

Senate Majority Policy Committee Hearing

Housing Trends in Rural PA

May 17, 2023

Testimony by Herman Logue, Business Development, Glenn O Hawbaker, Inc.

Company History: In 1952, Glenn O. Hawbaker and his wife Thelma founded a small excavation company with the aim of serving, building, and advancing local communities. Initially, they contracted with local State College builders, but over time, the company grew and expanded, officially incorporating in Pennsylvania in 1965. Today, GOH operates 21 aggregated facilities and 7 asphalt production plants, serving private and public sector customers in Pennsylvania, Ohio, West Virginia, Maryland, and southern New York. The company offers a broad range of services, including site work, utilities, concrete work, asphalt paving and project budgeting. With over 70 years of experience, GOH continues to expand and is dedicated to giving back to the communities where it operates.

Testimony: In the 60's and 70's municipalities were building new streets and infrastructure projects and expanding their neighborhoods. These projects were **funded** by the municipalities and utility companies from taxes and user fees. They knew they would get their investment back from the real estate taxes and user fees.

At some point in time this all changed and the municipalities began requiring the land owners to fund the roads and infrastructure. The only way the land owners could get their money back was to increase the cost of the building lots. The municipalities then got the income from the taxes and the utility companies got the income from the tap fees and the ongoing user fees.

We are now at a point in Lycoming County that there is no such thing as affordable housing. I constructed phase 1 of the Tule's Run Development in the early 90's on about 50 acres of what was going to be a 300 acre housing development. There has never been any other phases done because of the cost of **developing**. The property was sold by the developer and is probably one of the best locations for a large scale housing project but it won't happen because the **new** owner will never get a return on his investment in this environment.

Most recently we priced a housing project that the original owner had developed the 1st phase but never went to the 2nd phase because it took him so long to sell the original lots that the carrying cost of the project took any profits he had anticipated. Just the cost of the infrastructure improvements was going to be 75K per lot and that did not include the cost of the property, engineering, permitting or carrying cost of the project.

The average household income in Lycoming Co. is \$65500.00. The average sales price of existing homes sold is \$165000.00. With this average income a household can afford to spend **about** \$1500.00 (28%) for mortgage, taxes & insurance. The cost for the average house payment including mortgage, taxes and insurance is **about** \$1500.00. If they were to construct a new 1500 S.F. house at \$150.00/S.F it would be \$225000.00, the lot would be \$100000.00 and the tap fees another \$10000.00 new cost would be about \$335000.00.