



PART OF THE
community

2017 ANNUAL REPORT

PENNSYLVANIA HOUSING FINANCE AGENCY

OUR *mission*

In order to make the commonwealth a better place to live while fostering community and economic development, the Pennsylvania Housing Finance Agency provides the capital for decent, safe, and affordable homes and apartments for older adults, persons of modest means, and those with special housing needs.

OUR *impact*

Since its creation by the legislature in 1972, PHFA has generated more than \$13.2 billion of funding for nearly 168,452 single-family home mortgage loans, helped fund the construction of 132,531 rental units, and saved the homes of more than 48,900 families from foreclosure.



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THE COVER PHOTO is of housing in Susquehanna Township, Dauphin County. PHFA is part of the Harrisburg region with **1,536 home loans**, having funded the construction of **5,264 affordable apartments**, and having provided **1,013 foreclosure prevention loans**.

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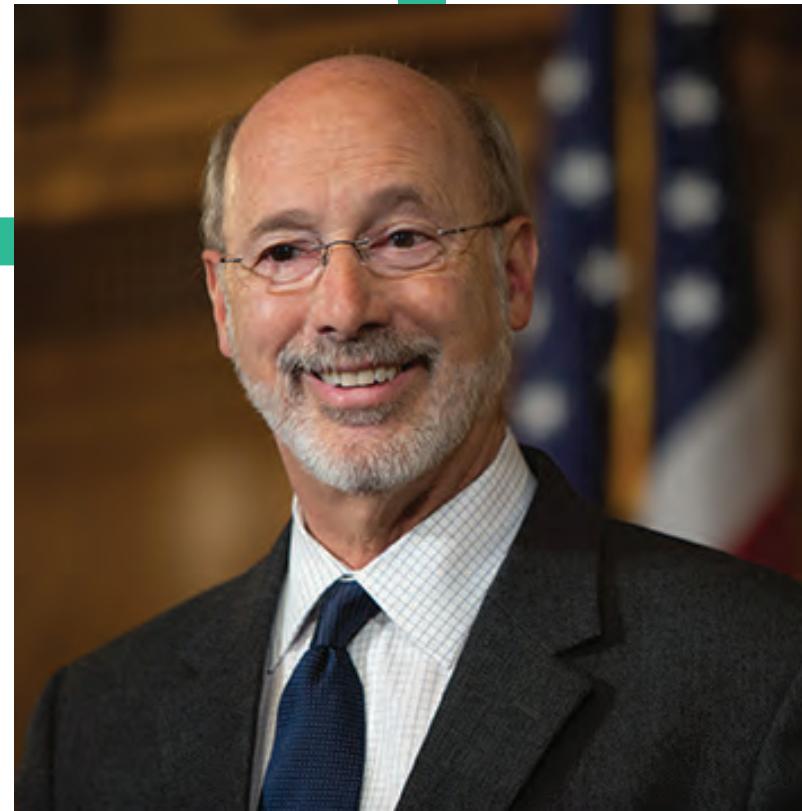
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A MESSAGE FROM GOVERNOR

Tom Wolf



It's been 45 years since the Pennsylvania Housing Finance Agency was created. When you look back over its history, it's gratifying to see just how much PHFA has accomplished to help Pennsylvanians with housing.

From its start in 1972, the agency worked to encourage the construction of affordable rental housing for seniors, the disabled, and families on modest incomes. To date, funding from PHFA has aided the building or rehabilitation of 132,531 affordable apartment units.

Then, in 1982, PHFA got involved helping homebuyers with affordable mortgages. Their achievements there are just as impressive, having generated more than \$13.2 billion of funding for 168,452 single-family home mortgage loans.

The 1980s saw a downturn in the economy, and PHFA again helped Pennsylvanians by administering the Homeowners' Emergency Mortgage Assistance Program. Not a grant, this low-interest loan helps families struggling with unexpected expenses to save their homes from foreclosure. Thanks to PHFA's efforts, the homes of more than 48,900 families have been saved from foreclosure.

Consumer education has been another central focus of the agency. In the 1990s, the agency helped establish a network of private sector counseling agencies to provide the state's residents with fee-free housing education and advice. Today, that network includes 73 agencies operating across Pennsylvania.

The agency's impact goes far beyond these four areas of involvement, and its programs have not just helped individuals with their housing needs but have revitalized entire communities. Whether or not your family has used a PHFA program, you have benefited from a state that is stronger economically and from neighborhoods that are more vibrant thanks to the agency's initiatives. Across the commonwealth, PHFA truly is a part of Pennsylvania communities.

I'm grateful that Governor Shapp and the General Assembly had the foresight in the early 1970s to start the Pennsylvania Housing Finance Agency. PHFA serves as a reminder that government can play a vital role in making lives better and helping our commonwealth succeed.

A stylized, handwritten signature of "Tom Wolf" in black ink.

Governor Tom Wolf

PENNSYLVANIA HOUSING FINANCE AGENCY

2017 Board of Directors



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John Paone



Mark Schwartz, Esquire



The Honorable Joseph M. Torsella



Part of the community: A MESSAGE FROM OUR EXECUTIVE DIRECTOR

In comparison with the rest of state government, 45 years is a relatively short existence for a state agency, like PHFA. The idea of creating a government body to expand affordable housing opportunities first arose at the state level in the United States during the 1960s. In Pennsylvania, discussions about starting a state housing finance agency led to the formation of PHFA late in 1972. So PHFA is a relatively new government agency.

But length of service can be misleading when considering the effectiveness of a government organization. I like to think that

we've accomplished a considerable amount in our 45 years, and much of it without an influx of public tax dollars, as our agency is largely funded by our own investments.

Sometimes visuals can make a point more powerfully than words, I've found. So, please consider the statewide maps that accompany my message. These maps show the impact of just three of our housing programs.

EVERYONE BENEFITS FROM PHFA

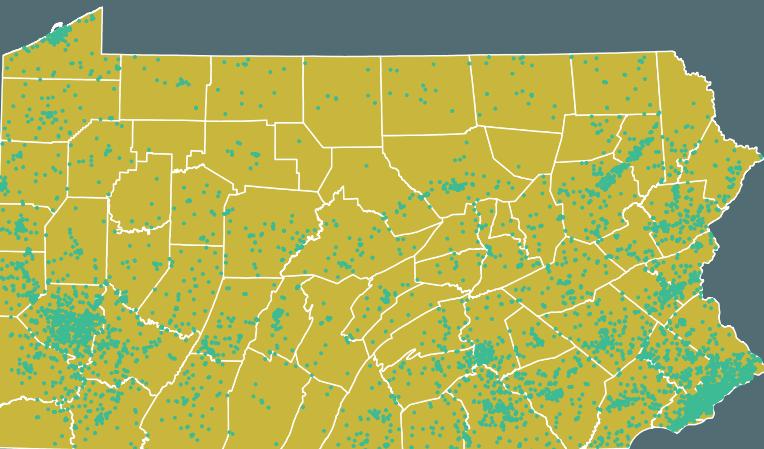
I could add more maps from our other housing programs to further demonstrate the positive reach of our agency. But honestly that would only tell part of the story, since the impact of PHFA extends far beyond the individual lives we touch. Our housing agency creates a positive housing environment and a broad economic stimulus that benefits every citizen in the commonwealth.

Consider, for instance, what happens when we help a young family make the jump from renting to homeownership. Research this year by the National Association of Home Builders highlights that in their first year of homeownership a family typically spends about \$10,600 on new furniture, appliances and home improvement projects to personalize their new house. Those are purchases made at local stores and with local people in the construction trades that create jobs and boost economic growth in communities.

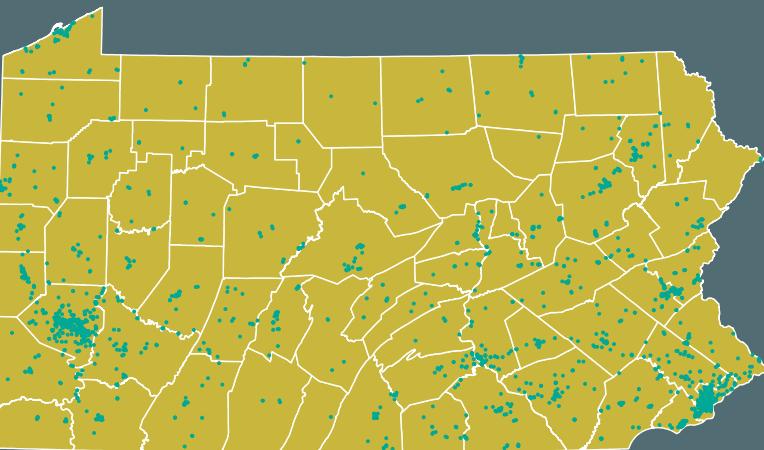
How about the impact when PHFA saves homes in a neighborhood from foreclosure?

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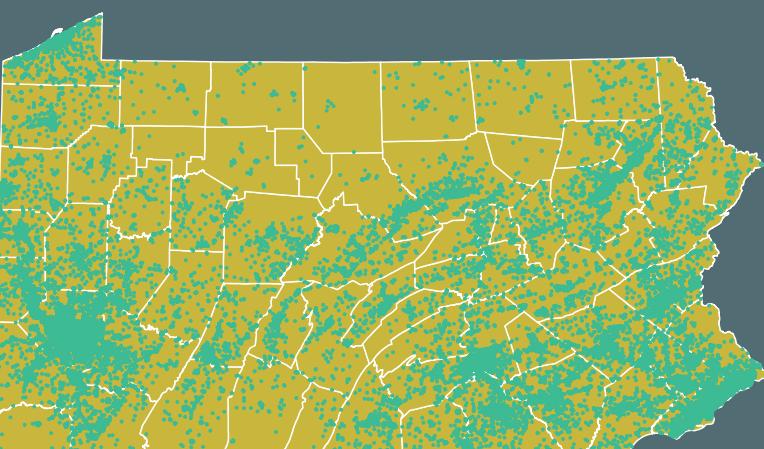
FORECLOSURE PREVENTION



AFFORDABLE RENTAL HOUSING



HOME LOANS



Maps show the reach of PHFA programs statewide for foreclosure prevention loans and construction of affordable apartments since inception, plus current home loan accounts.

EXECUTIVE DIRECTOR'S



Shuttered homes create an economic chill that collapses home values and crashes consumer confidence. But when PHFA helps families through hard times so that they can recover, and can remain a part of their local community and school district, an impact that could have been negative is turned, instead, into a positive dynamic.

AT WORK IN YOUR COMMUNITY

In 45 years, and with housing programs covering rental housing, homeownership, consumer education, foreclosure prevention and more, there are few families we haven't touched either directly or indirectly. That's why I can say with conviction that we're part of the community in every town and city across Pennsylvania.

A neighbor of yours down the street probably has a home loan with us. Another likely remains in her house because we helped when she temporarily was out of work. A senior three blocks away is able to stay in his apartment because of the supportive services we promote. Housing, and life generally, is better in Pennsylvania because the legislature had the foresight to create PHFA so many years ago.

Our work today is made possible thanks to the involvement and backing we receive from the Wolf administration, state legislators, and our congressional delegation in Washington, DC. They understand the value affordable housing brings directly for Pennsylvania families and its indirect benefit of boosting economic growth in our towns and cities statewide. We appreciate their ongoing encouragement and support for our mission.

We've all heard the saying "Think globally, act locally." At PHFA we put a different spin on that mantra to say, instead, "Help individuals, lift up communities." So while some may never have been helped directly by our agency, their lives are still better because PHFA has helped others around them, and, in the process, their neighborhoods and their towns today are more vibrant and growing.

We're excited to see what the next 45 years will bring. Welcome home!

A handwritten signature in black ink that reads "Brian A. Hudson".

Brian A. Hudson Sr.

6,916 PHFA HOME LOANS

12,860 AFFORDABLE APARTMENTS

3,242 FORECLOSURE PREVENTION LOANS



We're part of the
community in the
Pittsburgh region



PHFA at 45 years

ITS ACHIEVEMENTS REFLECT WELL ON THE LEADERS WHO CREATED IT

Study PHFA's history and three key factors stand out that continue to shape its character and performance.

First, the way the agency was structured has played a leading role in its success. PHFA is not your typical state agency. It's more accurately referred to as a state-affiliated agency or a public corporation. That's because, while it was started with public tax dollars, it was intended to be an independent agency—affiliated with state government but operating distinctly on its own. The result is an agency that is a unique public-private hybrid.

Second, PHFA was intended to be self-funded, operating primarily off its own investments and program fees, not requiring yearly influxes of public tax dollars. Yes, occasionally the General Assembly does allocate public funding to the agency—most commonly for foreclosure prevention to help distressed homeowners. Generally speaking, however, the agency's budget draws on its own revenue sources and not public tax collections.

Third, PHFA was provided a degree of autonomy, so it has more freedom to try innovative programs and then continue, or discontinue, those programs based on their performance. The private sector side of PHFA's structure prevents it from continuing initiatives that have outlived their usefulness. Its regular contact with homebuying customers and market forces ensures the agency stays nimble and relevant in the marketplace.

The state legislature demonstrated wisdom decades ago in how it structured the Pennsylvania Housing Finance Agency to achieve its housing mission, and PHFA continue to function as lawmakers intended. The result is a dynamic agency that is customer-focused, responds to market forces and can smartly evolve with changing times.

HOW DOES PHFA HELP PEOPLE WITH *housing?*

Home loans, affordable rental housing, consumer education and more...



Here's a quick overview of the Pennsylvania Housing Finance Agency's main housing programs.

AFFORDABLE RENTAL HOUSING

Stimulating the construction and rehabilitation of affordable apartments

PHFA is involved in affordable rental housing because the marketplace alone is not sufficient to address all the public demand. Tax credits awarded by PHFA help developers raise the capital needed to finance the construction of apartment buildings with affordable rents. In exchange for tax credits, developers agree to keep rents at lower levels for a set period, usually 30 years. The tax credits from PHFA ensure that more affordable apartments will be built every year than would happen without the agency's involvement.

Helping consumers find affordable apartments

Sometimes affordable rental units are available, but they simply aren't easy to find. A group of state agencies, led by PHFA, oversee an online rental search tool that simplifies the apartment hunting process. Available at PAHousingSearch.com, this web resource includes photos for many of the listings, saving a trip across town to see if an apartment truly is a good match.

Supportive housing services

As Pennsylvania's population ages, supportive housing services are becoming more important. These services include things like transportation to a doctor or supermarket, health screenings, and computer education classes. They help seniors and people with disabilities so they can continue to live independently, which typically promotes better health outcomes and happier lives.

That helps taxpayers, too, since it reduces demand for institutional housing.

Housing for people with disabilities

Many people with disabilities want to live on their own. They appreciate the freedom to control their own lives, and with a little assistance many are able to do just fine. PHFA is working with the state Department of Human Services to coordinate rental assistance for Pennsylvanians with disabilities, with funding provided by the U.S. Department of Housing and Urban Development. This program is a win-win, since it helps both taxpayers and people who otherwise could not live on their own.

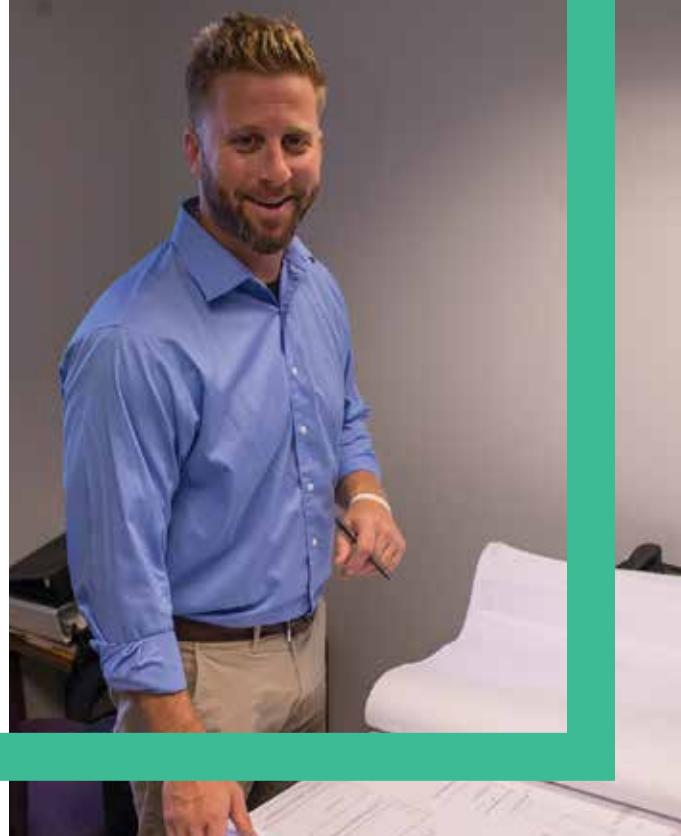
HOME OWNERSHIP

Home loans that produce successful homeowners

Another way that PHFA helps people with housing is by providing affordable home loans for those who demonstrate they are ready for the responsibilities of homeownership. Over the years, PHFA has expanded its loan offerings so that it can help more homebuyers in a variety of situations. Often the biggest barrier to homeownership is the challenge of saving for down payment and closing costs. Well, the agency offers a no-interest loan to help people with those costs. Another popular homeownership program is called the Mortgage Credit Certificate. The MCC lets homebuyers deduct a portion of their home loan interest from their income taxes every year over the life of the loan. So, on a 30-year loan, the savings can be significant. Oh, and yes, PHFA also offers loan refinancing, too.

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Pictured clockwise from top-left on opposite page, staff from PHFA's two satellite offices in Norristown and Pittsburgh: Krissy DeSantis, Melinda Johnson, Mark O'Matz, Gloria Fuentes, and Robert Butcher. The agency's main office is in Harrisburg.



Help with septic systems and sewer connections

Connections to municipal sewer systems can be expensive. So, too, can be fixes to a home's septic system. Most people don't have money set aside for when this unexpected need arises. That's why PHFA has partnered with another state agency, PENNVEST, to provide affordable loans to help with sewer and septic problems when they occur. Public outreach is raising awareness of this program, and support from local municipalities is helping boost homeowner participation.

PRESERVING AND EXPANDING HOUSING STOCK

Addressing the need for more affordable housing

Started originally to reverse housing shortages created by the gas drilling boom in the Marcellus Shale region, the agency's PHARE Fund now provides financial support for housing initiatives in all 67 counties of the state. (PHARE stands for the Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund and is also known as the state's Housing Trust Fund.) Funding sources include a natural gas impact fee, a portion of the Realty Transfer Tax, and money from

the National Housing Trust Fund, when it's available. There has been no shortage of ideas by local governments and organizations on how to best use this funding to address housing needs in their regions. Some provide rental assistance, some rehabilitate homes, some prepare blighted sites for new construction. All are driven by local ideas and innovation, and the results are reshaping neighborhoods and bringing new energy to communities.

CONSUMER COUNSELING AND EDUCATION

No-fee housing counseling

The most powerful tool for anyone wanting to become a homeowner is an understanding of the homebuying process. Buyers who are knowledgeable are more likely to make sound financial decisions and less likely to be scammed by someone offering a deal that's too good to be true. PHFA works with a network of 73 private sector housing counseling agencies that help both renters and buyers make smarter housing decisions. The costs associated with many housing counseling sessions are covered by PHFA so that income level is not a deterrent to participation.

Life-changing education about personal finances

Many of the counseling agencies in PHFA's approved provider network also offer financial education. The goal is to equip families with basic but essential information that can help them improve their savings and overall financial standing. The thinking is that people who manage their money wisely are less likely to miss rent or mortgage payments, which can threaten their housing situation and damage their credit worthiness. In surveys of our customers, people often remark that

they look to PHFA for help with their personal finances because they trust the agency to treat them with respect and provide accurate information for better decision making.

COMMUNITY REVITALIZATION

Funding mixed-use developments

In 2004, PHFA created Commonwealth Cornerstone Group. CCG is what is known as a Community Development Entity, and that status lets it apply for New Markets Tax Credits from the U.S. Treasury. These tax credits are a powerful community development tool because, when awarded to projects with the potential to reinvigorate a community, they provide funding critical to a project's success. In fact, sometimes more than one CDE provides tax credits in order to fully address funding gaps. Most projects that receive these tax credits are mixed-use developments, meaning they include both commercial and residential space. CCG has built a strong reputation for funding projects of great benefit to communities that provide a foundation for continued growth in the neighboring area.

FORECLOSURE PREVENTION

Saving homes, preventing community stagnation

Many families have limited savings. So when a bad situation happens, like a medical emergency or job loss, their home mortgage can quickly spiral toward foreclosure. During the early 1980s, under the pall of an economic downturn, the state legislature created a program to help families in just that sort of situation, and that program continues today. It's called the Homeowners' Emergency Mortgage Assistance Program, or HEMAP, and it's become a national model for foreclosure prevention. HEMAP gives homeowners a chance to recover from bad events without

losing their home. A HEMAP loan can cover past-due mortgage payments and real estate taxes. It's important to note that HEMAP is not a grant; it's a loan that homeowners pay back once they recover from their bad situation.



PHFA employees shown are Ryan Hoover (opposite page) and Khalifah Harding (above), both in Norristown.

2,181

PHFA HOME LOANS

4,677

AFFORDABLE APARTMENTS

1,302

FORECLOSURE PREVENTION LOANS



We're part of the
community in the
Lancaster region



HELP INDIVIDUALS,
lift up communities

PHFA makes a positive difference in towns and cities across Pennsylvania through the hundreds of thousands of people we've helped with housing. Here are a few of their stories.

HOMETOWN BOY MAKES *good*

They say life is a circle. Greg Adzima of Oaks knows that to be true. In his short life, he's already experienced it.

"It was full circle," he smiles. "Just over 10 years. I went around the world and moved back two miles from where I grew up. Pretty crazy. My parents still laugh about it."

Greg squeezed about as much into those 10 years as you possibly could. Raised in Gilbertsville, he joined the Marines in 2006 and spent time in Japan and Iraq. As part of the Marine's military police, he was trained as a canine handler to detect explosives. Those first five years passed quickly.

After he left the service, he had stints in the private sector using his canine handling skills to continue to do explosives detection on assignments in the United States, and abroad in Iraq again. He had a special skill, and it was in demand. But all the while he pursued his education, ultimately receiving his bachelor's degree in business, which brought him back to Pennsylvania. He was hired by a firm in Phoenixville, Chester County, and moved close to Gilbertsville.

A HAPPY HOMECOMING

A lot has changed in his life in the past 10 years. Greg is recently engaged to be married, and his fiancé has two children. Plus he was able to adopt one of the dogs with which he had worked. Now with growing family responsibilities, and living back close to his hometown, Greg decided it was time to put down roots. Fortunately, his lender, Mortgage America, suggested he look into a PHFA home loan.

"I did my own research, and it was the best loan offer on the table," Greg recalls. "The simplicity of the process was unbelievable. I was notified of the paperwork. I returned it in a timely manner. Any questions, comments, concerns I had were answered in a timely manner. 100 percent satisfaction!"

He closed on his five-year-old townhome in April, and he recalls the reaction of Amigo, his dog, when they moved in. Amigo, who was used to smaller apartments, quickly signaled his approval.

"I wish I would have videotaped it when I brought him into the house. He ran up the stairs to the second floor, down the stairs to the basement. Then he comes back and just looks at me. I said, 'Here we are, bud!'"

They were home, ready to begin a new chapter in their lives. We're pleased PHFA was able to be a part of their homecoming.



**"HANDS DOWN,
100 percent
satisfaction."**

—Greg Adzima,
on his experience with PHFA

A CARING *heart*

"I guess I was just destined to be a caregiver," says Cassandra Augustus of Pittsburgh. "I like people."

Step back through her 74 years, and that is the central theme of her life. People were drawn to her, and she to them, because of her caring nature.

She grew up in Pittsburgh, but much of her adult life was spent away from her hometown. It started when she joined the Army and was stationed in Oklahoma. She met her husband in the service.

After they got married and left the military, they started their own family in Texas. When their oldest daughter Gloria was born, Sandy, as her friends call her, wanted more children. So they adopted two more, Reginald and Sunni. It was an early reflection of Sandy's nurturing personality.

A REAL PEOPLE PERSON

When the children were old enough for school, Sandy worked in hospitals around Galveston. It's seemed like a good fit given her desire to help others, and it drew on her military training as a medical specialist. A job years later in Washington, DC, saw her again helping others—this time as a popular receptionist at an influential law firm.

Once she retired, she returned to Pittsburgh, where her family needed her. Her cousin Robin, who was like a sister to her, was debilitated by a stroke. Robin moved to a nursing home for care, but, for more than eight years, Sandy stayed by her side—attending every doctor's appointment and visiting her every day. As a caregiver, it was Sandy's natural role.

Today, Sandy has more time for herself and fewer responsibilities. But she's still surrounded by friends and family, and still helping out whenever she can.

"I'm the family matriarch now. So I'm getting in all their business," she laughs.

CARING FOR THE CAREGIVER

On her own and living on a fixed income, Sandy started looking for a more affordable apartment two years ago.

"I said I need to find a place that costs less, but yet it has to be where I like. I want to feel safe."

She knew she found her new home when she visited the Penn Mathilda Apartments in Pittsburgh's Bloomfield neighborhood, just eight blocks from where she grew up. Constructed and managed by ACTION-Housing, the Penn Mathilda has 39 affordable units, half of which are reserved for veterans, like Sandy. It was constructed, in part, with tax credits provided by PHFA.

"I liked where it was," Sandy explains her choice. "I feel safe because it's a secure building, and it's quiet. I have the perfect apartment. It's perfect for me."

Plus, considering Sandy's personable nature, there are also all her friendly neighbors who she checks on regularly.

"A lot of my neighbors, when I come back from being away, say, 'Where were you? You haven't come and knocked on my door.' There're really good people here. They care about other people."

Just like Sandy.



**"I HAVE THE
perfect apartment.
It's perfect for me."**

—Cassandra Augustus

HOME schooled

Betty Jean Wagner has always believed in the value of education. That's why in 2000, at the age of 46, she completed college courses to receive her associate's degree. She has a lifelong love of learning. Plus, she always wanted to set a good example for her three children.

"I always wanted to let them know, if I could do it, they could do it," she says with conviction.

So it should come as no surprise that in her late 50's she would take classes to improve her personal finances and explore the potential of buying her first house in her hometown of Easton. She started with an eight-hour homeownership seminar during which she learned about things like her credit rating and her debt-to-income ratio.

"I was learning a little more about how if you pay rent, you could pay a mortgage. And my rent was going up and up. So if you gotta pay that high rent, you can pay your mortgage and bills. That's when it really jumped out at me like, yeah, you can do this—you could be a homeowner!"

EAGER TO LEARN

Next came a class called "Building Your Financial House," which is provided by PHFA. It was taught locally by Carol Jurchenko with the Community Action Committee of the Lehigh Valley, a housing counseling agency that is part of PHFA's statewide counseling network. The class provided more of the information Betty wanted so eagerly. Carol says that Betty was her best student.

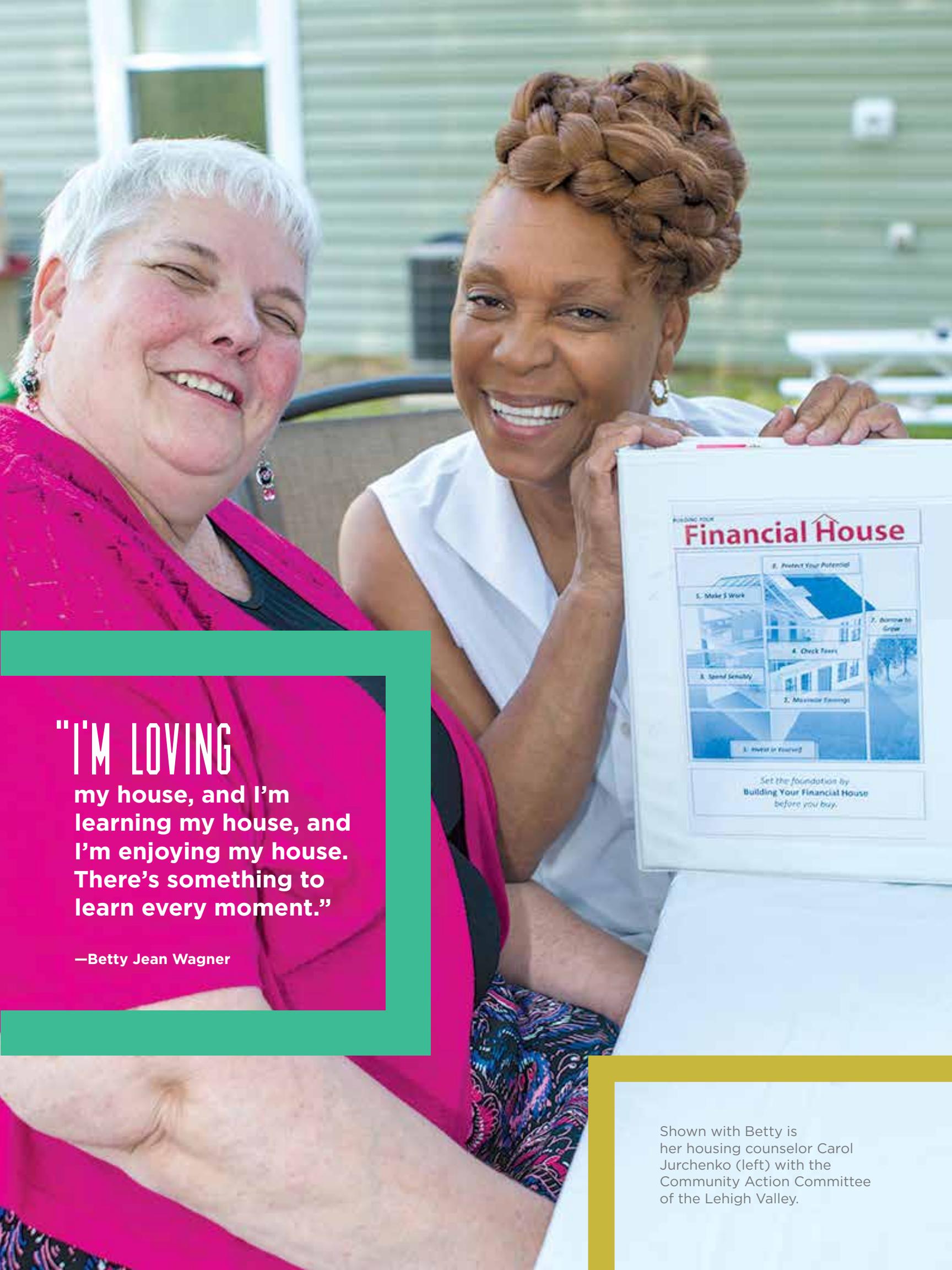
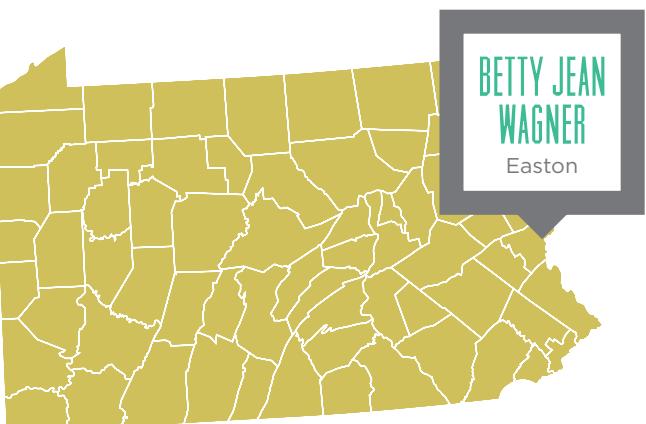
While Betty was strengthening her finances and learning about homebuying, she also started researching Habitat for Humanity. Habitat helps deserving families purchase a home that they work to build or, if an existing home, they work to rehabilitate it. The key is that they invest some of their own "sweat equity."

The more she learned about Habitat, the more Betty thought homeownership was possible. Plus, the steps she was taking to improve her personal finances made her an even stronger Habitat candidate. Her journey to homeownership took another positive turn when Habitat said she was approved.

"If you have a disability, they adjust the type of work you do on the house," Betty explains. "But I would at least attempt and have my hands on everything and anything possible. From the painting, the laying down of the floor, electrical work, installing cabinets and putting up banisters—it was amazing!"

Learning every step of the way, Betty is a model of how to become a homeowner by first becoming an educated consumer.

"Being 62 and owning a home, I'm grateful," she adds proudly. "That's a miracle to me. I'm a senior citizen and I'm able to own a house. I'm extremely blessed and honored by that."



**"I'M LOVING
my house, and I'm
learning my house, and
I'm enjoying my house.
There's something to
learn every moment."**

—Betty Jean Wagner

Shown with Betty is her housing counselor Carol Jurchenko (left) with the Community Action Committee of the Lehigh Valley.

PAYING IT *forward*

"I was always a father who provided, worked very hard, and was very involved with all my kid's programs at school."

Those are the words of Dolphus Teart, father of four, remembering how life was for his family in Wilkes-Barre before a series of job losses 13 years ago. His wife, Denise, stayed home to take care of Tevon, their youngest, who has severe autism, making Dolphus the sole provider.

After his job moved overseas, and other jobs were scarce or paid too little, the bills started to pile up. Then they got notice that a sheriff's sale of their home was imminent.

SAVED FROM FORECLOSURE

Fortunately, it was at this time that Denise learned about the Homeowners' Emergency Mortgage Assistance Program. HEMAP is managed by PHFA and helps people in danger of losing their home, giving them time to get back on their feet financially.

"They told her not to worry, that they were going to stop the [foreclosure] process," Dolphus recalls. "Man, what a relief that was, just knowing that you weren't going to get put out on the street."

"They [HEMAP] saved my family. With them saving us, with all the things we didn't have to go through of losing our home, we were able to accomplish a lot of other things."

TURNING THINGS AROUND

For starters, the family was able to stay together. There were still some stressful days, to be sure. But at least they were all still under one roof.

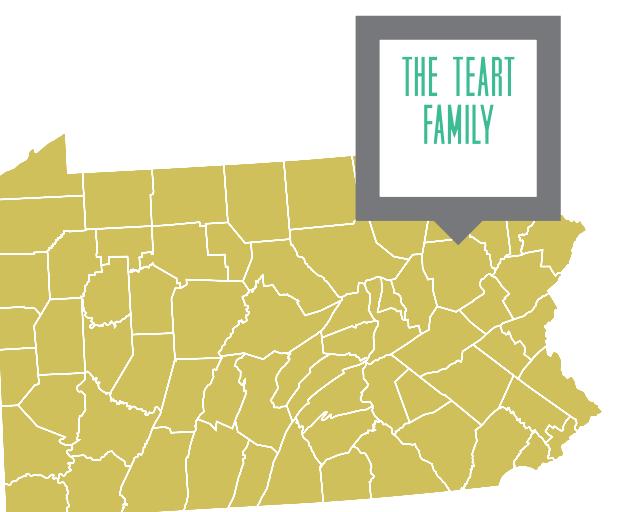
Plus, Tevon was able to stay in the home he had always known. Maintaining familiar surroundings was critical for Tevon as the family worked to help him cope with autism and control his behavior.

Finally, Dolphus was able to continue the volunteer work he'd started years earlier to help other families with autistic children. He had always appreciated the assistance he'd received to help Tevon. Now, keeping their home let Dolphus maintain and even expand his service to others.

Dolphus has founded one autism support group and continues his work with two others. In his 22 years as a volunteer, he estimates he's helped more than 15,000 families.

Today, their home is paid off, they're current on their property taxes and their bills are paid in full. Dolphus credits HEMAP for making it all possible. He and Denise just celebrated their 34th anniversary. Tevon has progressed greatly and is able to keep living with his parents. His two sisters are grown, out on their own and still volunteer and help with their brother. Most importantly, the family is still tightly connected and supportive of each other.

"We were able to lift ourselves up from that point," Dolphus shares. "I don't think I'd be at the same point I'm at today if not for the HEMAP program. They saved our family's life, as far as I'm concerned."



The Teart family (clockwise from upper-left), Dolphus, Tevon, Tiffany, Denise and Tashara. Not pictured, son Patrick.

**"WE NEVER FORGET
how much it helped
that we did not get put
out on the street."**

—Dolphus Teart

A TRULY *super* SUPERMARKET

When a neighborhood goes downhill, it often requires a group that will take a big risk in order to turn the community around. When that situation presented itself in 2015 in the Wynnefield area of Philadelphia, along City Avenue, that was the challenge. The Pathmark supermarket had closed, and the shopping center in which it was the anchor tenant was struggling.

In a city setting like Wynnefield, you would think access to fresh food would be easy to find. Just jump in the car and drive a few miles. But in this part of Wynnefield, many of the residents are seniors, disabled or have health issues. They were used to walking to the Pathmark because, for many of them, that really was their only option. But now their section of Wynnefield had become a “food desert,” lacking easy access to healthy food options.

A COMMUNITY LEADER WITH A VISION

The community was struggling mightily until Brown's Super Stores took on the challenge. With 12 urban, community focused supermarkets located in southeastern Pennsylvania and southern New Jersey, Brown's had the expertise to tackle the challenge and a big heart that truly cared about the community.

“It was a problem to solve,” says Jeff Brown, CEO of Brown's. “It really had one of the most gigantic gaps financially of any of the food desert projects we looked at before.

“We are a for-profit business, but we're mission-focused, and we're very interested in solving food deserts. So the mission part of it made us think there must be some way to get the people in this community a grocery store again.”

With leadership from Brown's Super Stores, financial support from the state, and \$10 million of New Markets Tax Credits from Commonwealth Cornerstone Group, a plan was created to bring fresh food back to this section of west Philly. CCG

was created by the Pennsylvania Housing Finance Agency in 2004 to provide critical funding for economic development projects in low-income neighborhoods, just like this one.

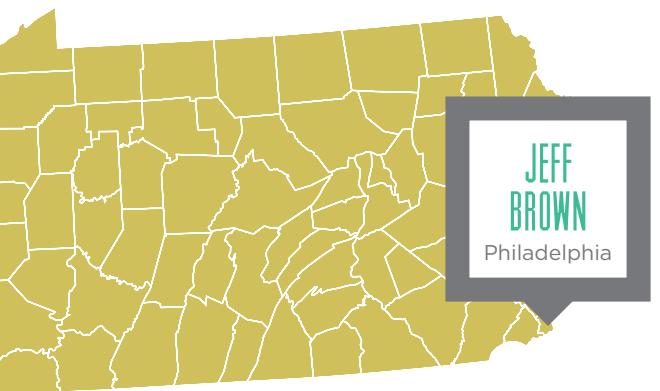
“One thing I think is interesting about Commonwealth Cornerstone Group is that it's ahead of the curve to understand that housing without life-sustaining services and amenities is not 100 percent of a solution,” Brown observes. “So the fact that PHFA and CCG have been providing New Markets Tax Credits and using them to build the services that make the housing and communities work, I think that's ahead of the curve.”

THAT WAS THEN, THIS IS NOW

Where the Pathmark had been, a new store was constructed and called The Fresh Grocer of Monument Road. Not only has it brought healthy foods back to Wynnefield, but it introduced amenities like extensive food service offerings and an inviting social atmosphere where neighbors can meet, with a fireplace and a big screen TV.

The community response has been tremendous, and the shopping center that surrounds the supermarket is rebounding now, as well.

“One of the reasons we love this work is because of the difference it makes,” Brown shares. “And it does feel good to see the reaction of consumers and see the difference it's made in their lives.”



**“THE PEOPLE
[in the neighborhood]
are thrilled they have a
place to buy their fresh,
healthy foods.”**

—Jeff Brown
CEO, Brown's Super Stores

Pa. Low-Income Housing Tax Credit Recipients Announced by PHFA

\$46.2 million will support construction of 39 affordable developments statewide

PHFA's Commonwealth Cornerstone Group receives \$80 million of tax credits

Tax credits will be used to fund mixed-use developments in low-income areas across Pa.

New PHARE funding announced for affordable housing statewide
PHFA awards \$12.66 million to fund 68 initiatives in 38 counties

PHFA'S COMMUNITY DEVELOPMENT ARM FUNDS SIX DEVELOPMENTS ACROSS PA.

\$51.5 million in New Markets Tax Credits will stimulate community revitalization

PHFA leads two statewide housing conferences

Events provide professional development for more than 1,100 leaders in the housing field

PHFA Announces Funding for Housing in Marcellus Shale Region

\$6.2 million in funding for 40 housing projects in 29 counties

PHFA RECOGNIZES STATE'S HOUSING COUNSELING AGENCIES

Counselors provide consumers with information to make better housing choices

PHFA by the numbers

A REVIEW OF IMPORTANT MILESTONES AND ACCOMPLISHMENTS FROM THE PAST YEAR

Numbers can never fully capture the positive outcomes produced by PHFA's housing programs. For instance, they don't reflect improvements to the health of a senior citizen once she is relieved of the stress of finding rental housing within her budget. Or they won't reveal how a young couple was able to complete their college degrees because they had an affordable PHFA mortgage. Nevertheless, statistics from the 2017 fiscal year do provide a helpful measure of the progress made by the agency as it serves the state's citizens.

Celebrating the agency's 45th year, we share 45 of the most significant numbers from the past 12 months, and since inception when appropriate.

OUR accomplishments

ABOUT THE AGENCY

PHFA has a staff of **323 employees**.

PHFA has **3 offices**: its main headquarters in Harrisburg, and satellite offices in Pittsburgh and Norristown.

AFFORDABLE RENTAL HOUSING

Since its beginning in 1972, PHFA has funded the construction or rehabilitation of **132,531 rental units** in communities across the state.

In the past year alone, it funded the construction or rehabilitation of **1,875 AFFORDABLE APARTMENTS**.

PHFA oversees an online tool at PAHousingSearch.com that helps people find affordable rental housing in their communities. The **number of units listed is 115,410** with **3,092 landlords** participating by listing their vacancies.

HOME OWNERSHIP

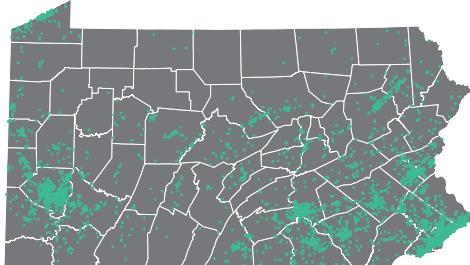
PHFA made **4,287 mortgage loans** during the past fiscal year. Many of these loans were to renters who were ready for the responsibilities, and rewards, that come with homeownership.

The dollar value of PHFA's 2017 home loans was more than **\$656 million**.

The average amount of each home loan made was **\$131,800**.

2,869 of these loans (**67 percent**) were to Millennials, who are roughly ages 22-36.

HOME LOANS



Home loans made by PHFA this year.

One significant way the agency helps homebuyers is by providing financial assistance with down payment and closing costs for buyers who qualify. In the past year, the agency made **1,718 loans** to assist homebuyers with these costs.

PHFA offers buyers who qualify a Mortgage Credit Certificate. This certificate lets buyers get a reduction on their income taxes, up to \$2,000 annually, for the life of their loan. Last year, the agency issued

1,002 MORTGAGE CREDIT CERTIFICATES.

SUPPORT FOR LOCAL HOUSING INITIATIVES

Seeking to address the need for more affordable housing, the General Assembly in 2015 passed legislation that provides revenue from the Realty Transfer Tax (RTT) to a housing fund administered by PHFA. It's called the Pennsylvania Housing Affordability and Rehabilitation Enhancement fund, or PHARE; it's also known as the state's Housing Trust Fund. Previously PHARE funding could only address housing shortages in those counties affected by natural gas drilling. But this new RTT funding is being used to expand PHARE support for housing programs in all of Pennsylvania's 67 counties.

PHFA's PHARE program received **\$12.66 million** in RTT funding this year.

By leveraging this funding with other public and private sources, the total investment to be made in housing statewide is expected to be **\$214.7 MILLION**.

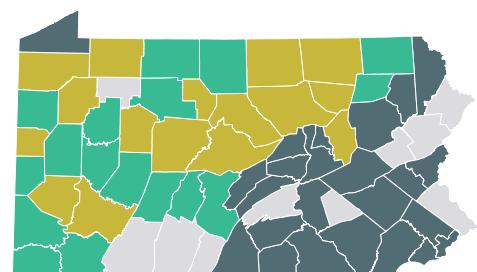
A request for proposals by PHARE garnered **68 applications** from **38 counties** for funding to improve housing in those regions.

Just a few of the anticipated outcomes from this housing investment include:

- **3,052 individuals or families** will be helped with rental assistance
- **408 homes** will be rehabilitated and preserved
- **752 new rental units** will be created
- **44 new single-family homes** will be created

This is just a partial list of the deliverables under the PHARE program for the 2017 fiscal year.

PHARE FUNDING TO COUNTIES



Counties shown in yellow, blue and green received funding from PHARE. The three colors denote different PHARE funding sources.

\$9.4 MILLION of these PHARE funds (**78 percent**) will be used to improve housing for households below 50 percent of the area median income.

COMMUNITY REVITALIZATION

More than a decade ago, PHFA set up a community development entity, or CDE, called Commonwealth Cornerstone Group (CCG). As a CDE, it can receive New Markets Tax Credits from the U.S. Treasury which, in turn, can be used to help fund community revitalization efforts in low-income areas.

During the last year, CCG was awarded **\$80 MILLION** in these tax credits that can be used to fund mixed-use developments (commercial and residential) expected to stimulate economic growth in struggling areas. This is the largest tax credit award to CCG in its history, reflecting its solid record of performance.

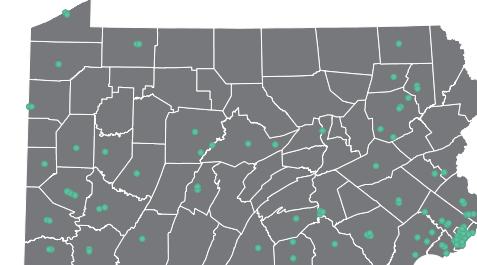
CCG awarded tax credits to **6 different projects** this year, totaling **\$51.5 million**.

HOUSING COUNSELING & CONSUMER EDUCATION

PHFA works with a statewide network of **73 private sector counseling agencies** to provide financial and housing education to consumers and help homeowners in danger of foreclosure.

During the past year, agencies in this counseling network conducted **107 financial education workshops** or face-to-face sessions that benefited **652 consumers**.

COUNSELING CENTERS



Location of 73 housing counseling agencies.

FORECLOSURE PREVENTION

PHFA disbursed **\$3 million** during the past fiscal year to prevent foreclosure on about **300 homes** (administered by the Homeowners' Emergency Mortgage Assistance Program, or HEMAP).

Since the program's inception in 1983, HEMAP has provided **48,912 FORECLOSURE PREVENTION LOANS**.

Nearly **50 percent** of all HEMAP loans have been repaid, with the loan value of those payments at **\$310.7 million**. Loan payments to HEMAP are then used to help even more homeowners in danger of foreclosure.

PROFESSIONAL DEVELOPMENT

PHFA leads a biennial conference that provides professional development for people working in the affordable housing field. The Housing Forum was held in Harrisburg this year and drew **625 attendees**.

The agency leads a second conference that is held annually for professionals who work in rental housing.

This year's event had its highest attendance ever of **535 participants**. Training was provided in the areas of housing management and supportive housing.

During this conference, a certificate in Family Service Coordination was offered and produced **43 graduates**. Another **44 people** received a certificate in Elder Service Coordination.

CUSTOMER SERVICE & OUTREACH

The agency services **61,594 HOME LOANS** from its Harrisburg office. Those loans have a value of **\$7.7 BILLION**.

PHFA has a Customer Solutions Center with English- and Spanish-speaking customer service representatives trained to help people with housing issues. During the past fiscal year, the center handled **61,910 phone calls**—an increase of **14,253** from the previous year.

The PHFA website is one of the agency's best outreach tools. It averages **51,000 unique visits** every month, which is an increase from 2016.

More of our customers are using social media today. PHFA has **7,778 likes** on Facebook and **1,310 followers** on Twitter. The agency also added a Flickr account this year.

Financial Statementy

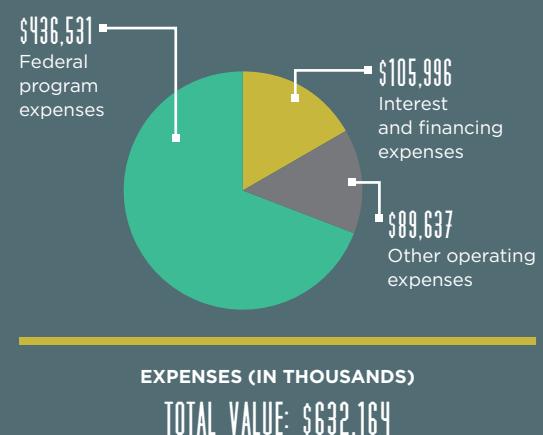
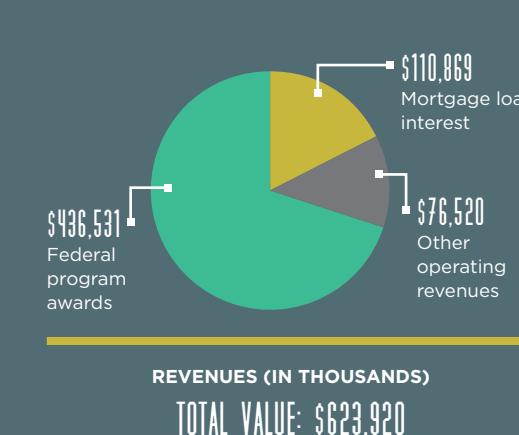
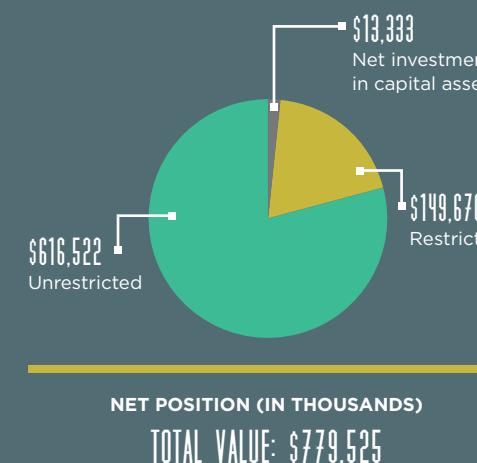
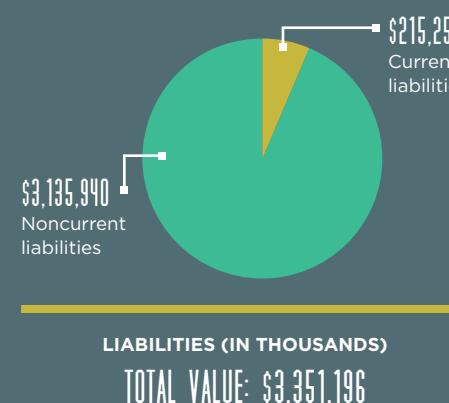
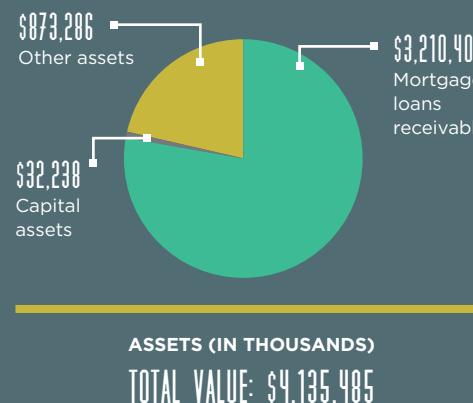
Condensed Summary Balance Sheet [IN THOUSANDS]

	2017	2016	INCREASE/[DECREASE]
ASSETS:			
Mortgage loans receivable	\$3,210,406	\$3,224,510	\$(14,104) (0.4%)
Capital assets	32,238	30,843	1,395 4.5%
Other assets	873,286	808,540	64,746 8.0%
Total Assets	4,115,930	4,063,893	52,037 1.3%
Deferred Outflows of Resources	19,555	28,612	(9,057) (31.7%)
Total Assets and Deferred Outflows of Resources	\$4,135,485	\$4,092,505	\$42,980 1.1%
LIABILITIES:			
Current liabilities	215,256	225,604	(10,348) (4.6%)
Noncurrent liabilities	3,135,940	3,079,132	56,808 1.8%
Total Liabilities	3,351,196	3,304,736	46,460 1.4%
Deferred Inflows of Resources	4,764	-	4,764 100.0%
NET POSITION:			
Net Investment in Capital Assets	13,333	11,558	1,775 15.4%
Restricted	149,670	149,947	(277) (0.2%)
Unrestricted	616,522	626,264	(9,742) (1.6%)
Total net position	779,525	787,769	(8,244) (1.0%)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$4,135,485	\$4,092,505	\$42,980 1.1%

Condensed Summary of Revenues, Expenses and Changes in Net Position [IN THOUSANDS]

	2017	2016	INCREASE/[DECREASE]
REVENUES:			
Mortgage loan interest	\$ 110,869	\$ 124,179	\$(13,310) (10.7%)
Other operating revenues	76,520	105,879	(29,359) (27.7%)
Federal program awards	436,531	412,750	23,781 5.8%
Total Revenues	623,920	642,808	(18,888) (2.9%)
EXPENSES:			
Interest and financing expenses	105,996	117,038	(11,042) (9.4%)
Other operating expenses	89,637	87,617	2,020 2.3%
Federal program expenses	436,531	412,750	23,781 5.8%
Total Expenses	632,164	617,405	14,759 2.4%
Change in Net Position	(8,244)	25,403	(33,647) (132.5%)
Net Position - Beginning of Year	787,769	762,366	25,403 3.3%
Net position - End of Year			
\$779,525	\$787,769	\$(8,244)	(1.0%)

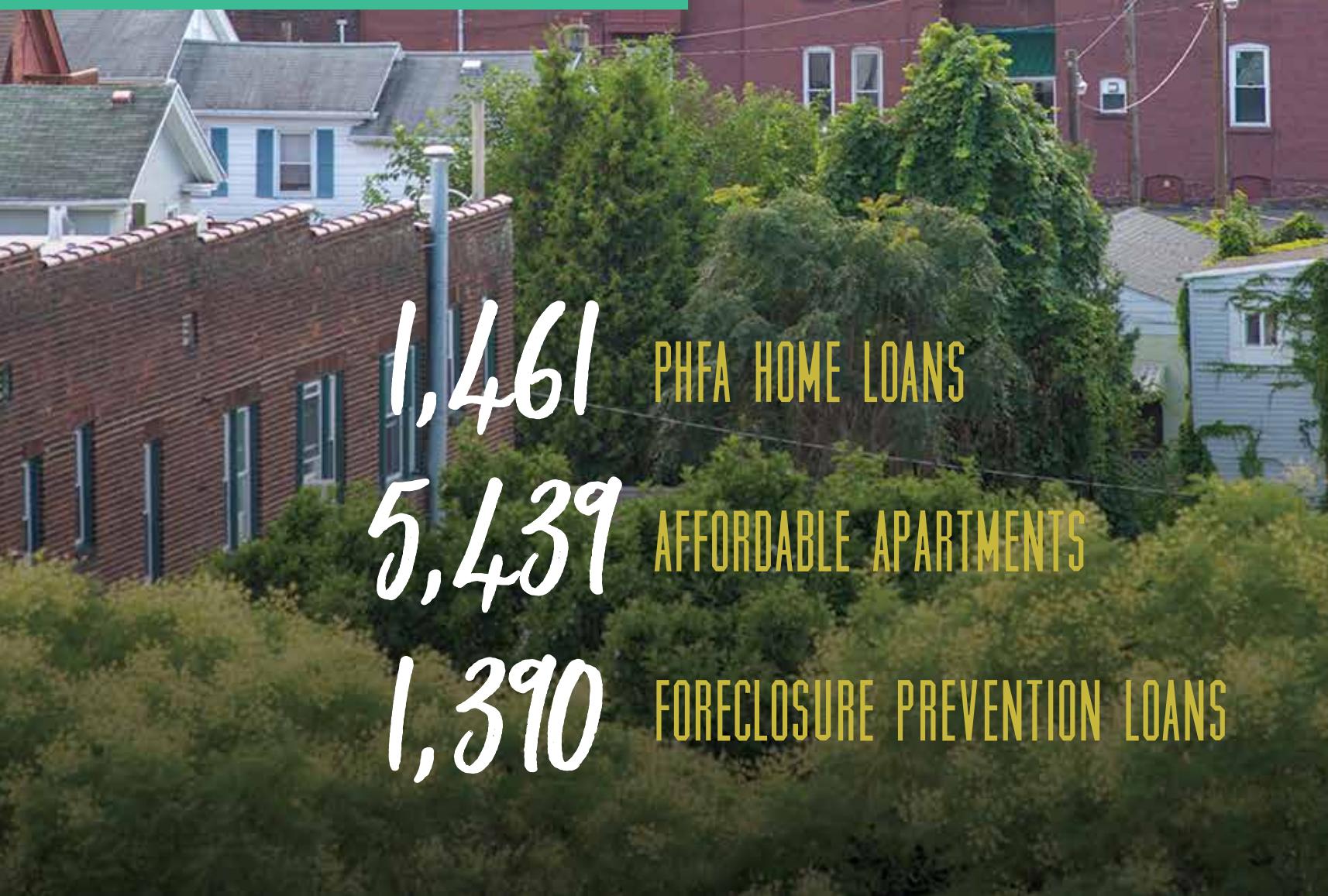
Report Highlights



PHFA'S COMPLETE FINANCIAL REPORT FOR FISCAL YEAR 2017, AND FOR YEARS PAST, ARE ALL AVAILABLE FOR CONVENIENT PUBLIC REVIEW ON THE AGENCY'S WEBSITE.



We're part of the community in the *Wilkes-Barre* region



ABOUT PHFA

The Pennsylvania Housing Finance Agency works to provide affordable homeownership and rental housing options for older adults, low- and moderate-income families, and people with special housing needs. Through its carefully managed mortgage programs and investments in multifamily housing developments, PHFA also promotes economic development across the state.

PHFA programs and operations are funded primarily by the sale of securities and from fees paid by program users, not by public tax dollars. The agency is governed by a 14-member board.

PHFA is committed to the policy that all people shall have equal access to its housing programs and employment without regard to race, religion, gender, national origin, family status, disability or age.



PHOTO CREDITS

All photos of PHFA customers and staff by Matthew L. Hankins, as well as photos of Pittsburgh and Wilkes-Barre. Photo of Lancaster by Denis Tangney Jr. Cover photo by GK Visual.

At the Pennsylvania Housing Finance Agency, we care about the environment. That's why this annual report has been printed using recycled inks. Additionally, our printer uses environmentally responsible energy sources and has Forest Stewardship Council Certification.

The financial section of this report has been condensed to reduce the number of printed pages necessary. Our complete financial report is conveniently available on our website.





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