

Pennsylvania Housing Trust Fund Allocation Plan

December 2016

As Administered by the Pennsylvania Housing Finance Agency

Commonwealth of Pennsylvania

Tom Wolf, Governor

Department of Community and Economic Development

Dennis M. Davin, Secretary

Pennsylvania Housing Finance Agency

Brian Hudson, Executive Director

Pennsylvania

DEPARTMENT OF COMMUNITY AND
ECONOMIC DEVELOPMENT

<http://dced.pa.gov>

TABLE OF CONTENTS

I. Grantee Information.....	4
II. Consolidated Plan Requirements.....	4
A. Citizen Participation Plan	4
B. Consolidated Plan Screen(s) Revised	4
III. Strategic Plan Requirements	5
A. Strategic Plan Screen(s) Revised.....	5
IV. Annual Action Plan Requirements	5
A. Annual Action Plan Screen(s) Revised	5
B. HTF Funding Priorities	7
C. Recipient Application Requirements	8
D. Performance Goals and Benchmarks.....	9
V. Other Requirements	9
A. Maximum Per-unit Development Subsidy Amount	9
B. Rehabilitation Standards	9
C. Resale and/or Recapture Provisions	9
D. HTF Affordable Homeownership Limits	10
E. Commonwealth Limited Beneficiaries or Preferences	10
F. Refinancing of Existing Debt.....	10
VI. Grantee Certifications.....	10

VII. Required Forms 11

VIII. Appendices..... 11

 Maximum Per Unit Subsidy Amount 11

 Rehabilitation Standards..... 11

I. GRANTEE INFORMATION

Commonwealth:

FY 2016 HTF Allocation Amount:

Pennsylvania

\$3,868,768

II. CONSOLIDATED PLAN REQUIREMENT

A. Citizen Participation Plan

The consolidated plan regulation at § 91.115 requires the Commonwealth to include HTF in its citizen participation plan. Essentially, before adopting a consolidated plan, the Commonwealth is required to adopt a citizen participation plan that describes the process for providing and encouraging citizens to participate in the development of the consolidated plan, the amendments to the consolidated plan and the performance report (CAPER). For the purposes of HTF, the Commonwealth is required to make the following information available to the public:

- the amount of HTF assistance the Commonwealth expects to receive,
- the range of activities the Commonwealth may undertake, including the estimated amount that will benefit extremely low-income households, and
- the Commonwealth's plans to minimize displacement of persons and to assist any persons displaced.

Pennsylvania Bulletin Notice Published:

PHAC meeting Notice – March 5, 2016

Draft Availability of Action Plan Notice – March 12, 2016

2nd Public Hearing Notice for Action Plan – March 12, 2016

Draft Availability of Substantial Amendment on the HTF specifications Notice -
May 22, 2016

Citizen Participation Notice:

CD & H Alert-PHAC Meeting Notice – February 25, 2016

CD & H Alert- Availability of Draft Action Plan and Public Hearing – March 17, 2016

CD & H Alert – Availability of Draft Substantial Amendment and Public Hearing –
May 25, 2016

Citizen Comment Period:

Original Action Plan submission (including HTF) – March 12, 2016 – April 12, 2016

Specific HTF Amendment - May 23, 2016 to June 21, 2016

Public Hearing:

PHAC meeting – March 7, 2016

2nd Public Hearing for the 2016 Action Plan – April 6, 2016

Specific HTF Amendment - June 9, 2016

B. Consolidated Plan Screen(s) Revised

The following screen(s) in the eCon Planning Suite consolidated plan template in IDIS have been revised to include HTF.

- ✓ **ES-05 / AP-05 Executive Summary:** § 91.320(b)- The Executive Summary includes seven narratives: (1) Introduction; (2) Summary of Objectives and Outcomes; (3) Evaluation of Past Performance; (4) Summary of the Citizen Participation and Consultation Process; (5) Summary of Public Comments; (6) Summary of Comments Not Accepted; (7) Summary.
- ✓ **PR-15 Citizen Participation:** § 91.115 and § 91.300(c)- revised this screen to provide a summary of the citizen participation efforts made for HTF, including efforts to broaden public participation, a summary of citizen comments or views on the plan, and a written explanation of comments not accepted and the reasons why these comments were not accepted.

III. STRATEGIC PLAN REQUIREMENTS

The Commonwealth has amended the affordable housing section of the strategic plan to include specific objectives that describe proposed accomplishments the Commonwealth hopes to achieve and has specified the number of extremely low-income families to which the Commonwealth will provide affordable housing to (homeownership- § 93.302; rental- § 93.304) over a specific period of time.

A. Strategic Plan Screen(s) Revised

In addition to updating the affordable housing section of the strategic plan, the following screens in the eCon Planning Suite consolidated plan template in IDIS have been revised to include HTF.

- ✓ **SP-10 Geographic Priorities:** § 91.315(a)(1) - revised this screen to discuss how investments are allocated geographically.
- ✓ **SP-25 Priority Needs:** § 91.315(a)(2) - revised this screen to indicate the general priorities for allocating investment of available resources among different needs.
- ✓ **SP-30 Influence of Market Conditions:** § 93.315(b) - revised this screen to describe how the characteristics of the housing market influenced the Commonwealth's decisions regarding allocation priorities among the types of housing assistance.
- ✓ **SP-35 Anticipated Resources:** § 91.315(a)(4); § 91.320(c)(1) and (2) - revised this screen to identify the federal, Commonwealth, local, and private resources expected to be available to the Commonwealth to address priority needs and specific objectives identified in the strategic plan.

- ✓ **SP-45 Goals:** § 91.315(a)(4) and § 91.315 (b)(2)- revised this screen to summarize the Commonwealth's priorities and the specific goals it intends to initiate and/or complete within the term of the strategic plan.

VI. ANNUAL ACTION PLAN REQUIREMENTS

The Commonwealth has included HTF in its annual action plan and has amended the original submission to include HTF information as required in § 93.320(k)(5). The action plan includes an HTF allocation plan that describes the distribution of HTF funds, and establishes the application requirements and selection criteria of applications submitted by eligible recipients that meet the Commonwealth's priority housing needs.

A. Annual Action Plan Screen(s) Revised

The following screens in the eCon Planning Suite consolidated plan template in IDIS must be revised to include HTF.

- ✓ **AP-15 Expected Resources:** § 91.320(c)(1) and (2) - this screen has been revised to provide a concise summary of the federal resources expected to be available.
- ✓ **AP-20 Annual Goals and Objectives:** § 91.320(c)(3) and (e)- this screen has been revised to summarize the specific goals the Commonwealth intends to initiate and/or complete within the term of the program year.
- ✓ **AP-25 Allocation Priorities:** § 91.320(d)- this screen has been revised to describe the reasons for the Commonwealth's allocation priorities and how the proposed distribution of funds will address the priority needs and goals of the strategic plan.
- ✓ **AP-30 Method of Distribution:** § 91.320(d) and (k5)- this screen has been revised to include a description of its method(s) for distribution for the "Other - Housing Trust Fund".
- ✓ **AP-50 Geographic Distribution:** § 91.320(f)- this screen has been revised to describe the geographic areas of the Commonwealth in which it will direct assistance during the ensuing program year and provide rationale for its priorities in allocating investment geographically.
- ✓ **AP-55 Affordable Housing:** § 91.320(g)- this screen has been revised to specify goals for the number of homeless, non-homeless, and special needs households to be provided affordable housing within the program year.
- ✓ **AP-65 Homeless and Other Special Needs Activities:** § 91.320(h)- this screen has been revised to describe how HTF will help to address the Commonwealth's one-year goals and actions for reducing and ending homelessness, if applicable.
- ✓ **AP-75 Barriers to Affordable Housing:** § 91.320(i)- this screen has been revised to describe how HTF will help with any actions the Commonwealth will take during the next year to reduce barriers to affordable housing, if applicable.
- ✓ **AP-85 Other Actions:** § 91.320(j)- this screen has been revised to describe how HTF will help

with any actions the Commonwealth will take during the next year to carry out the following strategies outlined in the consolidated plan:

- Foster and maintain affordable housing;
- Evaluate and reduce lead-based paint hazards;
- Reduce the number of poverty-level families;
- Develop institutional structure; and
- Enhance coordination.

In addition, the Commonwealth must identify obstacles to meeting underserved needs and propose actions to overcome those obstacles using HTF funds, if applicable.

B. HTF Funding Priorities – § 91.320 (k)(5)(i)

The Commonwealth is responsible for distributing HTF funds throughout the Commonwealth according to its housing priority needs. In addition to revising the **AP- 30 Method of Distribution** screen in IDIS, the Commonwealth must respond to the following questions:

1. *Will the Commonwealth distribute HTF funds through grants to sub-grantees? If yes, describe the method for distributing HTF funds through grants to sub-grantees and how the Commonwealth will make those funds available to units of general local governments. If no, state N/A.*

N/A, through the Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (Act 105 of 2010) (PHARE) , the Commonwealth of Pennsylvania has identified the Pennsylvania Housing Finance Agency, as its administrator for the NHTF. PHFA will not fund sub-grantees.

2. *Will the Commonwealth distribute HTF funds by selecting applications submitted by eligible recipients? If yes, describe the eligibility requirements for applicants as defined in § 93.2- definition of recipient. If no, state N/A.*

Yes, PHFA will utilize the same process for applicant selection as they have developed for their Low Income Tax Credit program which may be found in the attached Tax Credit Allocation Plan, made part of this plan. HTF funds will only be awarded to projects that meet the guidelines and receive low income housing tax credits. Additionally, developments must meet the site and neighborhood standards set forth 24 CFR 93.150.

Furthermore, Applicants must meet the Eligibility and Threshold Criteria set forth in the Tax Credit Allocation Plan which include, but are not limited to, limited displacement of low income residents, commitment to service low income residents for a period of not less than 30 years, Applicant financial capacity to complete the development, provision of specific project amenities such as community rooms, laundry facilities and management offices, Visibility, accessibility requirements and Fair Housing Act design standards and energy efficiency goals.

Additionally, Applicants must meet and all requirements set forth in 24 CFR 93.2 to be eligible for funding under the HTF Program. Developments must also meet the property standards set forth in the

Tax Credit Allocation Plan and in 24 CFR 93.301.

Qualified developments must be affordable to tenants whose incomes do not exceed the federal poverty line or whose annual income do not exceed 30% of the median area income for the area, as determined by HUD with adjustment for bedroom size.

Selected developments must follow tenant protection and selection procedures set forth in 24 CFR 93.303.

3. *Will the Commonwealth distribute HTF funds by selecting applications submitted by eligible recipients? If yes, describe all the criteria that will be used to select applications and the relative importance of these criteria. At a minimum, as required in § 91.320(k)(5)(i), the selection criteria must include:*

HTF funding decisions will be made based on the following criteria, in order of importance:

- a Applicant's ability to enter into a commitment for HTF funds and to undertake eligible activities in a timely manner.

PHFA will select applicants submitted by eligible recipients as set forth in the Tax Credit Allocation Plan, made part of this plan and 24 CFR 93.2. Recipients will be evaluated and must demonstrate the following:

- 1) make acceptable assurances that it will comply with the requirements of the HTF program during the entire period that begins upon award of HTF funds and ends at the conclusion of all HTF funded activities;
- 2) demonstrate the capacity to undertake, comply and manage the eligible activity;
- 3) demonstrate familiarity with Federal, State or local affordable housing programs that may be used in conjunction with HTF funds;
- 4) demonstrate experience and capacity to conduct the HTF activity as evidenced by its ability to own, construct, or rehabilitate, and manage and operate an affordable multifamily rental housing development and;
- 5) the extent to which the application makes use of non-federal funding sources..

All projects will be reviewed to determine their ability to proceed. This review includes environmental clearances, local zoning process review, identification and commitment of all necessary financing to support the development budget, corporate authorization and formal action by governmental authorities. PHFA will determine ability to proceed and will prioritize funding for applicants who demonstrate commitments and financial feasibility and a timeframe consistent with timely completion of the development and which meet HTF commitment and expenditure deadlines.

- b. Geographic distribution for HTF funds throughout the Commonwealth in urban, suburban and rural communities.

To the greatest extent feasible, the Agency will allocate resources in the following manner: 50% to urban communities and 50% to suburban/rural communities (as defined in the Tax Credit Allocation Plan)

- c. The extent to which the project has Federal, State, or local project-based rental assistance so rents are affordable to extremely low income families.

All developments will be evaluated based on the commitment of project based rental housing assistance as part of the overall funding. Projects will be evaluated for committed resources in the form of internal rent subsidy funding to support developments housing extremely low income tenants and other programs designed to provide direct assistance to targeted income eligible households.

- d. The merits of the application should meet the Commonwealth's specific housing needs such as those that target supportive housing, senior housing for persons age 62 and above with services, preservation of existing housing, developments which demonstrate community impact and developments in areas of opportunities .
- e. The duration of the unit's affordability period as further set forth herein.

Projects supported with HTF funds will be required to enter into restrictive covenant agreements pledging to maintain the units assisted in the program for a 30 year period from the date the units are placed in service. This restrictive covenant agreement will be recorded in the real estate records of the county where the property is located. PHFA will monitor the projects for compliance through the affordability period.

C. Recipient Application Requirements - § 91.320(k)(5)(9)(ii)

- 1. Will the Commonwealth require that all recipient applications contain a description of the eligible activities to be conducted with HTF funds as required in § 93.200- Eligible activities?

Yes No

2. Will the Commonwealth require that each eligible recipient certify that housing assisted with HTF funds will comply with HTF requirements?

Yes No

D. Performance Goals and Benchmarks- § 91.320(k)(5)(iii)

The plan must include performance goals and benchmarks against which the Commonwealth will measure its progress, consistent with the Commonwealth's goals established at § 91.315(b)(2).

V. OTHER REQUIREMENTS

A. Maximum Per-unit Development Subsidy Amount - § 91.320(k)(5) and § 93.300(a)

PHFA has evaluated current costs of affordable housing units and local market conditions throughout the Commonwealth for the purpose of providing HTF resources and the maximum per unit development award is aligned with Pennsylvania's HOME program limits based on unit type. Therefore, the maximum per unit HTF subsidy will be:

0 BR	1BR	2BR	3BR	4BR
\$140,107	\$160,615	\$195,305	\$252,662	\$277,344

In 2016, PHFA anticipates providing HTF funds to approximately four developments projects or assisting 25 rental housing units among several properties throughout the Commonwealth based upon applications received and availability of resources.

B. Rehabilitation Standards - § 91.320(k)(5)(iv) and § 93.301(b)

Eligible activities and project costs for new construction, substantial rehabilitation and preservation of qualified rental housing projects are set forth in §93.200, §93.201 and §93.301 and shall be consistent with the activities, costs and standards set forth in the 2016 PHFA Multifamily Program Guidelines with specific sections applicable to HTF awards attached as Appendix B which specifically set forth applicable building codes, health and safety deficiency correction protocols, disaster mitigation requirements and Uniform Physical Condition Standards. PHFA's construction standards for new construction and rehabilitation developments are also available at www.phfa.org/mhp/technicalservices.

Furthermore, Applications must specify the eligible activities to which HTF funds will be allocated which may include costs related to wiring the property for broadband infrastructure (re: HUD proposed rule dated May 18, 2016). Additionally, for rehabilitation developments, the useful life of systems must be determined through a capital needs assessment that determines the work to be performed and identifies the long-term physical needs of the project. If the remaining useful life of one or more major system is less than the 30 year period of affordability, the systems(s) must be either included in the scope of work or a replacement reserve must be established and monthly deposits made to the reserve account to adequately repair or replace the systems as needed. Specific guidance on PHFA's capital needs assessment requirements can be found at:

http://www.phfa.org/forms/multifamily_application_guidelines/submission/tab_34/tab_34.pdf

C. Resale and/or Recapture Provisions - § 91.320(k)(5)(v) and § 93.304(f)

If the Commonwealth intends to use HTF funds to assist first-time homebuyers, it must set forth the guidelines for resale or recapture and obtain HUD specific, written approval, as required in § 93.304(f).

- ✓ **The Commonwealth will not use HTF funds to assist first-time homebuyers.**

D. HTF Affordable Homeownership Limits - §91.320(k)(5)(vi) and §93.305

HTF funds may only be invested for the provision of modest housing for homeownership. This means the housing has a purchase price for the type of single family housing that does not exceed 95 percent of the median purchase price for the area for newly constructed or standard housing. If the Commonwealth plans to use HTF funds for homebuyer assistance, and does not use the HTF affordable homeownership limits established by HUD, it must determine 95 percent of the median purchase price for single family housing for designated areas across the Commonwealth.

- ✓ **The Commonwealth will not use HTF funds for homeownership housing.**

E. Commonwealth Limited Beneficiaries or Preferences - § 91.320(k)(5)(vii)

The Commonwealth may limit beneficiaries and/or give preferences to the following segments of the extremely low-income population. The groups listed have also been identified in the 2014-2018 Consolidated Plan and Action Plan. The Commonwealth of Pennsylvania, under the HTF program, has established preferences for certain types of developments, consistent with needs identified in the Consolidated Plan needs assessment and housing market analysis as well as PHFA's QAP Tax Credit Plan. These limited beneficiaries/preferences include, housing for seniors (ages 62 and over), and supportive housing for persons who are homeless and non-homeless households that require supportive services, including those with mental, physical, sensory, or developmental disabilities; persons with substance abuse disorders; and persons diagnosed with HIV/AIDs and related diseases.. Any activity funded with HTF funding must not violate non-discrimination requirements at § 93.350 and the Commonwealth must not limit or give preferences to students, who qualify for assistance. Owners of rental housing assisted with HTF funds may only limit project eligibility or give preference to a particular segment of the population if it is permitted in the written agreement for the project and is consistent with one of the limitation/preferences identified above (in accordance with § 93.303(d)(3)).

- ✓ **The Commonwealth will limit beneficiaries and/or give preferences to the segments of the extremely low-income population** as stated above. The HTF criteria stated above, will be the basis for awards of HTF funds and will be consistent with §93.303.

F. Refinancing of Existing Debt - § 91.320(k)(5)(viii) and § 93.201(b)

If the Commonwealth will use HTF funds for refinancing of existing debt, it must establish refinancing guidelines and include them in its consolidated plan. The Commonwealth's refinancing guidelines must describe the conditions under which it will refinance existing debt. At a minimum, the guidelines must demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and

refinancing. Refinancing of existing debt is only eligible if it is necessary to reduce the overall housing costs and to make the housing more affordable.

- ✓ **The Commonwealth will not use HTF to refinance existing debt.**

VI. GRANTEE CERTIFICATIONS

In addition to submitting an HTF allocation plan, the Commonwealth must submit all the required certifications identified at § 91.225 (for new action plans). If the Commonwealth is amending the action plan to include HTF, it must resubmit the following certification to include HTF:

- ✓ Consistency with plan-

VII. REQUIRED FORMS

In addition to submitting an HTF allocation plan, the Commonwealth must submit and/or complete the following standard forms for its HTF program.

- ✓ Standard form- 424: [Application for Federal Assistance](#) (§ 91.320(a))
- ✓ Standard form- 1199 A : [Direct Deposit Sign up Form](#) - Will be submitted by PHFA directly to HUD as directed in HUD Exchange Notice.

VIII. APPENDICES

A. PHFA TAX CREDIT ALLOCATION PLAN

B. NEW CONSTRUCTION AND REHABILITATION STANDARDS FOR TAX CREDIT/HTF PROJECTS