

Keystone Renovate & Repair Loan

Invitation to Participate and Application for Approval as Program Provider

All interested applicants must contact PHFA before applying

Version 4, 8/2017

PROGRAM GOALS:

The ultimate goal of the Keystone Renovate & Repair Loan (R&R loan or program) is to help improve Pennsylvania's existing housing stock. The Pennsylvania Housing Finance Agency ("PHFA," or "the Agency") has worked with private lenders, the state Department of Community and Economic Development (DCED), the United States Rural Development Agency (USRDA), community groups and individual concerned citizens to develop this new loan program. The R&R program makes new funds available to homeowners to pay for health and safety improvements and also updates to their homes. The program will be administered throughout the state by local organizations with experience in housing programs.

This program is designed to provide additional assistance beyond funding to homeowners—specifically, guidance on prioritizing repairs and improvements to the home, contractor selection and oversight, and possibly housing counseling including debt management and home maintenance, depending on local program administration.

PHFA intends for community leaders to view this program as an innovative, additional source of funding that can be considered part of the financing available for housing and community revitalization initiatives. The R&R program can help achieve impact for specific neighborhoods, groups of citizens, and other compelling community needs. It is another source of match and leverage when partnered with existing housing programs.

A unique component of the R&R is that additional funds will also be made available to organizations interested in helping owners of multifamily dwellings that were once single family homes convert these properties back into single family dwellings. If your organization is interested in administering this initiative in addition to the standard R&R program, please respond to the Keystone Conversion Initiative items in this ITP.

AGENCY VISION:

Briefly, PHFA envisions the R&R program operating as specified below. More detailed information is provided in subsequent sections and in the Program Guidelines.

In each county of the state, housing organizations and lenders will, individually or through partnerships, administer the R&R program in specified geographic areas. They will determine how much homeowners can borrow using typical lender credit underwriting procedures; assist homeowners in determining what home repairs and improvements to finance with their loan, and help homeowners select contractors as needed and verify that work appears to have been completed as specified.

These partnerships will market the loan program within their service area in order to make information available to all eligible residents who may wish to be considered for an R&R loan and to increase the resources available to implement neighborhood revitalization strategies and comprehensive municipal strategic plans. PHFA will undertake a statewide marketing campaign to include television advertisements, and direct outreach to various consumer organizations.

PHFA will provide a per-loan administrative fee and will fund each loan after three business days of loan closing (i.e., loans will be funded after a three-day right of rescission period). Additional details are available in the program guidelines regarding the process and fees involved. The Agency will service all loans once they are closed and will attempt to resolve disputes that may arise.

PHFA and the partnering organizations will commit to making this program successful by agreeing to evaluate its achievements and shortcomings on a regular basis and to adjust its structure, administration, geographic scope and funding so that this will be a high impact program that markedly improves the condition of Pennsylvania's housing stock. It is PHFA's intention that every eligible resident of the state have access to R&R loans through a local administrator regardless of age, disability, family status, gender, national origin, political affiliation, race or religion. PHFA will conduct a statewide marketing campaign in an effort to inform citizens about the program. However, the local administrator will also embark upon a marketing campaign within its community, and the strategy for such will be identified in its application to participate in the program.

PROGRAMMATIC DETAILS

The Local Program Administrator and the Lender

PHFA is looking for organizations to fulfill two roles to administer the R&R Loan Program. The roles are the "Local Program Administrator" and the "Lender." These roles may be filled by one organization or in partnership between two entities with different skill sets. PHFA envisions that the majority of areas in the state will be served by partnerships between two organizations.

Local Program Administrator (LPA)

Organizations fulfilling this role must be able to demonstrate knowledge of and competence in marketing and outreach to community residents, evaluating the health, safety and overall condition of homes, writing construction specifications, enlisting contractor participation in governmental initiatives (NOTE: bidding is not required in this program), holding escrows, paying contractors in a timely fashion, and meeting requirements for program administration and reporting.

Any organization also seeking to administer Keystone Conversion Initiative funds needs also to demonstrate knowledge and competence in assisting owners of multifamily dwellings that were once single family homes to restore these buildings to single family homes.

See the R&R Program Guidelines for additional explanation of specific tasks and program operations.

Organizations that can provide housing counseling or that partner with housing counseling agencies to provide counseling to R&R borrowers will be looked upon favorably.

Organizations that need to develop competence in any of the functional areas above may still apply to administer the R&R loan. PHFA will, at its discretion, work with the applicant to remediate or compensate for inexperience.

Eligible Local Program Administrators include but are not limited to the following:

- Public Housing Authorities (PHA)
- Redevelopment Authorities (HRA)
- Community Action Agencies (CAA)
- Community Development Corporations (CDC)
- Housing Development Corporations (HDC)
- Municipalities
- Lenders (banks, savings and loans, credit unions, and mortgage companies)
- Other non-profit organizations with related housing experience

Lender

Organizations fulfilling this role must be able to demonstrate knowledge of and competence in credit underwriting, loan originations and closings, completion and recording of legal documents including mortgages and notes, and meeting requirements for program data transmittal and reporting. See the R&R Program Guidelines for additional explanation of specific tasks and program operations.

Organizations that need to develop competence in any of the functions above may still apply to administer the R&R loan. PHFA will, at its discretion, work with the applicant to remediate or compensate for inexperience.

Eligible Lenders include but are not limited to the following:

- Lenders (banks, savings and loans, credit unions, and mortgage companies as approved by PHFA, that are interested in performing the lender functions of this program in partnership with a local program administrator)
- Any municipal, non-profit or other housing organization, as approved by PHFA that can demonstrate competency in credit underwriting. They may include:
 1. Public Housing Authorities (PHA)
 2. Redevelopment Authorities (RA)
 3. Community Action Agencies (CAA)
 4. Community Development Corporations (CDC)
 5. Housing Development Corporations (HDC)
 6. Municipalities
 7. Other non-profit organizations with related housing experience

Geographic Service Area

Applicant agencies must describe the areas in which they will administer the R&R loan. PHFA encourages broad, but manageable service areas.

Targeting, Leverage and Impact

PHFA and DCED use the Targeting, Leverage and Impact framework in many competitive programs including the Homeownership Choice Programs, the Home Improvement Partnership (HOME), and Brownfields for Housing, and the Agency will be using the criteria for the R&R Loan Program, as well. The main purpose of these criteria is to assure that housing funds are used in the most effective manner possible.

Not all applications to the R&R program will meet each of the three criteria, but applications that demonstrate an effort to address these criteria will be more favorably reviewed by PHFA. Examples provided below are explanatory only—they are not an exhaustive list of what qualifies.

Targeting

PHFA will consider favorably R&R marketing efforts that demonstrate a linkage between the effort to inform potential borrowers throughout the geographic service area of the R&R Loans, AND efforts to accomplish housing and community revitalization within the geographic service area. The concept of Targeting in the R&R program does not preclude “first come, first serve” responses to borrowers who express interest in receiving loan funds.

Leverage

Leverage is much more than money: it is an assessment of resources that will be used to achieve the overall goal of improving Pennsylvania’s existing housing stock through public and private means. Examples of Leverage that may be possible with R&R Loan Program are

- Volunteerism
- Coordination with other local housing initiatives (examples include: R&R loans paired with Elm Street façade improvement grants to homeowners OR direct marketing of R&R loans near Homeownership Choice sites OR coordination with local leadsafe housing grant funds or PA Accessible Housing Program funds from DCED OR coordination with PennVest.)
- Coordination with other local service improvements (example, direct marketing of R&R loans in areas where water or sewer hookups are required)
- Gaining private sector funding that would not normally be available for housing initiatives.

Impact

PHFA is looking to local program administrators to identify ways in which the R&R program can enhance local efforts to improve existing housing stock. The Agency also intends for local program administrators to assess and project the effect that administering this program will or could have on your ability to perform housing and community revitalization. Examples of Impact that may be possible with R&R Loan Program are

- Comprehensive community and housing improvements
- Community stability
- Create spin-off private investment in construction or home evaluation businesses
- Increase the rate of owner occupied housing in the targeted community

PHFA Decision Factors

PHFA will evaluate applicants based on their response to this Invitation to Participate (ITP), their previous experience administering housing rehabilitation programs or loan programs offering construction management services, their previous experience performing credit underwriting, and their willingness and ability to market to eligible potential borrowers, among other considerations.

PHFA will use a consensus of staff evaluations of each application's readiness to determine participation; there will not be a point-based scoring system.

Keystone Renovate & Repair Loan Program

Application for Approval as Program Provider

Instructions

Please complete all sections of this application. If any portions are not applicable, mark that item as N/A. Information may be typed below each section or included on separate pages.

Mail the completed application to:

Roberta Schwalm
Manager, Special Initiatives
Pennsylvania Housing Finance Agency
Homeownership Programs Division
211 North Front Street
Harrisburg, PA 17101

Or, it may be e-mailed to rschwalm@phfa.org.

Applications will be reviewed on an ongoing basis.

1. General Application Information

Provide contact information for leadership staff in each organizational role. If one entity will perform both roles then indicate this by writing "SAME" in the Lender area. All single entity program administrators will be referred to as Local Program Administrators, even if the administering organization is a lending institution.

Local Program Administrator

Organization Name:

Contact Person:

Title:

Street Address:

City State Zip:

Phone Number:

Email:

Fax:

Secondary Contact Person:

Name:

Title:

Phone Number:

Email:

Fax:

Lender

Organization Name:

Contact Person:

Title:

Street Address:

City State Zip:

Phone Number:

Email:

Fax:

Secondary Contact Person:

Name:

Title:

Phone Number:

Email:

Fax:

2. Staff Capacity

Provide the name and title of each office staff person who will have pertinent programmatic responsibilities for the R&R program, as well as a brief description of each person's experience and what their duties will be for the R&R program.

3. Geographic Service Area

Describe the complete geographic area in which your entity will provide services. The smallest unit of administration is a borough or township. Applicants are welcome to include information such as population data about their service area.

4. Previous Working Relationships:

Describe the prior working relationships the proposed Local Program Administrator and Lender have had with one another before agreeing to work together on the R&R Loan Program. Include the duration of the partnerships. If no partnership is proposed, mark this item N/A. This item will not be used to determine whether or not an application is approved.

5. Marketing Plan:

Explain how the program will be marketed to potentially eligible borrowers, local construction companies, and if needed, professionals who can serve as home evaluators. If there is a partnership, specify which organization will handle each marketing task. Provide a timeline.

6. Targeting Leverage and Impact

- A. Describe how the R&R program will address Targeting, Leverage, and Impact in the geographic area to be covered in this response.
- B. List all community development and housing programs currently being undertaken by the applicant organizations. Programs may include but are not limited to rehabilitation, repair, new build, down payment and closing cost assistance, lead and other hazard remediation, accessibility, counseling, government services coordination or “navigator” roles.
- C. Discuss how the R&R will mesh with these other programs and community initiatives to meet their targeting, impact, leverage, match and outcome goals.

7. Multi-Unit Conversion to Single Family Residence Initiative

Applicants will receive a separate approval to participate in this initiative. Applicants may apply to participate in this initiative only, or in conjunction with the R&R program.

- A. Describe any and all experience in multi-family dwelling conversion back to single family homes.
- B. Describe how this initiative would complement the applicant’s overall strategy for community development.