing by increasing funding and for the Homeless Assistance Program. This will provide vital funding for emergency shelter, case management and transitional housing. This would allow for emergency shelters to operate as they are intended which is currently not the case, we are seeing large numbers of people with severe mental health issues and disabilities not gaining stability, only being served in low barrier settings with little to know resources to help stabilize and transition to permanent supportive housing.

Finally, homeownership is becoming less and less of an option for hard working families. Due to low inventory the average cost of a home is over \$330k and with rising interest rates, a first time buyer would be paying about \$800/month for a mortgage than last year at this time.

Tenfold has a first time Homebuyer Program which includes education, counseling and funds up to \$10,000 for a low/mod household to use toward the purchase of their first home. We have assisted over 2300 people since 1994 and up until the pandemic, we were easily closing 80 – 100 loans /year. With the median sales price so high, HUD sets the limit for the Homebuyer program, which is reasonable based on affordability and that is currently at \$256,000- there are less than 80 properties on Lancaster County MLS at that price point right now and many of them would not pass inspection requirements and our buyers are competing with cash offers from investors. We ask for the State to increase funding to build multi-family housing for purchase so that first time homebuyers can enter the market and have a chance to build wealth. In addition, multifamily housing can build the density we need without encroaching onto farmland and open spaces. Since family detached homes on average consume about an acre for every 4 nits, compared to Single family attached which is about 8 units per acre, multi family low rise with is about 12 units per acres and multifamily mid rise which consumes about an acre for every 20 units. Advocacy to change zoning and other factors are needed but continuing to build single family homes – made of 58% of housing in the last 10 years – is not helping working families because it will not be affordable for their budget. The way our downpayment assistance works is that it is a soft second and interest free until the home is sold. On average our first time homebuyer families sell and purchase a larger and more expensive home in about 8 years and our default rate is less than 2%. If we can create an affordable housing continuum, we know that we can revive opportunity for working families.



Chestnut Housing

Background

Every day in Lancaster County more than 500 people are experiencing homelessness, and countless others are at risk of losing their housing. According to an estimate by the Economic Development Company of Lancaster, we need 7,000 additional homes countywide. We simply need more housing options at every income level to meet the demand of a growing population.

Our Mission

Chestnut Housing provides affordable rental housing to people experiencing homelessness because a home is the foundation of a healthy and fulfilling life. We connect people and communities of faith with tangible ways to create more affordable homes in Lancaster.

Why Chestnut Housing

Chestnut Housing is unique among its local peers in key ways. First, we were started by a local Mennonite church and we partner with local congregations who are ready and able to do more to create new housing solutions in our community – including adapting underutilized areas of their properties to create new housing. We have projects in the works with several local congregations ranging from one apartment to as many as 10 or more new affordable homes. More importantly, we actively seek opportunities to inform and inspire communities of faith about housing challenges in our community and to become advocates for affordable housing.

Second, we are *doers* and we specialize in hands-on work with volunteers to keep our properties affordable. We have experience putting volunteers to work contributing hundreds of hours of donated labor to our projects, and we work closely with our builders to identify strategic ways volunteers can help lower construction costs.

Third, Chestnut Housing works with local social service agencies to provide person-based support to our residents. Our partners refer potential residents and provide one year of case management support to clients successfully placed in CHC housing. And we recently added a layer of support through a new partnership with CAP available for residents who experience crises that put them at risk of losing their housing.



Chestnut Housing

Our Plan For More Impact

2023 marks Year One of Chestnut Housing's strategic plan, where we have set an overarching goal to create or preserve 100 affordable homes in five years. Over the last eighteen months we have grown from operating 12 affordable homes, to 21 today. We have projects and partnerships in place to increase that number to 30+ by the end of 2024, including Milburn Apartments, a development of eight new affordable apartments in the City of Lancaster.

How State Lawmakers Can Help

We believe we have a unique model at Chestnut Housing to leverage significant resources and assets from the local faith community in new ways. But for all the untapped potential there, we still need public resources to achieve our mission. We are just beginning to explore state funding opportunities. But programs like the Neighborhood Assistance Program of DCED, and the recent ARPA-funded Home Options Grant Program administered by PHFA are examples of state funding that fit our program model. More dollars and credits available in programs like these help make our mission more achievable.

I take every opportunity I can find to provide accurate information about housing needs in our community, and to break down stereotypes about affordable housing. Perhaps the greatest impact you can have as state lawmakers is to do the same with your constituents and your colleagues – speak up often and with moral clarity about the need for people of goodwill to do more, together to address housing needs in our communities.

Thank you for your time this afternoon!



Hello, I am Lisa Greener, Executive Director for Community Basics, Inc. (also known as CBI). I want to thank you for this opportunity to discuss housing development in Pennsylvania, more specifically, Lancaster County. I'll start by giving a brief overview of CBI which began operations in 1997 as a non-profit real estate developer of affordable housing. In 2007, CBI added a property management department to manage the properties it developed. In the past 25 years, CBI has developed over 600 rental housing units using primarily Low Income Housing Tax Credits (LIHTC) awarded by PA Housing Finance Agency (PHFA) to fund the projects. As a certified Community Housing Development Organization (CHDO), CBI receives priority status for HOME Partnership funds distributed by HUD. Our residents earn between 20% to 60% of Area Median Income (AMI) working in health care, retail, manufacturing, and food service and are unable to afford market rate rents. They are families, single parents, individuals, elderly, disabled, and veterans. CBI is also committed to ending homelessness. Each newly created community sets aside at least 10% of the units for individuals and families who have experienced homelessness. Currently 12% or 69 units are home to formerly homeless households.

We are here today to discuss housing development. Housing development comes with many challenges from finding a site with proper zoning, and public utilities to dealing with NIMBYism. Land available for development is a limited commodity. Buildable land acreage is decreasing, and purchase prices are increasing. Water and sewer capacity may not be available or requires significant tapping fee payment. The use of existing vacant properties is not always conducive to adaptive reuse for housing due to zoning, location, or physical structure.

The land development process is long and cumbersome and varies from municipality to municipality. Each municipality has different fees, timelines, and ordinances which may conflict with other ordinances creating more confusion and grey areas when developing the property. There are the state and federal regulations relating to the conservation district and stormwater management and green infrastructures. Some municipalities have additional committees and commissions that must review the project. All of this takes time, and time is money, and time kills deals. A faster way to move development projects through the process would help all projects, residential and commercial. Encourage municipalities to work together towards regional land development planning and strategies. Perhaps providing an incentive to do so would support the action.

Property tax or income tax relief given to companies to move into a municipality without addressing housing for their employees is wrong. This creates more traffic issues and puts undue travel burdens on their employees. If you live close to where you work, there is less traffic and the opportunity to use alternative



transportation such as walking, biking, or public transit. The company will need to hire employees and the employees should have the option to live nearby. A requirement to have any company receiving tax relief should be obligated to invest in housing affordable for their lowest paid employees. (Prime example - Urban Outfitters in Salisbury Township – area deemed Keystone Opportunity Zone giving significant tax benefits to Urban Outfitters for ten years with no commitment to new housing in the area.)

As with all real estate development, construction costs and interest rates are rising making many projects financially infeasible in the current environment. For affordable housing projects, these increases can be insurmountable without additional subsidies in the form of soft funding such as grants and low or no interest rate loans. In some cases, prevailing wage requirements of funding sources increase construction costs and negate the funding. As an example, CBI received a Keystone Communities grant for \$400,000. The grant required prevailing wages which increased the construction costs of the project by \$300,000, netting just \$100,000 for the project. That project will not proceed due to the increased costs making the project infeasible. Please consider increasing soft funding options such as the Construction Cost Relief Program or Development Cost Relief Program, both administered by PHFA, which did not require prevailing wages.

We also need to address housing preservation. 55% of existing housing stock in Lancaster County was built prior to 1980. These homes need to be preserved for future generations housing needs. Affordable rental projects have limited cash flow to cover major repairs and replacements. Preserving these projects as affordable with extended restrictive covenants will keep low to moderate income households in a safe and affordable home. Please consider allocating funds to cover the preservation of existing housing stock, both rental and owner occupied. Renovating these homes to increase their safety and energy efficiency will extend the useful life of the property. The cost of renovations is far less than the cost of new construction.

Thank you for this opportunity to share my thoughts on housing development and I look forward to hearing from the other members of the panel.

PROFILE

BUILDING BRIGHTER TOMORROWS

Community Basics, Inc. (CBI) is a nonprofit Community Housing Development Organization (CHDO) whose mission is to create and manage high-quality, affordable housing in Central PA and the surrounding areas. Since 1997, CBI has partnered with federal, state and local organizations to build and manage affordable housing communities that meet the needs of our residents. Many of our residents are working families, single parents, seniors, disabled, and veterans who previously may not have had access to safe, quality, affordable housing. In addition, CBI provides permanent housing for individuals who have experienced homelessness. CBI envisions all people live in a place they are proud to call home.

CBI utilizes Low Income Housing Tax Credits (LIHTC) as the primary source of equity to finance the development of an affordable housing project. Over the past 30 years, the Low-Income Housing Tax Credit has led to the development of more than 84,000 affordable, privately owned and managed apartments serving more than 200,000 Pennsylvanians. The creation of these homes has spurred economic growth, generated billions of dollars in local and state revenues and reduced blight. LIHTC projects enhance communities by increasing the value of nearby homes and stabilizing neighborhoods.



GUIDING PRINCIPLES

MISSION, VISION, VALUES

MISSION

Create and manage high-quality, affordable housing in Central PA and the surrounding areas

VISION

All people live in a place they are proud to call home

VALUES

High Quality

High quality in our products, processes, and services

Dignity and Compassion for All

Collaboration

Collaborative partnerships for long-term impact

Resilience

Resilient in the pursuit of our goals

PROPERTY LIST



Saxony Ridge Apartments
615 W. Sixth Street, Lititz, PA 17543

Now Leasing, Saxony Ridge Apartments includes 44 one-bedroom and 18 two-bedroom apartments for residents 62 years of age and older. Located within Moravian Manor's Warwick Woodlands campus, the community includes 10 apartments set aside for those who are experiencing homelessness and 4 apartments set aside for UDS clients. Supportive Services provided by Moravian Manor.



Bausman Place Apartments
196 + 244 Charles Road, Lancaster, PA 17603

Currently under construction, Bausman Place Apartments will include 54 apartments located in five buildings, and will consist of 15 one-bedroom, 27 two-bedroom, and 12 three-bedroom apartments. 6 apartments are reserved for those experiencing homelessness, with 3 available to youth aging out of Foster Care. Supportive Services will be provided by Tenfold (formerly Tabor Community Services).



Brunswick Farms Apartments
373 Hampden Drive, Lancaster, PA

Brunswick Farms Apartments, located on an abandoned airpark in Manor Township, contains sixty (60) two- and three-bedroom apartments. This includes six ADA and two Hearing and Visually Impaired units. Six units are set aside for families experiencing homelessness. Brunswick Farms is located on a major bus route with easy access to school, services, and over 50,000 jobs in a five-mile radius. Supportive Services are provided by Tenfold (formerly Tabor Community Services).



Three Center Square Apartments
2 West High Street, Maytown, PA

Three Center Square Apartments features 23 two- and three-bedroom apartments in two restored historic buildings in the heart of Maytown, PA. The community also includes three apartments equipped for those needing accessibility. In 2005, Three Center Square Apartments won the prestigious C. Emlen Urban Award for Historic Preservation. Supportive service referrals provided by Community Basics, Inc.

PROPERTY LIST



Country Club Apartments
323 Aaron Lane, Lancaster, PA 17601

Country Club Apartments includes 95 two-, three- and four-bedroom apartments, conveniently located off Pitney Road in East Lampeter Township, across the street from Lowes and just a short distance from the Greenfield Corporate Center. The community includes ten apartments equipped for those needing accessibility. Supportive services provided by Tenfold (formerly Tabor Community Services).



Fordney House
221 Fordney Road, Lancaster, PA

Fordney House, a renovated mansion and carriage house in Manheim Township, provides permanent supportive housing for 14 individuals who have experienced homelessness and have special needs. The community features single room occupancy with shared kitchen and laundry facility. Supportive services provided by Lodge Life Services, Inc.



Walnut Street Apartments
117 South Walnut Street, Lititz, PA

The Walnut Street Apartments community features 18 two- and three-bedroom apartments in a renovated vacant shoe factory. Public schools and transportation are within walking distance. Parks, playgrounds, a public swimming pool, local Community Center, grocery stores, pharmacies, and downtown retail shopping area are less than a mile away. Supportive Services provided by Tenfold (formerly Tabor Community Services).



Golden Triangle Apartments
72 Roosevelt Boulevard, Lancaster, PA

Situated in Manheim Township near Lancaster City, Golden Triangle Apartments feature 58 two- and three-bedroom apartments centrally located with easy access to schools, public transportation, shopping and parks. The community also includes six apartments equipped for those needing accessibility. Supportive services provided by Tenfold (formerly Tabor Community Services).

PROPERTY LIST



New Holland Apartments

146 East Franklin Street, New Holland, PA

The former offices and plant of the New Holland Machine Company is now New Holland Apartments, a community with 56 apartments of family housing that includes two- and three-bedroom apartments. The community includes six apartments equipped for those needing accessibility. In 2001, this community received the prestigious C. Emlen Urban Award for Historic Preservation and is listed on the National Register of Historic Places. Supportive service referrals provided by Community Basics Inc.



Park Avenue Apartments

255 Park Avenue, Lancaster, PA

Formerly a vacant shoe warehouse in Lancaster City, Park Avenue Apartments is now an attractive, vibrant community for renters age 55 and over. This community includes 24 apartments of affordable housing with six of those units set aside for residents with special needs. The community also includes four apartments equipped for those needing accessibility. Supportive services provided by Lodge Life Services, Inc. Park Avenue received Historic Tax Credits and Low-Income Housing Tax Credits.



Marietta Senior Apartments

601 East Market Street, Marietta, PA

The Marietta Senior Apartments include 42 one-bedroom and 14 two-bedroom apartments for residents 62 years of age and older. Located near a bus stop, parks, a medical facility, churches and restaurants, the community includes 10 apartments set aside for those who are experiencing homelessness. Supportive services provided by Tenfold (formerly Tabor Community Services).



Waverly Court Apartments

120 Valley Brook Drive, York, PA

This community of 46 apartments is located in Springettsbury Township, York County and is adjacent to public transportation, an elementary school, shopping and medical services. The community also includes five apartments equipped for those needing accessibility. York Housing Authority manages and provides supportive services.

PROPERTY LIST



Cloister Heights Apartments

830 W. Main Street, Ephrata, PA

Cloister Heights Apartments, formerly the long time vacant Cloister Motor Court Motel, provides permanent housing for persons experiencing homelessness. This community features 12 one-bedroom apartments in the main building and three, two-bedroom apartments in an adjacent 1946-era house that once served as the motel office. Each apartment is fully furnished. The community also includes one apartment that is equipped for those needing accessibility. Supportive Services provided by Tenfold (formerly Tabor Community Services).



Lincoln House

1687 Lincoln Highway East, Lancaster, PA

A former Bed & Breakfast, Lincoln House now provides permanent supportive housing in East Lampeter Township for eight individuals who have experienced homelessness and have special needs. Single room occupancy with shared kitchen and laundry facility. Supportive services provided by Lodge Life Services, Inc.



Old Market Apartments

10 West Locust Street, Ephrata, PA

A former market built in 1912, the structure was a vacant eyesore until it was renovated in 1999. Old Market Apartments now provides 11 apartments with affordable rents in the center of Ephrata Borough. Of the 11 units, nine are two-bedroom, one is a three-bedroom and one is a one-bedroom apartment. The community also includes two apartments equipped for those needing accessibility.



Nissly Chocolate Factory Apartments

951 Wood Street, Mount Joy, PA

The Nissly Chocolate Factory Apartments provide affordable living for people age 55 and over. This community includes four efficiency and 24 one-bedroom apartments. The community also includes three apartments equipped for those needing accessibility. Built in 1920 as the Nissly Swiss Chocolate Factory, the business slid into bankruptcy in 1930 during the Depression. The 50,000 square-foot building is listed on the National Register of Historic Places. Supportive service referrals provided by Community Basics, Inc. Nissly Chocolate Factory received Historic Tax Credits and Low-Income Housing Tax Credits.

10/23/23 House Housing & Community Development Committee Informational Meeting

Points from Chris Ballentine, Community Relations Manager, Willow Valley Communities

- Mosaic is a 55+ offering by Willow Valley Communities, on the luxury end of the housing spectrum.
- This project satisfies aspirational goals outlined within Lancaster City's Building on Strength strategic plans for revitalizing underutilized areas in the city.
- Sales and selections are underway.
- Working towards demolition of the Lancaster Newspaper Production building by this time in 2024.
- Aiming for a tentative project completion by fall of 2027.

Points from David Martens, President of Zamagias Properties

- Zamagias currently owns 127 market rate apartments in Lancaster City
- All were developed utilizing federal historic tax credits, some state historic tax credits and some new market tax credits.
- The current economic environment, interest rates, bank loan requirements, construction costs, land costs, makes new development very difficult.
- As a result, new, unsubsidized for-profit housing is being built at the high end of what residents can afford.
 - Unsubsidized affordable housing is not being built unless by non-profits.
 - Lack of supply exacerbates these factors.
- Aside from historical tax credits, most other subsidies come with strings (less desired by private capital).
- Expanded public/private housing partnerships may help bridge the lack of affordable housing.

10/23/23 Statement of Ben Lesher, President of Parcel B Development Company

My name is Ben Lesher, I am the President of Parcel B Development Company. Parcel B currently focuses on infill, new construction multifamily projects in and around the City of Lancaster. We have a special interest in creating mixed-use and mixed-income projects. For us, this means developing in walkable places located near transportation nodes and adding first floor commercial uses when it makes sense to enhance neighborhood vibrancy. This also means pursuing creative solutions to integrate more affordable residential options. Parcel B developed the first new construction apartment building in the City in over 60 years which speaks to the dearth of new housing and smaller living units in this community. Currently, we have three projects under development, totaling over 450 apartments.

Parcel B is responding to the need for smaller housing types in Lancaster for two reasons. The first is because of the mismatch between household makeup and current housing stock i.e., there is a large share of 1-2 person households while the existing housing stock is weighted towards multi-bedroom homes. Secondly we are responding to the under supply of housing and consequent demand for housing at all price points but especially the lower levels.

We are committed to pursuing smaller living options that naturally provide a lower price point and ease the pressure on the share of a household's income spent on housing costs. For example, our 232 Prince project will have 307 square foot micro-apartments (think small studios) that are affordable to folks at 80% of area median income.

We are also working towards innovative financing and funding strategies that marry private and public capital (while operating outside of the ubiquitous Low Income Housing Tax Credit Program) to produce mixed-income residential developments, meaning we hope to have market rate apartment projects with up to 20% of the homes affordable to folks earning 60% of the Area Median Income or less. To achieve this, we are finding that it can take \$110,000 per unit of essentially free or low interest money to convert a market rate unit to an affordable unit for 20 years. While this unique approach still takes an incredible amount of funding, we also believe it to be a more efficient way to produce affordable housing than most existing programs.

We believe the core housing crisis to stem from a severe lack of housing production going back decades. To encourage and support the creation of new housing units at all levels we suggest that our state officials consider the following:

1. Remove land use regulations that restrict and prohibit residential development especially zoning regulations that don't allow apartments and high density housing. And to go a step further, we ask for you to consider requiring multifamily, and other types like accessory dwelling units as allowed uses in all residential districts in the state Municipal Planning Code. We also urge you to reconsider the laws and regulations that made the historically and naturally occurring affordable shared living options like residential hotels or rooming houses largely illegal. This effectively eliminated the most affordable housing types in our communities. We think there are ways to offer affordable but safe and decent housing even in these smaller residential living contexts.
2. Continue to streamline and simplify the development approval and permitting process to make it more consistent, timely and less costly. Municipal approvals require multiple boards and commissions that are often singularly focused and miss the bigger picture. State permitting like NPDES permits, Sewer Planning Modules or Highway Occupancy Permits can take months or even a year. The current entitlement process not only adds time and cost, it is also makes it extremely difficult to innovate or execute on creative housing solutions that don't fit within the current complicated regime.
3. Provide and encourage low cost funding sources for the creation of housing especially for housing affordable to low income households. There are limited programs and funds for housing production especially compared to other funding programs for economic development at the state level. If we are serious about solving the housing crisis and see it as an urgent economic issue, we need to offer more funding and incentives for housing developers. Funding sources need to focus on affordability levels, efficient use of funds and speed to completion. Based on our experience, too many of the funding sources that currently exist are extremely competitive, take years to secure and often include onerous bidding or other construction requirements that add multiples more to the project cost than received in funding.

House Housing & Community Development Committee
Informational Meeting on Housing Development
Lancaster Chamber, Rooms 2E/2F
115 East King Street
Lancaster, PA 17603

October 23, 2023

Prepared Written Statement of Matt Richards of Bowery Development Co.

Hello. I would like to begin by introducing myself. My name is Matt Richards, and I am the principal of Bowery Development Co. I am a developer of market rate multifamily apartment projects ranging from 20 to 150 units in size located in the states of NY, NJ, FL, and of course, PA. I was asked to appear before this committee because of a project that I am building here in Lancaster City, called 347 North Queen Street. This project will bring 72 new market rate units downtown and fill in a gap in the city's retail corridor that previously was occupied by a surface parking lot.

As a developer of housing, I work with all levels of government from local, to county, to the state. As it pertains to the state, and how it could better assist us in achieving the creation of more market rate housing units, I would offer the following recommendations:

First, incentivize development by implementing a statewide Payment in Lieu of Taxes program, otherwise known as a PILOT program. PILOT programs grant municipalities the authority, at its discretion, to render a parcel in need of redevelopment thereby qualifying it for a long-term real estate tax abatement. PILOTS address the most pressing issue for developers which is that the project is often financially unviable because the rents do not justify the cost of new construction. By reducing the taxes, the state is effectively lowering the rent threshold required to start new projects. To be effective, this recommendation would need to be implemented in a way where city, school and county taxes are all abated via one redevelopment application. I submit to the Committee that they look to New Jersey's Long Term Tax Exemption Law (NJSA 40A:20-1) and New Jersey's Five-Year Tax Exemption Law (NJSA 40A:21-1) as successful examples of PILOT programs.

Second, consider simplifying existing programs to mitigate secondary criteria, thus allowing for higher participation. Many great programs have been instituted by the state such as those for historic redevelopment tax credits, financing, opportunity zones, CRIZ etc. which each have a primary objective. For example, the primary objective of the CRIZ is to revitalize downtowns by reinvesting money that would go to the state in the form of sales tax back in the local community. However, this program requires construction to be performed at prevailing wage in order to qualify. The secondary objective in this case is to provide higher wages to construction labor, which while virtuous, increases the cost of projects by 20-30%, much of which is associated with the administrative cost of proving compliance and not the actual wages themselves. Very few projects have the financial wherewithal to increase their costs by this much and therefore the CRIZ goes unused for the construction of most market rate housing. The point I am trying to make is, the more secondary requirements that a program implements, the less potential uses it will have.

Third, consider the future. We know that our consumers are requesting future technologies to be integrated into our projects and many of these technologies have a net community benefit. One such technology is electric vehicle charging and another is solar panels. I would ask that the State consider investing in these technologies by offering credits for their installation into new construction. Neither of these technologies, without subsidy, can be widely implemented because their high upfront costs do not justify installation. However, many states now offer incentives, sometimes through the utility, but other times directly from the state, to encourage their adoption.

It is my hope that my experience as a multifamily apartment developer, one with comparative experiences developing in other states, will lend to some insights. I thank the Committee and the panelists for their time.

10/23/23 Statement of John Dantine, Owner/President of George St. Properties

Good Afternoon, my name is John Dantine, George St Properties. I own a variety of buildings in Lancaster City and would like to contribute my expertise in real estate and engineering to addressing the affordable housing crisis. Thank you for including me on this panel.

My vision for affordable housing in Lancaster is less about large, high-rise projects and more about smaller, more flexible projects that can contribute units needed to keep pace with demand. While those larger projects have their place, they face challenges that can derail the best laid plans. Funding challenges, red tape, zoning, Nimbyism and more, mean that it often takes years before those units are online. My hope is to find a way to use an existing resource to put units on the market quickly and efficiently. I'll give you a brief overview of how I came to this model and how I believe it can be scaled to make progress on affordable housing in Lancaster.

One of the properties we own is Excelsior, a popular wedding and events venue in downtown Lancaster. We also own a catering business and needed offsite commercial kitchen space to support this location as well as others. I found a very affordable warehouse space (approx. 10,000 sq ft) on West Vine St in Lancaster's Cabbage Hill/SoWe neighborhood. After building the kitchen, I had thousands of square feet of unused space. I soon realized that the space could be perfect for residential units. After a trip to Africa and an understanding of Lancaster as one of the most important refugee resettlement hubs in the country, I decided that I would like to use those units to house arriving refugees. We believe we can get between 5-7 units within the existing footprint of the building. Due to the low cost of the warehouse, and rehab over new build, we can frame out those units at a low cost, keeping rents affordable. While this example involves refugees, I could imagine scaling the model to include anyone that is searching for affordable units. I think the model works best if property owners/landlords work with local service providers to ensure that the spaces are designed for their eventual use and tenants can receive support along their journey toward self sufficiency.

Here are what I see as the major advantages to working like this:

- 1) Zoning: Creating commercial/residential mixed use space is currently allowed in the zoning overlay of my building (and many others like it) That avoids lengthy zoning battles.
- 2) Availability and Scalability: There are many other underutilized warehouse/commercial spaces throughout Lancaster's neighborhoods that could replicate the model
- 3) Cost: By avoiding new build and framing out existing space, I avoid the worst cost drivers (land development, new build, etc..)
- 4) Speed: These units can be online much quicker and with fewer obstacles. If scaled, this means we can approach the number of units that larger buildings can offer in the same or less time.
- 5) Partnership with existing nonprofit service providers: If we as landlords can work with existing social services providers, we know we're getting tenants who have an extra layer of attention and support and perhaps those organizations can bring in additional money or other services that set the tenant up for long-term success and getting them out of the need for affordable units.

It's a simple model. It takes a little bit of creativity to imagine constructing a commercial/residential space but the supply of buildings exist in Lancaster and the model can be replicated. While costs are low, landlords might have to be content with a slightly smaller return on investment. And that's where the government can help. Most government funding goes toward those larger, less nimble projects that take years to build and include a lot of red tape. Could government funds incentivize smaller projects like mine that can add units quickly and meet the needs now? Could we have more incentive and an easing of restrictions to put more ADUs (Accessory Dwelling Units) on the market? We aren't going to solve the problem with either large high rises or smaller multi-unit buildings alone. We need all of the above and I hope PA's elected officials will consider that when they are passing legislation to address this issue.

Statement to the Pennsylvania House Housing & Community Development Committee
Informational Meeting on Housing Development

Monday, October 23, 2023

by Robert Bowman, Founder, Charter Homes & Neighborhoods

www.charterhomes.com

Good afternoon and thank you Chairman Sturla and the committee for the opportunity to address you today.

I founded Charter in 1990 in Lancaster a month after graduating from college. I thought being a builder would be a good fit for me as a student of design and as someone who would enjoy working with the people that make our industry work and the people we serve. As it turns out, it has been the right decision.

Since then, Charter has built more than 7600 homes – both for sale and for rent - in some of the most recognized neighborhoods in the state including Meeder in Cranberry Township, Arcona in Mechanicsburg, Grandview in Lancaster, and our newest neighborhood that we opened this last Saturday – Grange - in Carlisle.

These neighborhoods are built thinking differently about how our state can look and live. More than twenty years ago, we began to explore why some places become more valuable to people in a way that endear themselves to those who live in them, and to the communities of which they are a part. What we learned is now how we create places like these that include:

We design for people

We start and end our thinking when creating neighborhoods with people. While many of the ordinances and rules regarding the development process are necessary, we spend much of our time in the approval process reminding various stakeholders – most often the general public and municipal leaders – of the needs and wants of the people who will live in these neighborhoods. A example of that is the idea of a *multigenerational neighborhood*, with people of all ages living together on the same street. Another is including small businesses that people can walk to, giving them a chance to connect with friends - old and new. Neither of these are new ideas, but both are a challenge to include in opportunities today under many of today's zoning ordinances.

We respect what came before

With our roots in Lancaster County and like much of our state, some properties have been cared for by one family for generations. We have learned, our team has always had a deep commitment to the stewardship of land, especially as part of the community. Some properties within our communities should never be developed. Many of the historical, environmental, and cultural should be preserved as part of the heritage of our past and entrusted as our legacy to future generations.

We find “what’s possible” by design

Creating these special places requires a tremendous creative effort. Many of the examples of places you are fond of happened before the complexity of today's ordinances and codes were enacted, which are often necessary but don't consider or allow for more creative solutions. As designers – with a clear objective of creating places of enduring value – we believe there are always alternatives to solving problems as long as everyone involved shares the objective and is open to new ways to make these places evolve.

At Charter we begin each meeting reminding ourselves *we are in the people business*. You are too. In your role on this committee I would ask you to continue to ensure the codes, ordinances, plans, regulations you put forth and consider to allow and encourage creating places that are as special as the people - and the communities – they that call them home.

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Brad Mowbray - SVP and Managing Director of the residential division for High Real Estate Group (“HREG”), a private owner and operator of housing communities, commercial and industrial properties, retail centers, and hotels.

HREG currently owns and manages 3,200 apartment and manufactured housing units in Pennsylvania (2,600) and the Carolinas (600).

We have approximately 1,000 apartment units in our development pipeline in Pennsylvania, which includes the Greenfield North project in E. Lampeter Township, Lancaster County. The project consists of 600 apartments and 28 rental townhome units. We have obtained land development approval for the first phase of the project (440 apartments) and site work is well underway utilizing an \$11M grant from the State’s Redevelopment Assistance Capital Program.

I also serve as a Board Member for the Pennsylvania Apartment Association, a research and advocacy group for the rental housing industry, with 316 management company members who operate more than 276,000 apartment units.

There are several misconceptions about rental housing and developers that I think it is important for the committee to be aware of.

Misconception – Developers make significant profits from market-rate projects.

Fact – The National Apartment Association published a white paper that breaks down \$1 of rent (see attachment). On average, 7 cents of every \$1 is returned to owners as profit.

Misconception – Our community doesn’t need any more housing; lack of affordability is not my problem.

Fact - Local communities are stronger and more vibrant when there is a mix of rental and owned housing. Without a diversity of housing options to meet a variety of lifestyle needs and price points, local economies are held back. It’s an important issue for everyone in the community whose employer might move to another market where housing is more readily available.

What can the state do to help?

While a number of established state and federal programs exist to promote affordable or low-income housing and have long been administered by qualified agencies (such as PHFA), programs such as LIHTC and Section 8 haven't been able to keep up with the rapidly increasing demand for affordable and workforce housing. It is highly competitive to secure tax credits for a project, and we have found that the cost can be \$125,000-\$150,000 per unit higher than a market-rate apartment development.

Housing affordability can be thought of as existing on a spectrum. Area median income (AMI) determines what's considered affordable, and affordable housing programs are designed to assist those who make less than 60% of AMI.

Often, working families and young professionals don't qualify for affordable housing due to exceeding local AMI, but they can't afford market-rate or luxury apartments. These families make too much to qualify for traditional low-income subsidized housing and too little for market-rate communities. Workforce housing can be thought of as serving households earning between 60% and 120% of the AMI.

To address this "missing middle" – or the gap in available housing between luxury, market-rate, and affordable lower-income housing – some states have begun implementing programs designed to stimulate the construction of urgently needed workforce housing.

I would encourage the committee to consider the following:

Create a missing middle housing production program designed to increase the supply of housing stock to support employees' growth and economic mobility through cost subsidies to developers investing in, constructing, or substantially rehabbing properties targeted to missing middle/workforce households.

Some states creating such a program have provided a maximum grant award per unit (e.g., 70-80K/unit), structured in a way that incentivizes project density.

I would strongly urge that efficiency and flexibility be built into such a program. Strong housing developers know their customers, markets, and how to deliver projects – to make a meaningful dent in bridging the gap, allowing the development community to do what they do best while ensuring that essential policies and program guidelines are met.

Construction subsidies for eligible projects should include funding for site work and utilities, vertical construction (including renovation), and land acquisition as eligible costs for funding.

Demand for such a program would be great - I would recommend inviting a working group to include representatives from PHFA, DCED, and the Governor's office to discuss how such a program could be created and sustainably funded.

Our time limit today prevents a detailed conversation about such a new program. I hope this policy recommendation is helpful and stand ready to assist with the next steps if there is an interest in pursuing it further.



2023: BREAKING DOWN ONE DOLLAR OF RENT

With so much discussion around rent payments and the prevailing misconception that rental housing owners enjoy large margins, the industry would like to offer this explanation of the breakdown of \$1 of rent based on the national average.

Only 7 cents of every \$1

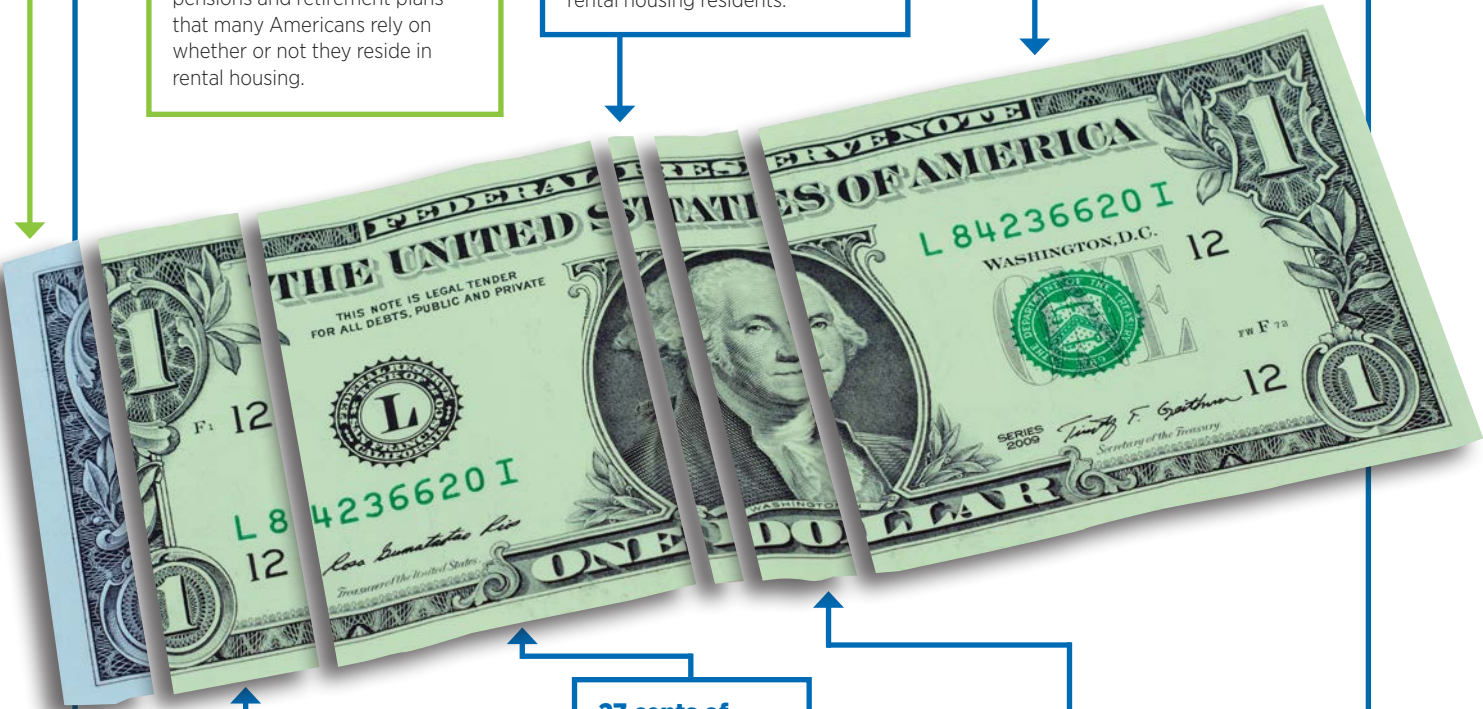
is returned to owners as profit, including the many apartment owners who are themselves small businesses and rely on this revenue to make ends meet, and investors, which include public pensions and retirement plans that many Americans rely on whether or not they reside in rental housing.

2 cents of every \$1

goes toward capital expenditure reserves. The funds in these reserves cover roof and HVAC replacements and other important repairs that help ensure quality housing for America's 38.9 million rental housing residents.

46 cents of every \$1

pays for the mortgage on the property. This is a critical expense, as mortgage foreclosures put all residents at risk of losing their housing.



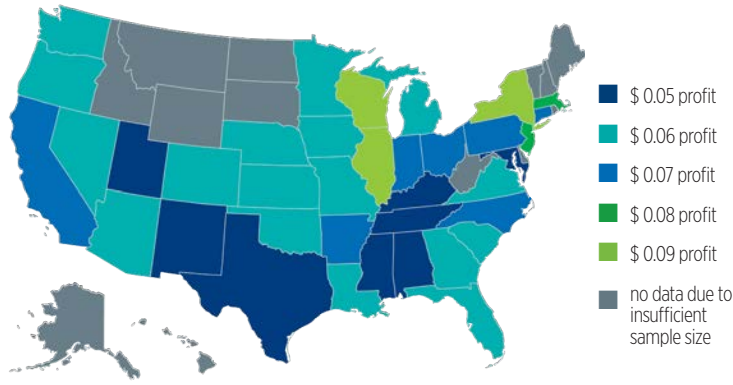
11 cents of every \$1 goes to property taxes, which in turn support the community through financing for schools, teachers, emergency services and other important local needs.

27 cents of every \$1 pays for operating expenses such as property and liability insurance, utilities and ongoing maintenance.

7 cents of every \$1 covers payroll expenses, including pay for employees who operate and maintain the community as part of the 17.5 million jobs that the industry supports.

Between mortgage payments, investor returns—which help support many Americans' retirement plans—and dollars put back into the apartment community to ensure quality living for residents, a rent payment is much more important than one might otherwise realize.

WHERE \$1 OF RENT GOES BY STATE



Data Sources:

Data is based on 2022 operating statements from 9,263 rental properties with 5 or more units securing loans in Freddie Mac CMBS. Data is comprised of lender underwritten financials and appraised values and serialized operating statements extracted from agency multifamily CMBS offering circulars and trustee reports.

Notes:

1. Capital Expenditure Reserves:

These funds are reserved for long-term improvements and unexpected repairs on the property. This might include expenses like replacing roofs, upgrading HVAC systems, repaving, flooring and appliances.

2. Operating Expenses:

Operating expenses cover the day-to-day costs associated with running a rental property. This category covers expenses such as utilities (water and sewer, electric, gas, etc.), routine repairs and maintenance (HVAC, plumbing, electrical and regular supplies and service). It also includes fees like property and liability insurance, legal and accounting services, management fees, marketing fees, general and administrative fees (equipment, eviction expenses and office supplies) and other operational expenses.

3. Mortgage Payment: This refers to the payments made on any loans taken out to finance the purchase of the property.

4. Payroll Expenses: These costs relate directly to the salaries, wages and benefits of individuals employed to manage or maintain the rental property.

5. Property Tax Expenses: Property taxes are levied by local governments and are typically based on the assessed value of the property. These funds often support local infrastructure, schools and public services.

State	Employee Payroll	Property Taxes	Operating Expenses	Capital Expenditures Reserves	Mortgage Payment	Profit for Every Dollar of Rent
Alabama	\$ 0.11	\$ 0.07	\$ 0.30	\$ 0.03	\$ 0.44	\$ 0.05
Arizona	\$ 0.08	\$ 0.04	\$ 0.27	\$ 0.02	\$ 0.53	\$ 0.06
Arkansas	\$ 0.11	\$ 0.07	\$ 0.31	\$ 0.03	\$ 0.41	\$ 0.07
California	\$ 0.04	\$ 0.10	\$ 0.23	\$ 0.02	\$ 0.54	\$ 0.07
Colorado	\$ 0.05	\$ 0.06	\$ 0.26	\$ 0.02	\$ 0.56	\$ 0.06
Connecticut	\$ 0.04	\$ 0.15	\$ 0.28	\$ 0.02	\$ 0.43	\$ 0.07
Florida	\$ 0.07	\$ 0.11	\$ 0.26	\$ 0.02	\$ 0.47	\$ 0.06
Georgia	\$ 0.09	\$ 0.09	\$ 0.28	\$ 0.02	\$ 0.45	\$ 0.06
Illinois	\$ 0.03	\$ 0.14	\$ 0.28	\$ 0.02	\$ 0.45	\$ 0.09
Indiana	\$ 0.10	\$ 0.08	\$ 0.31	\$ 0.03	\$ 0.40	\$ 0.07
Iowa	\$ 0.09	\$ 0.12	\$ 0.29	\$ 0.02	\$ 0.42	\$ 0.06
Kansas	\$ 0.11	\$ 0.09	\$ 0.30	\$ 0.03	\$ 0.40	\$ 0.06
Kentucky	\$ 0.09	\$ 0.08	\$ 0.34	\$ 0.03	\$ 0.42	\$ 0.06
Louisiana	\$ 0.10	\$ 0.06	\$ 0.32	\$ 0.03	\$ 0.43	\$ 0.06
Maryland	\$ 0.09	\$ 0.10	\$ 0.27	\$ 0.02	\$ 0.47	\$ 0.05
Massachusetts	\$ 0.04	\$ 0.10	\$ 0.26	\$ 0.01	\$ 0.50	\$ 0.08
Michigan	\$ 0.09	\$ 0.11	\$ 0.31	\$ 0.02	\$ 0.39	\$ 0.08
Minnesota	\$ 0.06	\$ 0.13	\$ 0.30	\$ 0.02	\$ 0.42	\$ 0.06
Mississippi	\$ 0.13	\$ 0.08	\$ 0.31	\$ 0.03	\$ 0.40	\$ 0.05
Missouri	\$ 0.09	\$ 0.07	\$ 0.32	\$ 0.03	\$ 0.44	\$ 0.06
Nebraska	\$ 0.10	\$ 0.11	\$ 0.30	\$ 0.02	\$ 0.41	\$ 0.06
Nevada	\$ 0.10	\$ 0.04	\$ 0.26	\$ 0.02	\$ 0.53	\$ 0.06
New Jersey	\$ 0.03	\$ 0.16	\$ 0.22	\$ 0.02	\$ 0.49	\$ 0.08
New Mexico	\$ 0.09	\$ 0.05	\$ 0.30	\$ 0.02	\$ 0.49	\$ 0.05
New York	\$ 0.03	\$ 0.11	\$ 0.23	\$ 0.01	\$ 0.52	\$ 0.09
North Carolina	\$ 0.10	\$ 0.07	\$ 0.27	\$ 0.02	\$ 0.47	\$ 0.07
Ohio	\$ 0.09	\$ 0.11	\$ 0.32	\$ 0.03	\$ 0.40	\$ 0.06
Oklahoma	\$ 0.12	\$ 0.06	\$ 0.33	\$ 0.03	\$ 0.40	\$ 0.06
Oregon	\$ 0.05	\$ 0.08	\$ 0.25	\$ 0.02	\$ 0.54	\$ 0.06
Pennsylvania	\$ 0.07	\$ 0.09	\$ 0.28	\$ 0.02	\$ 0.48	\$ 0.07
South Carolina	\$ 0.09	\$ 0.12	\$ 0.28	\$ 0.02	\$ 0.44	\$ 0.06
Tennessee	\$ 0.10	\$ 0.09	\$ 0.27	\$ 0.02	\$ 0.47	\$ 0.05
Texas	\$ 0.10	\$ 0.14	\$ 0.29	\$ 0.02	\$ 0.40	\$ 0.05
Utah	\$ 0.08	\$ 0.06	\$ 0.24	\$ 0.02	\$ 0.55	\$ 0.05
Virginia	\$ 0.09	\$ 0.08	\$ 0.28	\$ 0.02	\$ 0.47	\$ 0.06
Washington	\$ 0.05	\$ 0.10	\$ 0.23	\$ 0.01	\$ 0.54	\$ 0.06
Wisconsin	\$ 0.06	\$ 0.12	\$ 0.25	\$ 0.02	\$ 0.46	\$ 0.09
Washington, D.C.	\$ 0.02	\$ 0.06	\$ 0.34	\$ 0.02	\$ 0.51	\$ 0.05

NOTE: TOTALS MAY NOT SUM TO \$1.00 DUE TO ROUNDING.