



## Text File

**Introduced:** 7/11/2017

**Bill No:** 2017-1728, **Version:** 1

**Committee:** City Council

**Status:** Adopted

*WHEREAS*, approximately 70 percent of students graduating from institutions of higher learning in recent years have done so with student loan debt. Further, the average 2016 graduate held approximately \$37,000 in student loan debt, a six percent increase from 2015, and, per a Citizen's Bank survey, nearly 59 percent of millennials are unsure of when their loan debt will be fully paid off; and

*WHEREAS*, nationally, the total student loan debt is more than \$1.4 trillion, spread across close to 44 million borrows, trumping the combined \$620 billion worth of credit card debt held by Americans; and

*WHEREAS*, the average monthly student loan payment for borrowers between the age of 20 and 30 is \$351, while the median monthly student loan payment for borrowers in that age range is \$203; and

*WHEREAS*, the student loan delinquency rate in the United States, wherein a borrower is 90 or more days delinquent or in default, is 11.2 percent; and

*WHEREAS*, as of 2016, there were nearly 42 million borrowers who took out federal student loans, accounting for more than \$1 trillion; and

*WHEREAS*, between 2000 and 2014, the total sum of outstanding federal student debt obligations almost quadrupled as it passed the \$1 trillion mark, while at the same, the number of borrowers of student loan monies more than doubled to close to 42 million, with default rates among these newer borrowers growing to their highest points in the past two decades; and

*WHEREAS*, according to a 2016 study by the National Associations of Realtors and SALT, a consumer literacy program managed through American Student Assistance, 71 percent of non-homeowners with student loan debt reported that monthly payment obligations kept them from purchasing a home, with more than half stating that student debt would likely continue to bar them from homeownership for more than five years; and

*WHEREAS*, it would be of great benefit to Pennsylvanians with student loan debt for the Commonwealth of Pennsylvania to develop and administer a program wherein the Commonwealth repays a portion of an individual's outstanding federal student loan debt when an individual finances a home mortgage through the Pennsylvania Housing Finance Agency and commits to live in the home as their primary residence for a set amount of time.

**Now, therefore be it resolved by the Council of the City of Pittsburgh:**

**Section 1. PURPOSE**

A. It is the Will of the Council of the City of Pittsburgh that the Administration develop, promulgate regulations for, participate in, and undertake a commitment to a program that provides financial assistance to a purchaser for the purpose of purchasing a primary residence and making payments on the purchaser's student debt.

**Section 2. DEFINITIONS**

A. **ADMINISTRATION:** The Administration of the Governor of the Commonwealth of Pennsylvania.

C. **PURCHASER:** An individual that has committed to purchasing a home in Pennsylvania who:

1. Has student loan debt; and
2. Meets any and all other qualifications for program participation as determined by the Administration.

D. **PHFA:** The Pennsylvania Housing Finance Agency.

E. **PRIMARY RESIDENCE:** The residence in which a purchaser shall be domiciled by no later than one year after purchase, and in which a purchaser shall remain domiciled for a period of time agreed upon by the Administration and the purchaser.

F. **STUDENT LOAN DEBT:** Federal student loan debt accrued by to attend an institution of higher learning in either repayment or deferred status.

**Section 3. PROGRAM**

A. The Administration shall create a program that provides financial assistance to a purchaser for:

1. Purchasing a primary residence and making payments on the purchaser's student loan debt; and
2. Making payments on the homeowner's student loan debt in conjunction with the homeowner obtaining separate financial assistance, if necessary, from a source other than the Administration for purchasing the homeowner's primary residence.

B. Should the purchaser require outside financial assistance - such as, but not limited to, a home mortgage - while participating in this program, they shall do so through the PHFA.

C. The purchaser shall commit to live in their primary residence purchased through this program for an amount of time determined by the Administration and agreed to by the purchaser.

D. The purchaser must have a minimum of \$1,000 in student loan debt at the time of purchase of a primary residence, and a maximum of 15 percent of the purchasing price of the primary residence.

1. The program shall make a payment on the purchaser's student loan debt equivalent to an amount up to 15 percent of purchasing price of the primary residence.

#### **Section 4. GUIDELINES AND REGULATIONS**

A. The Administration shall development and promulgate further regulations and guidelines for this program as it sees fit.