

Statement for the Record of Jesse Ergott
President & CEO, NeighborWorks Northeastern Pennsylvania
U.S. Senate Committee on Banking, Housing, and Urban Affairs
Subcommittee on Housing, Transportation, and Community Development
April 16th, 2024

INTRODUCTION

Thank you, Chairwoman Smith, Ranking Member Lummis, and Members of the Subcommittee, for the opportunity to testify this morning on the challenges our nation faces with preserving our housing stock. My name Jesse Ergott, and I have the privilege of serving as the President & CEO of NeighborWorks Northeastern Pennsylvania (NeighborWorks Northeastern PA) headquartered in the City of Scranton.

NeighborWorks Northeastern PA was founded in 1981 by a group of local lenders, resident leaders, and officials in the city of Scranton specifically to assist modest-income families who were finding it difficult to obtain financing for home repairs and improvements. With growing instances of blight and neglect in our neighborhoods, a more creative approach to providing resources was sorely needed to preserve homeownership opportunities for our neighbors. In our early years, our work focused on a few target neighborhoods in Scranton and consisted of pooling both private capital from various local lending institutions and public dollars from the City of Scranton to assist our neighbors with paying for and managing critical home repairs.

Now, 43 years later, NeighborWorks Northeastern PA has an expanded geographic footprint including 7 counties throughout the region and serves our neighbors in multiple ways, including homeownership assistance, foreclosure prevention services, comprehensive community development initiatives, aging in place services, and critical home repairs. Over the course of our history, we have helped create over 1,200 new homebuyers, repaired or improved 1,600 homes, provided homeownership and financial counseling to thousands of residents, and helped to facilitate countless community improvement projects and investment valued at over \$250 million.

All this work has been deeply rooted in the following core organizational belief that “Home is Where it All Starts”. We believe that having a safe, dignified, and stable place to live leads to better health, more financial opportunity, better educational outcomes, and other real benefits for individuals, families, and our community.

We have been supported in this work as a longstanding chartered organization in the National NeighborWorks Network and a proud member of the National NeighborWorks Association (NNA).

NeighborWorks America is a private nonprofit organization, established by Congress in 1978 as the Neighborhood Reinvestment Corporation (Public Law 95-557) to expand opportunities for people to live in affordable homes, improve their lives and strengthen their communities. NeighborWorks pursues this mission through its support of a network of nearly 250 nonprofit housing and

community development organizations like ours, which provide on-the-ground support to families and communities in every state, the District of Columbia and Puerto Rico. The experience of this national network is extremely relevant to today's hearing, as our organizations have extensive collective experience in various housing preservation efforts. For example, NeighborWorks organizations across the country facilitated the repair of 82,500 homes in fiscal year 2023 alone.

Addressing our nation's significant housing challenges will require comprehensive solutions. These challenges touch all types of communities – urban, suburban, and rural areas alike, and span all income levels. The lack of available housing to meet an individual's specific needs can have a ripple effect that negatively impacts regional economies, hampers revitalization efforts by local government, and can ultimately lead to stagnancy and deterioration of neighborhoods.

Building more affordable housing to increase supply, improving access to capital, addressing localized zoning impediments to smart community growth, and cutting red tape which currently makes various federal programs difficult to implement are just a few of the approaches that are needed. One key element in this continuum of strategies needs to be the modernization and preservation of as much of our existing housing as possible.

Deteriorating housing stock can be a root cause of other types of community instability and housing insecurity. My testimony speaks to creative efforts taking place in the Commonwealth of Pennsylvania, such as the **Pennsylvania Whole Home Repairs Program**, to invest in the preservation of our existing housing stock while also addressing the individual needs of our neighbors.

Housing Preservation: The Challenge

So how did we get here and what are the issues driving the need to invest in preserving our housing stock? Although the challenges we face in Pennsylvania, and particularly in northeastern Pennsylvania, are especially acute due to our aging housing stock and an older population, this also means we have a unique opportunity and fertile testing ground for policies and solutions that may benefit the rest of the nation.

Pennsylvania has one of the oldest housing stocks in the country, with 26% of existing homes built prior to 1939 compared with 12% across the country¹. In fact, Pennsylvania's housing stock is on average 16 years older than the national average. Housing is even older in northeastern Pennsylvania, where in many communities upwards of 40% of homes were built more than 85 years ago. Most of the homes in Pennsylvania are single family structures (76%), with some rural counties in our region seeing single family dwelling numbers closer to 85%. Homeownership rates in both Pennsylvania (70%) and our northeastern counties (67%) are higher than the nationwide average (65%).

As homes age and deteriorate, preservation of housing in many communities becomes even more significant due to the nature of the housing itself. Although aging, many homes are irreplaceable,

¹ *Pennsylvania Comprehensive Housing Study, May 2020.* https://www.phfa.org/forms/housing_study/2020/pennsylvania-comprehensive-housing-study-full-report.pdf

meaning if the units were lost, they either could not or would not be replaced because of a lack of economic incentive to build new single-family units in those communities. Likewise, when there is extensive deferred maintenance, there can be little to no economic incentive for investors to purchase these homes in many markets.

Challenges for Seniors

Aside from our older housing stock, possibly the most important trend shaping housing issues in Pennsylvania is our aging population. The statewide population of seniors has increased by 14% in the last two decades and Pennsylvania is now one of the most elderly states in the country, with over 17% of its population aged 65 or older. The 2020 Census estimates that 18.4% of all citizens in Lackawanna, Luzerne, and Wayne counties in northeastern Pennsylvania are 65 years of age or older, and another 14% are considered “future seniors” (aged 55-64)².

The combination of one of the oldest housing stocks in the nation with one of the oldest populations presents a unique challenge, especially when it comes to preserving existing housing. Seniors tend to own their own homes (76% homeownership rate in Pennsylvania)³ but also live on lower (and many times fixed) incomes, making it more challenging to tackle larger repairs or absorbing other increases in the cost of their housing (such as taxes, etc.), which ultimately increases the likelihood of deferred maintenance for these properties. The vast majority of seniors we serve express interest in staying in their homes and neighborhoods as they age, and a lack of affordable and physically viable housing options in their communities often leaves them without other options even should they seek them.

Older homes are also more likely to have higher utility costs due to insufficient insulation, inefficient windows and doors, and outdated heating and cooling systems. In addition, most were not built with ease of access in mind, and steep stairs, narrow entryways, high-sided tubs, and other similar features often create accessibility barriers for homeowners as they age. Ultimately, these older homes often equate to a smaller amount of accessible housing with universal design elements such as low or no threshold entryways, wider doorways, and walk-in showers. A third of Pennsylvanians aged 65 or older have a disability, which may require adaptive housing modifications or a move to accessible and/or supportive housing.

To illustrate this issue, I have personally visited several homes where the homeowner was restricted to living on their first floor due to a lack of ability to get up the stairs safely. This often meant sleeping in a chair or on a couch for extended periods of time. And without a full bathroom on the first floor, they often ended up sponge-bathing in their kitchen or bathroom sink.

In northeastern Pennsylvania, the typical structure we encounter is a two-story home which has an entryway with multiple steps, one full bathroom upstairs (and perhaps a half-bath on the main level), steep and narrow stairways, and a small laundry area in the basement. Homes typically have deferred maintenance ranging from a few thousand dollars (smaller accessibility improvements and repairs) to over \$30,000 for significant structural and systems repairs).

² *Aging in Place*, [The Institute for Public Policy & Economic Development](#), at Wilkes University.

³ *Forecasting State and National Trends in Household Formation and Homeownership*, [The Urban Institute](#)

A critical question to ask is how these types of repairs can be funded, especially for modest-income working families and seniors on limited incomes. Previous data released by The Federal Reserve Bank of Philadelphia showed that in northeastern Pennsylvania, 50% of all requests for conventional home improvement financing were denied for low-to-moderate income borrowers. With limited access to private capital to help address these much-needed repairs, individuals and communities often turn to various federal, state, and local funding sources to address these needs.

Existing Federal Investments in Housing Preservation

In our experience, only a relatively small amount of funding from existing federal programs which include home rehabilitation as an allowable use is utilized for this purpose. For example, the Community Development Block Grant (CDBG) program and HOME Investment Partnership funds can provide a meaningful amount of resources, but many communities opt to use them for other purposes due to the challenges involved in utilizing them for home repairs. These programs tend to be broad in their potential uses, but onerous in practice and difficult to leverage with other resources.

Specific to HOME funding, the requirement to address all deficiencies in a property, instead of just tackling the most critical repairs, can lead to putting in an excessive investment of resources into one project and diluting their overall impact on an area. These requirements were a critical factor in NeighborWorks Northeastern PA deciding to discontinue managing HOME-funded owner-occupied rehab programs on behalf of the City of Scranton.

Another example of this is the U.S. Department of Energy's Weatherization Assistance Program. This program can provide a significant amount of funding to make homes more energy efficient and habitable, but other issues in the home including moisture/mold, old electrical wiring, roof damage or other structural problems can prevent an eligible client from receiving WAP services unless they are able to correct the specific problems with other funding.

These are just a few examples of the barriers that can exist to utilizing existing federal funding to address housing preservation at a scale that makes a difference in our communities. Finding ways to remove these barriers and incentivize the use of these programs for housing preservation would help to leverage and expand other local and regional efforts.

A Critical Opportunity: The Whole-Home Repairs Act of 2024

The Whole-Home Repairs Act, which is based on Pennsylvania's highly effective program of the same name, would be a much-needed addition to the relatively small list of federal resources focused on addressing housing preservation.

Pennsylvania's Whole Home Repairs Program received bipartisan support due to the universal nature of home repair needs in the Commonwealth. Rural, urban, and suburban communities across the state all tend to have modest-income homeowners with older housing and deferred maintenance needs; it is an issue which is apparent to anyone who lives here. Pennsylvania State Senator Nikil Saval, who spearheaded its creation, helped to craft a flexible program that could address home repairs at scale. Here are some of the major benefits of the program model:

1. **Flexibility.** Whereas other funding sources (HOME, CDBG, etc.) tend to have broad potential uses but are restrictive in their uses for home repair, the Whole-Home Repairs Program is specific in its intended use and flexible in its practical implementation. The funding can address any/all issues of habitability, accessibility, energy efficiency, and safety and can be prioritized on at a local (or even a home-by-home) level.
2. **Maximizing Use.** Has the ability to only address the issues that are most critical for safety and stability in the home without needing to tackle every other issue. This helps to maximize the impact of the funds by spreading them out.
3. **Speed.** By eliminating burdensome requirements and red tape, we have found that some projects are often able to be completed in a matter of weeks or even days depending on the circumstance.
4. **Layering and Leverage.** Because of the program's flexibility, the funds are extremely leverageable and can be effectively layered into projects in ways that wouldn't be possible with other federal funds, ultimately resulting in more creative funding strategies for individual rehabilitation projects and more impact for the program overall.
5. **Local Strategies and Oversight.** By putting the implementation of the program at the local municipal/county level, local leaders can tailor the program to meet the most critical needs of their communities and residents. This autonomy allows administrators to be better stewards of public funds and to build the program into larger local and regional efforts.
6. **"Unlocking" Other Funds.** Programs like the Weatherization Assistance Program are not able to fund projects at homes with other significant repair needs. Much time can be lost in evaluating and assessing properties that ultimately cannot be assisted due to the lack of other resources to address the deferral items. The Whole-Home Repairs Program can address these deferrals and leverage other federal, state, and local investments.

These factors, along with a backlog of need in many parts of the state, contributed to an unprecedented public response to the program. Many counties had to close their application process during the first few days because they had already reached their maximum project limit. The most recent data reported to the Pennsylvania Department of Community and Economic, the statewide administrator of the program, showed that there are over 16,500 homes currently on waitlists for funding across the state.

I believe these same benefits which are unique to this program could be expanded to other areas of the country through the pilot program created by the Whole-Home Repairs Act.

Integrating Whole-Home Repairs with Aging in Place Strategies

In our case, the flexibility of the Whole-Home Repairs Program has allowed NeighborWorks Northeastern Pennsylvania to effectively integrate it into our comprehensive Aging in Place Program.

NeighborWorks Northeastern PA's Aging in Place program provides homeowners in our region aged 60 and above with services that focus on assisting them with continuing to live safely and with dignity in their home and community. After over 3 decades of managing various home rehabilitation programs utilizing a variety of federal, state, local and private funds, we found that

approximately 70% of applicants requesting assistance were seniors. This ultimately led to a shift in our focus to providing home modifications and repairs exclusively to seniors over the past 5 years.

When tackling a project for an older adult, our primary concern is to remove any barriers that the homeowner may have to remain in their home. Often, we have found that older homeowners have a variety of challenges that create instability in their housing situations. We seek to take a holistic approach to addressing habitability and accessibility to address as many issues as possible to both fix the property and preserve or improve the homeowner's health. By taking this approach, we have been able to attract significant new health-focused public and philanthropic resources to our housing preservation efforts.

For example, our Aging in Place program has secured a \$1 million grant from the **HUD Older Adult Home Modification Program (OAHMP)**, an additional \$1 million from the **Administration for Community Living (ACL)**, and ongoing **LIHEAP** and **Medical Assistance** (waiver) resources for home modifications, energy needs, and accessibility improvements through local Area Agencies on Aging. These funds, along with flexible resources from Pennsylvania's highly successful **Housing Affordability and Rehabilitation Enhancement (PHARE) fund**, have allowed us to address hundreds of home modification and accessibility improvement projects across 3 counties. Many of these projects include critical safety modifications such as grab bars, wheelchair ramps, bathroom modifications, tub cuts, and other accessibility improvements.

However, home modifications are often only one piece of the puzzle when it comes to housing stability. For example, providing an accessible bathroom for a homeowner is impactful, but if that same homeowner has a leaking roof or major structural issue in their home, their housing stability remains threatened. As most other funding sources we had access to don't allow for larger structural repairs, the Whole-Home Repairs Program was the missing piece for our Aging in Place program.

Now, in addition to providing a bathroom modification, wheelchair ramp, or stairlift, we can replace the roof, improve energy efficiency, and replace an old furnace. The Whole-Home Repairs Program has allowed us to take a comprehensive approach to addressing issues of the whole home and as well as the critical needs of the person living in it. NeighborWorks Northeastern PA manages a total of approximately \$1.2 million in Whole-Home Repairs Program funding for two counties, and these funds are currently helping to stretch and leverage an additional \$3 million in state, federal, and philanthropic investments.

Working with a team of Certified Aging in Place Specialists (CAPS), Occupational Therapists, Residential Housing Inspectors, a Construction Manager and licensed and reputable construction teams, we take a personal and professional approach to assessing and identifying the housing repair and accessibility needs of older adults throughout northeastern Pennsylvania. The various assessments conducted by this team helps to prioritize the work that needs to be accomplished at the home and to identify which funding sources will be layered into the project. Projects are then bid out per relevant requirements from the various funding sources and/or local municipalities. We have found that this model allows us to deploy funding quickly and in a comprehensive manner.

Repairs and improvements address time-sensitive needs like roof repairs, accessibility improvements (stairs, porches, entryways, etc.), systems replacement (heating/cooling units, water heaters, etc.) and unsafe electrical or plumbing conditions. Other improvements focusing on the home's long-term habitability are also addressed when possible, such as siding, windows, insulation, ventilation systems, and other items impacting the home's energy efficiency and overall envelope. Each older adult referred to the Aging in Place program to utilize Whole Home Repair services is also given access to each of the other services offered through the Aging in Place program (small home repair, volunteer led repair services, smart home technology, social isolation prevention, community resource connection and financial guidance), all of which allow each older adult to continue to reside safely and with dignity in their homes and communities.

Whole-Home Repair Success Stories

The Whole-Home Repairs Program has made a direct and measurable impact on our neighbors here in northeastern Pennsylvania, and a small sample of success stories are included below.

In one of our rural counties, the program assisted a family of five, comprised of three children and two adults. The father, a veteran, struggles with PTSD, and the mother is a postal worker within the community. They were in urgent need of various and time-sensitive improvements, including a new roof. Through the Whole-Home Repairs Program, these major safety concerns were able to be addressed quickly and efficiently.

In another rural county, the program assisted a 64-year-old retiree living by herself in an older home which is in good condition except for the roof, which is over 30 years old. Her monthly income is \$3,206.60 from Social Security and retirement benefits. A contractor was secured to address the aging roof, and the property was stabilized for a total cost of \$17,070.

In Scranton, Mr. and Mrs. Walter Gardner are both in their 80s and have lived in their family homestead in the city since 1955. Mr. Gardner is a veteran. In early February, NeighborWorks Northeastern PA received a call from the Gardners reporting a complete lack of heat in their home. A Plumbing & Heating specialist was sent to the home and confirmed the furnace had a cracked heat exchanger, necessitating a full replacement. It was also relayed that the Gardners' carbon monoxide detector was going off and the Scranton Fire Department and UGI Utilities were also deployed to the home. The source of the CO being emitted into the home was caused by the broken furnace, as emissions were escaping through the crack in the heat exchanger rather than being ducted out with the exhaust, creating a dangerous situation. Due to the availability of Whole Home Repair Funds, NeighborWorks was able to facilitate the installation of a new furnace within 5 days from that initial phone call, likely preventing even more costly repairs from froze pipes and other issues resulting from lack of heat in the home. The Gardners received a new Comfort Maker 95% Efficient Hot Air Furnace utilizing a total of \$6,800 of Whole Home Repair funding. NeighborWorks was also able to use this situation as an opportunity for our Certified Aging in Place Specialist to assess and plan for other critical home repairs and safety modifications needed in the home

Another older client we have served resides in the City of Carbondale. Despite having replaced a portion of his roof in recent years, he had a leaking roof and missing gutters, both of which

contributed to water infiltration into his home, a deteriorating and leaning chimney, and a completely corroded boiler that wasn't working properly. We have been able to provide a new boiler for him and repair some other plumbing problems and a potentially dangerous ventilation issue that he had, in addition to replacing the leaking areas of his roof as well as installing gutters where they were missing to minimize and/or hopefully eliminate the water infiltration into his home. Whole-Home Repairs funding allowed us to address all these issues at once.

Conclusion

We know that safe, dignified, and affordable housing options are critical to the health of any community. However, many communities are facing shortages across much of the housing continuum, including affordable rental units, entry-level homes for first-time homebuyers, and accessible dwellings for seniors as they age. These factors and others have created an extreme sense of urgency in many communities like ours to preserve the housing that exists before it deteriorates past the point of economically viable rehabilitation. Passing the Whole-Home Repairs Act will be an important first step in providing a scaled investment in our nation's aging housing stock by empowering states and municipal governments to address the housing preservation needs of their own communities.