



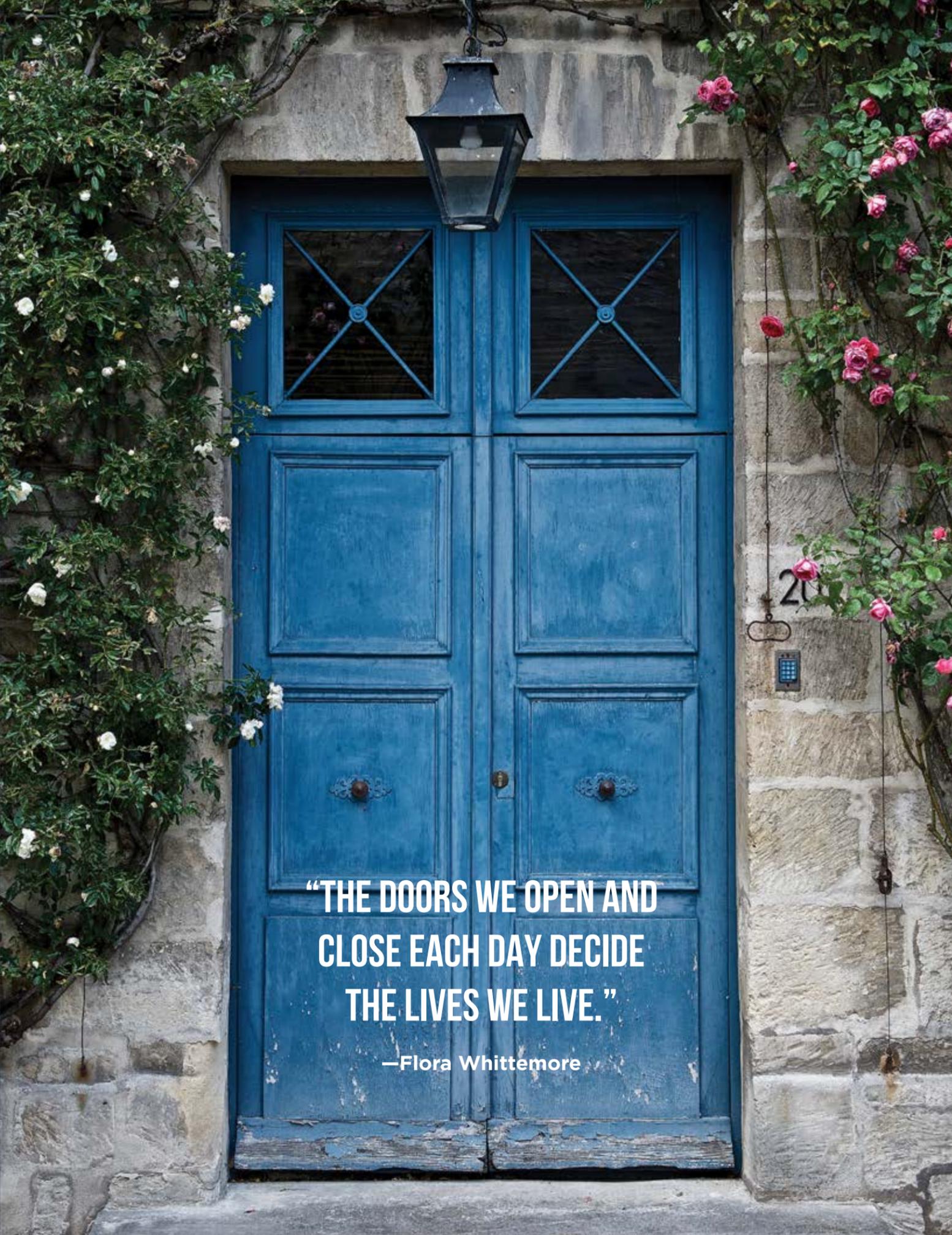
OPENING DOORS

2016 ANNUAL REPORT
Pennsylvania Housing Finance Agency

OUR MISSION AND IMPACT

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.

Since its creation by the legislature in 1972, PHFA has generated more than \$12.5 billion of funding for more than 163,000 single-family home mortgage loans, helped fund the construction of 127,447 rental units, and saved the homes of more than 48,600 families from foreclosure.



**“THE DOORS WE OPEN AND
CLOSE EACH DAY DECIDE
THE LIVES WE LIVE.”**

—Flora Whittemore



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All photography of PHFA customers by Matthew L. Hankins.

TABLE OF CONTENTS

INTRODUCTION

- 4 A message from Governor Tom Wolf
- 6 The PHFA Board of Directors
- 7 Opening Doors:
A message from our executive director

PHFA PROGRAMS AND SERVICES

- 10 What does a housing finance agency do?

STORIES ILLUSTRATING THE IMPACT OF OUR HOUSING PROGRAMS

- 16 Supporting homeownership
- 18 Developing affordable rental housing
- 20 Promoting consumer education
- 22 Helping homeowners avoid foreclosure
- 24 Stimulating community revitalization

HIGHLIGHTS FROM 2016

- 26 2016 accomplishments and milestones

OUR 2016 FINANCIAL SUMMARY

- 34 Condensed fiscal year 2016 financial statements

A MESSAGE FROM GOVERNOR TOM WOLF

One of the cornerstones of my administration is creating “government that works” for Pennsylvanians. The Pennsylvania Housing Finance Agency provides a good example of what we mean by that phrase.

PHFA’s mission is to expand housing options across the state so families and individuals can best decide how and where they want to live. For example, through its allocation of tax credits to developers, it supports the construction of more affordable rental housing throughout the commonwealth. Or, for those consumers who are ready for the responsibilities of homeownership, PHFA provides affordable home mortgage programs at competitive interest rates.

Let me put the agency’s impact into perspective. Since the start of my administration, PHFA has awarded \$77.2 million in tax credits that are then used by developers to attract investors for their projects. Developers leveraged those tax credits to produce \$768 million of funding for the construction of affordable housing. Since I took office, this has produced or rehabilitated 3,739 units of affordable rental housing.

On the homeownership side of the agency, PHFA has made 5,861 home loans for Pennsylvanians seeking to fulfill their dreams of homeownership. The total value of those loans is \$769 million. Consider, too, that nearly half of those loans went to people under the age of 30 just starting their families.

The Pennsylvania Housing Finance Agency opens doors to housing for renters, homebuyers and homeowners. By spurring the construction of affordable rental housing and supporting homeownership, it also promotes economic development that has a positive ripple effect statewide. It’s significant to note that it does this good work largely without taxpayer assistance, operating primarily by using income from the sale of securities and from fees paid by program users. Now that’s what I call government that works.



Governor Tom Wolf



PHFA’s main office in Harrisburg is in the eight-story building with the white roof in the foreground of the picture. A staff of 295 employees work at this location. The building is LEED gold certified, meaning it is more energy efficient and provides a comfortable working environment. An additional 27 employees work out of satellite offices in Pittsburgh and Norristown.



PENNSYLVANIA HOUSING FINANCE AGENCY
2016 BOARD OF DIRECTORS



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Mark Schwartz, Esquire



Brian A. Hudson Sr.

OPENING DOORS:
**A MESSAGE FROM
 OUR EXECUTIVE DIRECTOR**

I'd like to share the story of one family that purchased its home through PHFA. Their experience powerfully illustrates how our agency opens doors of opportunity.

Their tale starts in 1999. Nancy and Ed Briones were newly married back then, both in their early 30s. She had two children from a prior marriage. He was coming off a 10-year stint in the Air Force. Living in Pittsburgh, they were pursuing college degrees—hers in accounting and his in nursing.

As it is for most couples starting out, money was tight, and Nancy and Ed were living pretty much paycheck to paycheck. Their family of four was getting by on an annual income around \$35,000. Like many newlyweds, it was their dream to expand their family and to own their own home—wishes that seemed unachievable.



Members of the Briones family, including grandson Silas, in front of their Pittsburgh home.

NOT ONE LIFE DREAM, BUT MANY

When it came to buying a home, the challenge wasn't in getting a home loan. Nancy recalls one lender willing to pre-approve them for a \$150,000 mortgage. While tempting, the Briones had done their homework and knew a loan like that would make them house-poor for decades. Plus it would keep them from pursuing their other dreams of having more children and completing their education.

On the advice of their realtor, they opted for a PHFA mortgage. It was a decision that made all the difference.

Their interest rate was 5.8 percent, which might seem high today. But back then, the market rate was closer to 8 percent. Plus, representatives with PHFA worked with them to make sure they bought a house that was well within their means.

MORTGAGE PAID OFF BEFORE THEY WERE 50

Nancy called PHFA last year to let us know they'd be paying off their home loan early—16 years into their 30-year mortgage. They had done it by making extra payments when they could, and by getting into a home that didn't consume their family's budget. Even with college debt from their bachelor's and master's degrees and the surprise of having a set of triplets in 2001, Nancy and Ed now own their home free and clear.

If you wonder how PHFA opens doors for people, Nancy knows from firsthand experience.

"Had we not been in a position of security [with an affordable home loan], we would never have been able to expand our family. If we had been house-poor, we wouldn't have had more children. That was the catalyst for all the things in our lives. It was the security of knowing, 'Hey, we're in this house. It's a safe house. It's in a nice area, and it's affordable. We can own this house, and we can do other things while we pay this house off.'

"I told the [PHFA] representative when we paid the house off just how grateful we were. You have no idea what it feels like to own your home at 49 when you once were a 32-year-old college student—when you were a 30-year-old single mom—and thought you'd never own anything; when my husband was in the military for 10 years and had only what he could put in a backpack.

"So, housing you can afford changes lives. It makes a difference. It makes people's lives better, and it made ours considerably better."



It's always a special treat for Nancy and Ed when their grandson comes to visit. A wall of photos inside the house confirms the closeness of the Briones family and reflects the importance of their home as a bond they share.

COUNTLESS HOUSING HAPPY ENDINGS

What makes Nancy's story even more powerful is that she's not alone. Since its start in 1972, PHFA has helped hundreds of thousands of Pennsylvanians find and keep affordable housing. For some, it's been reasonably priced rental housing. For others, it's been housing that includes supportive services so they can live independently. For some, it's been the pride that comes with homeownership. And for others, it's been temporary financial assistance to save their home from foreclosure when bad times struck.

The one constant in all these situations is housing that fits well within a family's budget. It's about having a place to call home that frees people up to live without worries about housing so they can pursue other life goals. That's how PHFA opens doors. 🏠

Brian A. Hudson

Brian A. Hudson Sr.
Executive Director and CEO



"I LOVE MY HOUSE... IT'S A BLESSING BECAUSE WE WERE WITH A COMPANY WITH SO MUCH INTEGRITY THAT THEY WANTED WHAT WAS BEST FOR US, AND THAT WAS HOMEOWNERSHIP."

—Nancy Briones of Pittsburgh



WHAT DOES A HOUSING FINANCE AGENCY DO?

The Pennsylvania Housing Finance Agency was created to expand affordable housing options for the state's residents. This includes rental housing and homeownership opportunities. PHFA seeks most to help the elderly, people with disabilities, and low-to-moderate income families. These are groups that sometimes are underserved by the housing made available through the private housing market. PHFA's programs to provide more rental and homeownership opportunities for Pennsylvanians also work to keep communities vibrant and to spur economic development statewide.

It's significant to note that PHFA programs typically are not funded by public tax dollars, but instead the money for these programs comes from the agency's own investments and from fees paid by program users.

Here are some examples of how PHFA strives to fulfill its mission by opening doors to affordable housing:

AFFORDABLE RENTAL HOUSING

Stimulating affordable rental construction

PHFA began in 1972 with a focus on the creation of more affordable rental housing across the state. The main way it accomplishes this today is by allocating Low-Income Housing Tax Credits to developers through a highly competitive process. Developers then sell those tax credits to investors to raise money for the construction of affordable apartments and townhomes. In exchange for the tax credits, building owners agree to keep rents affordable for a set period, most commonly 30 years.

Helping renters find affordable housing

PHFA leads a group of government and housing organizations that fund a rental housing search tool available on the web at PAHousingSearch.com. Landlords can freely list their vacancies on the site. Apartment hunters simply key in where they want to live and the features they most desire—like the number of bedrooms or a maximum rent—and PAHousingSearch provides them with their best housing options, including photos.

Housing services to support independent living

The term "housing services" refers to various ways assistance is provided to people in rental housing to help them live independently. Examples are transportation to a doctor's office or to shopping for senior citizens. Other examples include tax preparation assistance or employment counseling for apartment residents. PHFA supports the efforts of organizations that provide these sorts of services, helping thousands of people avoid institutional housing. This not only saves tax dollars, but it helps people lead more fulfilling lives.

Housing for people with disabilities

People with disabilities need rental housing that meets their living requirements by providing such features as wider doorways and grab bars in bathrooms. Using funding provided by the U.S. Department of Housing and Urban Development, PHFA is providing rental assistance to help people find units suitable for their special needs at lower rents to make them more affordable. It's joined in this effort by the state Department of Human Services. This program is aimed at helping more people live independently.

HOMEOWNERSHIP

Affordable mortgages

When people are ready for the responsibilities of homeownership, PHFA offers affordable home loans to help them fulfill that dream. Qualified borrowers can also receive down payment and closing cost assistance. All of the agency's home loans are for 30-year, fixed-rate terms, helping keep payments low and predictable for our customers. PHFA offers a number of different mortgage

MEET SOME OF OUR STAFF

Top: Todd Price coordinates maintenance of PHFA properties.

Bottom: Shana Erdley works in the Loan Servicing Division.

Opposite (clockwise, L-R): Karen Zapotosky works in the Homeownership Division; Hien Duong provides computer support; and Monique Snyder works with multifamily rental properties that have PHFA loans.



Top: Clay Lambert helps with strategic planning.

Bottom: Walt Pudlowski provides technical support and customer service in the agency's call center.

programs, each with its own advantages. PHFA now also offers refinancing at competitive, customer-friendly interest rates.

Mortgage Credit Certificates help homebuyers

Mortgage Credit Certificates deserve a special mention. Since 2013, PHFA has offered MCCs for homebuyers. These certificates allow buyers to deduct a portion of their mortgage interest—up to \$2,000 a year—on their federal income tax return for the life of their loan. On a 30-year loan, the dollar savings can be considerable.

HOUSING COUNSELING AND FINANCIAL EDUCATION

A statewide network of counseling agencies

Research has shown that better informed housing consumers are more likely to make smarter housing choices that they can afford and that fit their lifestyle. PHFA has seen this truth in action through the work of a private sector counseling network located conveniently across the commonwealth. Currently 75 agencies help Pennsylvanians with credit counseling, homeownership counseling, mortgage mediation, and foreclosure prevention. Most of their housing-related services are provided at no cost thanks to the financial support they receive from PHFA.

Financial education for consumers

PHFA has a financial education expert who leads seminars around the state to educate people about their personal finances. This is seen as a valuable extension of the agency's service to the public since budgeting and family savings are critical for meeting monthly rent or mortgage obligations. As a trusted and credible resource, the agency is uniquely positioned to help Pennsylvania families bolster their financial situations. The agency also offers a financial education website at MoneysBestFriend.com.

HOUSING IN THE MARCELLUS SHALE REGION

Addressing housing shortages

The discovery of natural gas in the Marcellus Shale region of the state has brought new jobs and investment to the state. But in the process, a housing shortage has arisen as natural gas workers need places to live. To address this situation, part of an impact fee on natural gas companies is used to address the housing shortage and keep housing costs affordable in affected counties. Impact fee money is directed to the Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund, which is managed by PHFA. The PHARE Fund has made a tremendous difference since 2012, improving and expanding affordable housing options in Marcellus Shale communities. (The PHARE Fund is often referred to as the state's Housing Trust Fund.)



Left: Lin Patch works in the division that helps people save their homes from foreclosure.

Right: Lisa Case (left) and Susie Ortega work with the people who own and manage affordable rental properties that have received funding from PHFA.

FORECLOSURE PREVENTION

Helping families keep their homes

Sometimes through no fault of their own, people run into financial difficulties. A lost job or an unexpected medical expense occurs, and the bills can start to pile up. PHFA has a foreclosure prevention program for people who face temporary financial hardships to help them keep their home. It's called the Homeowners' Emergency Mortgage Assistance Program, or HEMAP. Assistance from HEMAP is not a grant. It's a loan that people pay back, and those repayments are then used to help other homeowners in need. HEMAP is recognized nationally as a model foreclosure prevention program.

PUBLIC OUTREACH

A website redesigned with customer preferences in mind

PHFA's website at PHFA.org lets consumers browse information about the agency's housing programs whenever it's convenient for them. This past year, the agency launched a redesigned website guided by data showing which information people most wanted. Work on the new website was done entirely in-house by the agency's webmaster. Approximately 43,000 people visit the website every month.

Outreach through social media

Everyone today across all age groups is on social media. That's why PHFA has an active presence on Facebook, Twitter, YouTube and Flickr.

CUSTOMER SERVICE

Loan servicing

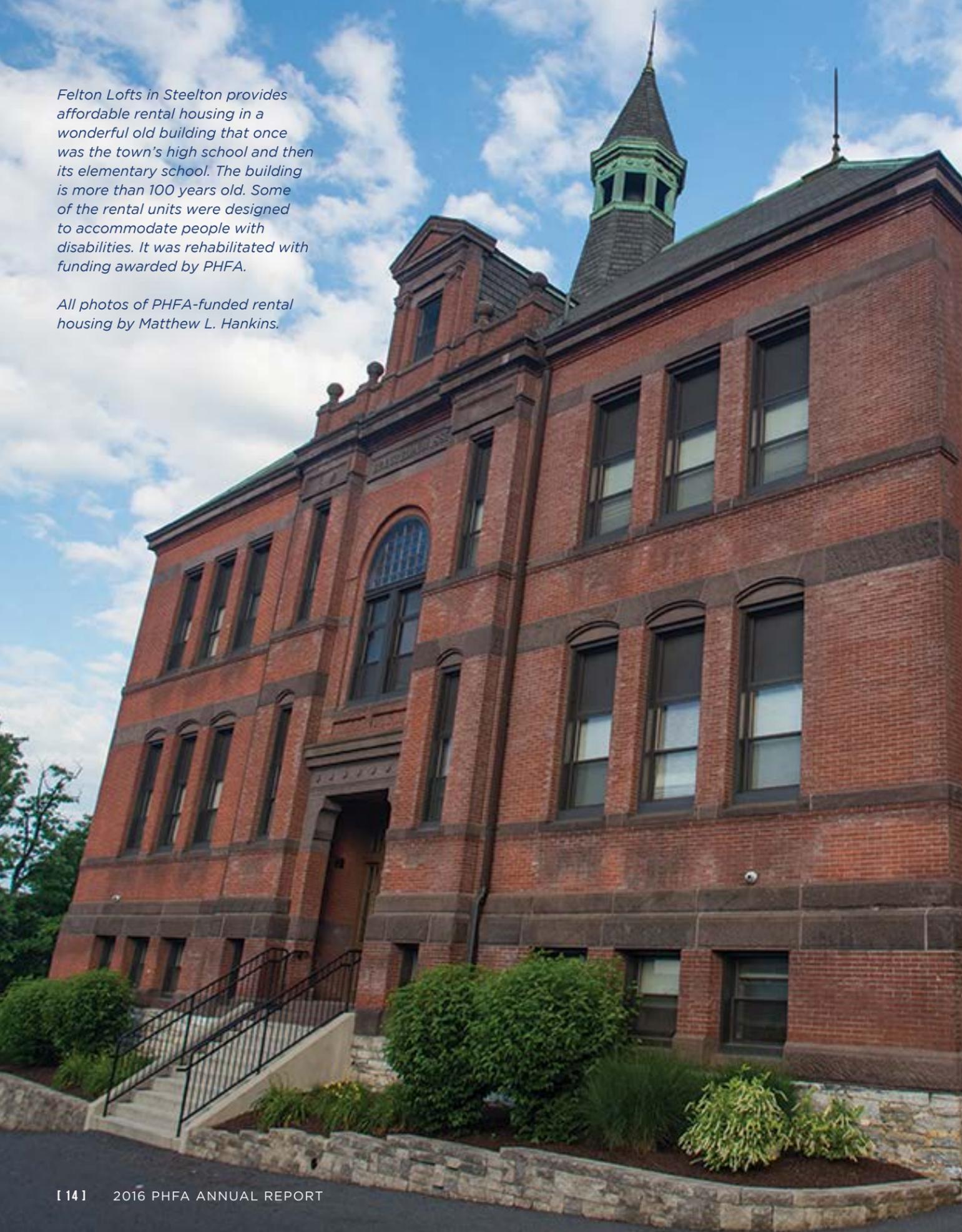
PHFA services its home loans from its Harrisburg office. Currently the agency manages a portfolio of more than 60,000 mortgages. Servicing its own loans allows PHFA to provide a higher level of customer care.

A customer-focused call center

The agency website provides a wealth of information about PHFA programs. But nothing can replace the personal touch of talking directly with a PHFA staff member. That's why the Customer Solutions Center was created in 2014. With a team of 12 people, including customer service representatives fluent in English and Spanish, the CSC answers customer questions by phone and email regarding all of PHFA's housing programs. The solutions center also mails and emails program materials upon request. 🔑

Felton Lofts in Steelton provides affordable rental housing in a wonderful old building that once was the town's high school and then its elementary school. The building is more than 100 years old. Some of the rental units were designed to accommodate people with disabilities. It was rehabilitated with funding awarded by PHFA.

All photos of PHFA-funded rental housing by Matthew L. Hankins.



HOW BETTER TO LEARN ABOUT THE WORK DONE BY PHFA THAN TO HEAR THE STORIES OF SOME OF THE PEOPLE AND FAMILIES WE'VE HELPED.

A MILLENNIAL ON THE MOVE



Christine and her husband Steven outside their home in Temple, near Reading.

+ WHEN:

Spring 2011.

+ WHO:

Christine Vega-Perez, who at the time was 23 and single.

A graduate of Bloomsburg University and a registered nurse, Christine found employment in Reading. At first, she lived with her parents in Bethlehem and made the daily commute to work. But before long, she started looking for her own place closer to her job.

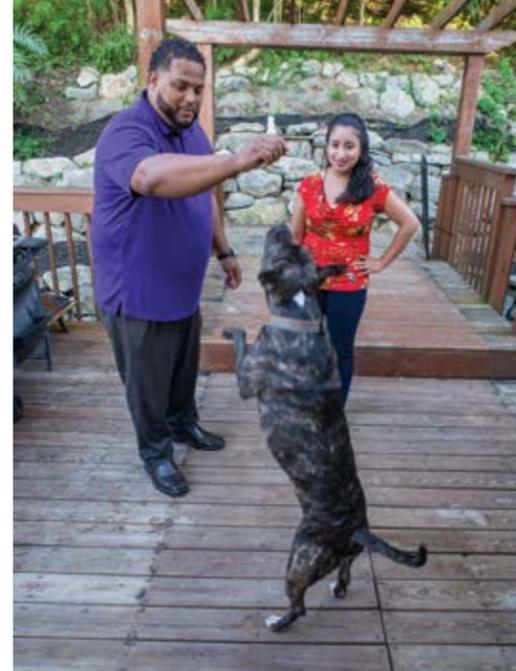
+ WHERE:

She was raised in the Lehigh Valley.

+ WHAT:

Fresh out of college, Christine initially assumed she would rent her first place because buying a home was simply out of reach. But her dad encouraged her to explore the housing market, prompting her to do more research.

Christine connected with Jeff Martin, a real estate agent with Century 21. He encouraged her to take a free homebuyer course offered through Neighborhood Housing Services of Greater Berks, which is supported, in part, by PHFA. Then he helped her by providing lists of available homes in her target neighborhoods. He also told her about the affordable mortgages available from PHFA. Christine got pre-approved through Fulton Mortgage, a PHFA-approved lender.



Christine and Steven have a large back deck where they often relax with their dog Apollo, who is always eager to play. The house has proven to be the perfect place for entertaining with family and friends, or for just the two of them to unwind and enjoy time together.

+ OUTCOME:

Since she worked second shift, Christine could spend a few days each week with Jeff visiting homes that were on the market. She looked at more than 35 homes over the course of a month. When she found her dream home in Temple, just outside Reading, she knew it right away. After closing, she invited friends and family to help her move in during the Memorial Day weekend, and within a day her furniture and belongings were all in place. She was home.

“It was an awesome day,” she says, smiling proudly. “It felt surreal that I’m living in my own house. This is something I own. This is mine.”

Since becoming a homeowner, Christine has achieved a few other milestones. She married Steven Perez in 2015 and met his family on their honeymoon in the Dominican Republic. They added a dog to the family, Apollo, a brindle pit bull. Plus she completed her master’s degree and is now a certified rehabilitation registered nurse.

A key advantage of her affordable PHFA home loan is that it doesn’t constrain her finances, so she can pursue other life goals.

Her advice for others: “I think the main thing is, don’t think of owning a home as a far-fetched dream, because it really can be a reality.

“I have my student loans. I have my undergraduate and now my graduate student loans that I’m currently paying, as well. So homeownership is possible.”



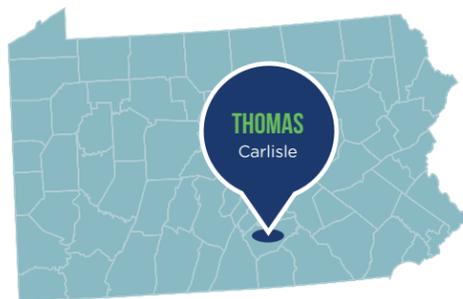
“WHEN I WAS LOOKING AT APARTMENTS, I REALIZED THAT BUYING A HOUSE WAS THE SMARTER CHOICE FINANCIALLY.”

—Christine Vega-Perez, who became a homeowner at age 23

FINDING HIS WAY HOME



The Historic Molly Pitcher Apartments in downtown Carlisle—the middle building with the brick and green façade—was rehabilitated to provide affordable rental housing using tax credits provided by PHFA.



+ WHEN:

Summer 2015.

+ WHO:

Thomas Baker, age 67, divorced with no children.

Following four years in the Navy, Thomas spent most of his career working as a dishwasher at various restaurants. For many years he was homeless, unable to afford a place to live even though he was working. He struggled with drug and alcohol addiction in his early 30s. But Thomas has been clean and sober for 31 years. In fact, he's now a mentor for other people recovering from addiction.

+ WHERE:

Born in Hershey, Thomas worked for many years in the mid-state and in Philadelphia.

+ WHAT:

Seven years ago, Thomas was fortunate to find an affordable apartment. But once there, his health declined to the point where he needed a walker to get around, and the hardwood floors proved hazardous. He was falling once or twice a day, sometimes sustaining concussions.

The bathroom also was not safe for someone with diminished mobility. To protect himself, Thomas would put half of his walker in the shower to provide some stability, since there were no grab bars.

To add to his fears, that apartment was on the ground floor, and three attempted break-ins left him feeling vulnerable.

One might ask why Thomas would continue living there? But for someone who spent 20 years without a place to call home—with eight of those on the street—Thomas' challenging living situation was still better than what he'd experienced for much of his life.



There's a lot Thomas likes about his new apartment, including friendly neighbors like Sophie Kosinski who have made him feel welcome. Another plus is the carpeted floor in his unit that makes it safer for him to get around with his walker.

+ OUTCOME:

A year ago, life improved dramatically for Thomas when he moved into the Historic Molly Pitcher Apartments in Carlisle. The apartments provide affordable housing in a building rehabilitated, in part, with Low-Income Housing Tax Credits from PHFA. The Cumberland County Housing and Redevelopment Authorities oversaw the building renovation and manage the apartments, coordinating helpful supportive services for the residents.

Thomas raves about his new apartment.

"I knew right away...I was home.

"Here, I'm on the second floor. The security is much better than at the other place, and the hardwood floors—there aren't any. It's wall-to-wall carpet. It helps a great deal. The bathroom has handrails, and I can take showers without any worry about falling."

Thomas' story vividly illustrates how appropriate and affordable housing changes lives.

"I want to tell you, my health has improved 100 percent. In fact, all my friends tell me I look better and sound better.

"This place is paradise. I don't want to ever move again." 



"I CAN'T EMPHASIZE ENOUGH MY GRATITUDE TO THE PEOPLE WHO RENOVATED THIS APARTMENT BUILDING. THIS PLACE IS 100 TIMES BETTER THAN THE PLACE I WAS LIVING BEFORE."

—Thomas Baker,
Senior renter on a fixed income

DOING HER HOMEWORK TO BECOME A HOMEOWNER



Charisse and her two boys in front of their home.

+ WHEN:

Summer 2016.

+ WHO:

Single-mom Charisse Robinson. Sons are Jakil, 6, and Jakari, 4.

+ WHERE:

After graduating from Mercyhurst University in Erie with a degree in nursing, Charisse put family first and took a few years to care for her mother, who was recovering from a double lung transplant. Once her mom was doing better, Charisse turned her attention back to some of her own life goals. She passed her boards to become a licensed practical nurse. She found a nursing position that is challenging and that she enjoys. Then she set her sights on homeownership.

+ WHAT:

Like many young homebuyers, to be approved for a home loan, Charisse needed to improve her credit score and grow her savings. She did her homework and enlisted the help of a housing counselor to educate and guide her. That's how she met Veronica Fields, the director of housing counseling programs at St. Martin Center in Erie, which receives financial support from PHFA.

"Veronica's been helping me from the beginning," Charisse explains. "She helped me through credit issues. She helped me with mortgage companies and the banks. Anytime I had a question, I went to Veronica and she helped me. I really appreciate Veronica for everything she's done for me."

Just as important, Veronica was a cheerleader when the challenges sometimes seemed insurmountable.



Charisse wanted to own a home to provide a better quality of life for her two boys. Jakil and Jakari love the house. They share a bedroom they've already decorated with a Batman bedspread and throw rug to make it their own.

"During the times I thought I was gonna give up, she would email me something encouraging," Charisse remembers with a smile. "Veronica...she's awesome! I still call her to check in, and we still email each other."

"There were a few times when I did want to give up," she admits. "But I'd say, 'OK, I have to do this for me and my kids. It makes more sense for me to put the money into my own property than to rent.'"

+ OUTCOME:

Today, at 29, Charisse is a proud homeowner.

The excitement of owning her own home hasn't worn off yet, for her or her two boys.

"I'm happy, and my kids are excited. They already have their Batman room planned out [for their bedroom]. They have a yard, and we already have a trampoline."

Always the good daughter, once she knew she would buy the house, she thought of her mom.

"I told her, first Sunday there, breakfast at my house. We're gonna have a sleep-over."

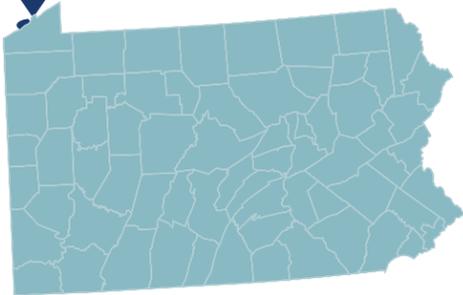
And they did. 



"BUYING A HOME IS A LONG PROCESS FROM BEGINNING TO END. BUT IF YOU STICK WITH IT, IT WILL BE THE BIGGEST BLESSING THAT YOU HAVE."

—Charisse Robinson, the first member of her family to become a homeowner

CHARISSE
Erie



SAVING THEIR HOME STARTS A NEW BEGINNING



The Talleys love their home in Lake Ariel that provides exactly the lifestyle they wanted for their family.

+ WHEN:

Spring 2008.

+ WHO:

John and Dawn Talley. Sons Kevin and Brian were 8 and 6 at the time.

John was working as a breakfast cook at a resort while enrolled in an advanced degree program in speech pathology at Marywood University in Scranton. Ever since their youngest son was born, Dawn was a stay-at-home mom.

+ WHERE:

Originally from South Hempstead, N.Y., the Talleys had moved to Lake Ariel in Pennsylvania's Lake Region in 2002, seeking a better quality of life for their boys.

+ WHAT:

John was bringing in just enough income to cover their mortgage and bills. Then tragedy struck. During a period of four months, they unexpectedly lost six family members on John's side of the family—one was John's 39-year-old brother, Michael. To make matters worse, Dawn's father, who was in an advanced stage of Alzheimer's, had a heart attack.

"It was just one after another," Dawn recalls. "It was almost like you didn't want to pick up the phone."

A family budget that already was stretched thin came crashing down under the burden of travel and other costs associated with the funerals and family care. After missing two mortgage payments, they got an Act 91 Notice, informing them of their impending foreclosure.

THE TALLEYS
Lake Ariel



The outside deck provides an extension to their home where the Talleys can enjoy their pets and the peaceful natural setting. Some timely assistance from PHFA helped them keep this home that is so central to their family life.

+ OUTCOME:

Dawn immediately started researching their options. She found Trehab, an agency that provides counseling for homebuyers and homeowners, supported in part with funding from PHFA. The staff at Trehab helped Dawn complete an application for foreclosure prevention assistance through PHFA's Homeowners' Emergency Mortgage Assistance Program, or HEMAP. This pioneering program helps people who have fallen behind on their home loans, through no fault of their own. It provides an assistance loan that homeowners repay.

The Talleys were approved for a HEMAP loan in November 2008. It brought them current on their mortgage and real estate taxes so that they could keep their home and get a fresh start. With both children starting school in the fall of that year, Dawn had gotten a job to supplement the family's income. They started repaying their HEMAP loan in February 2009.

By September 2015, John and Dawn paid off their HEMAP loan, and they remain current on their mortgage. John now has a better paying job, having completed his master's degree, and Dawn is still working. Plus she's completing a college degree so she can help people with special needs.

The Talleys are a true HEMAP success story, saving their home and moving ahead in their lives.



"OH, I WAS ECSTATIC ABOUT GETTING THE HEMAP LOAN. BECAUSE THEN I KNEW WE WERE OKAY. WE WEREN'T GOING TO LOSE THE HOUSE."

—Dawn Talley, homeowner and mom

LIFTING UP THE COMMUNITY



The Philadelphia Episcopal Cathedral is seen on the left. The new 26-story residential tower is on the right. In the middle was built a three-story office building, which includes a community center and a childcare facility.



+ WHEN:

Fall of 2015 marked the completion of a new community center and childcare facility by the Philadelphia Episcopal Cathedral.

+ WHO:

The Very Rev. Judith Sullivan came back to the Philadelphia Episcopal Cathedral six years ago, having served there previously. She is one of several leaders who have spearheaded revitalization of the cathedral and the neighborhood. The cathedral's development partner is Radnor Property Group.

+ WHERE:

University City in West Philadelphia. The cathedral is in a formerly affluent residential neighborhood. It went into decline in the 1960s as transportation patterns changed and the city evolved. Many of the cathedral's neighbors now live in extreme poverty.

+ WHAT:

The Philadelphia Episcopal Cathedral gained members and a new energy when it redeveloped land adjacent to its impressive cathedral building. It constructed a 26-story residential tower. It also built a three-story office building, which includes a community center, and a childcare facility housed under the cathedral—both constructed with financial assistance in the form of New Markets Tax Credits provided by Commonwealth Cornerstone Group. CCG is a community development entity of PHFA.



The new office building is connected to the cathedral. New Markets Tax Credits provided by Commonwealth Cornerstone Group helped make the project possible. As a result, the cathedral has been able to expand its outreach through an active community food program and a childcare center—both making a positive difference in that area of Philadelphia. The Very Rev. Judith Sullivan (in blue) is shown helping to distribute food.

+ OUTCOME:

The completed residential tower will generate income for the cathedral. In a separate project, the office building (including the community center) and the childcare center already provide income, plus they enable the congregation to better serve the community.

Sullivan explains, “We have a community food program. We are feeding hundreds of people every month and providing 20,000-to-30,000 pounds of food that is bagged and they are able to take home. We also serve hot meals, and we will be expanding that program this fall because we have a kitchen in the community center which we did not have previously.

“There is childcare for 100 children under the cathedral. We have children from the communities’ families that take part.

“This fall, as we’d hoped, we are bringing in nutrition counseling, medical counseling, and advocacy for people who need help with prescriptions and for making phone calls to follow up on healthcare issues. And we’re exploring ways we could provide employment services.”

This much-needed help to the local community was made possible, in part, by the financial assistance provided by CCG.

“We had our land. We had our air rights. We were able to raise some money, and we borrowed some money,” Sullivan shares. “But the New Markets Tax Credits were a great boon to us and made the project possible. They have made the difference for us.”



“IT’S A VERY LIFE-GIVING PROJECT. IT’S MAKING A DIFFERENCE, I THINK, IN THE LIVES OF A LOT OF PEOPLE. WE ARE GRATEFUL.”

—The Very Rev. Judith Sullivan, dean at the Philadelphia Episcopal Cathedral

ACCOMPLISHMENTS AND MILESTONES

This year, PHFA staff continued to advance the agency's mission of providing innovative housing programs to help the most Pennsylvanians possible. In doing so, they not only literally open doors to rental and single-family housing, but they also open doors of opportunity to help Pennsylvanians achieve other life goals, like starting a family or continuing their education.

FINANCE

PHFA receives only occasional funding from the General Assembly. Most years, all of the agency's funding comes from its own investments and from fees paid by program users, not from public tax dollars.

MORTGAGE REVENUE BOND ISSUANCES

	Bonds Issued	Total	Value of Mortgages Funded
FY2015	1	\$118.8 M	\$19.6 M
FY2016	3	\$543.5 M	\$194.2 M

AFFORDABLE RENTAL HOUSING

FUNDING AWARDED FOR AFFORDABLE RENTAL HOUSING CONSTRUCTION

	Tax Credits	PennHOMES	Construction Equity	Rental Units Created
2014	\$37.2 M	\$10.4 M	\$353 M	2,115
2015	\$38 M	\$12.5 M	\$371 M	1,900
2016	\$40.3 M	\$5.9 M	\$407 M	1,875



In exchange for tax credits, which developers sell to investors to raise capital, building owners agree to keep rents at agreed-upon lower levels for an extended period, usually 30 years.

HOMEOWNERSHIP



NUMBER OF HOME LOANS CLOSED:

4,192

Value of nearly \$551 million



HOME LOANS TO MILLENNIALS:

2,690

64% of all loans



11
HOMEBUYER/
HOMEOWNER
ASSISTANCE
PROGRAMS

#1 Ranking
in the US

Money magazine recognized Pennsylvania as the state with the most assistance programs to help homebuyers and homeowners. The article noted that many of PHFA's programs help middle-income families, and not just people with lower incomes, as is sometimes wrongly assumed.



ENERGY EFFICIENCY REPAIR LOANS:

90

Value of \$753,358



HOMEBUYER ASSISTANCE LOANS:

1,485

Value of \$6.5 million



MORTGAGE CREDIT CERTIFICATE LOANS:

1,373

Value of nearly \$626,000

The Mortgage Credit Certificate lets homebuyers claim a tax credit up to 50 percent of the mortgage interest paid each year, capped at \$2,000, annually.



WORKING TOGETHER,
PENNVEST and PHFA made improvements to a program that provides affordable loans to homeowners faced with the high cost of on-lot septic system repairs, or first-time connection to a public sewer. Now the program can help even more homeowners.

ONLINE APARTMENT SEARCH TOOL

PHFA, in partnership with five other government and private sector partners, funds and directs a statewide housing locator service on the web at PAHousingSearch.com. This free, fully accessible online service provides 24/7 access to rental housing and related resources, and it includes support through a toll-free, bilingual call center providing customer assistance. Visitors perform 10,000 searches on the site each week. During the past year, participation by landlords listing available rental units has increased.



GROWTH OF PaHousingSearch.COM

	2014	2015	2016	Two-year Change
UNITS LISTED	97,000	109,000	113,000	+14%
PARTICIPATING LANDLOADS	2,500	2,800	3,000	+17%

MULTIFAMILY HOUSING CONFERENCE



MULTIFAMILY HOUSING CONFERENCE DRAWS LARGEST CROWD EVER:

655

attendees



ATTENDEES INCLUDED PROPERTY DEVELOPERS AND MANAGERS, SUPPORTIVE SERVICE PROVIDERS, ACTIVITY DIRECTORS, PUBLIC HOUSING AUTHORITIES



NEARLY **50** PEOPLE SIGNED UP FOR FIRST-EVER OFFERING OF CERTIFICATION IN FAMILY SERVICE COORDINATION

PHFA is one of the few organizations in the state that offer a continuing education conference for people in the multifamily housing field. This was the 28th year of the conference, which offered 43 educational sessions and two keynote speakers. It was held in King of Prussia.

Shepherd's Crossing in Mechanicsburg is newly constructed and offers 35 units of affordable housing—all energy efficient. It was funded, in part, with Low-Income Housing Tax Credits from PHFA.



FIVE-YEAR, CROSS-AGENCY STRATEGIC HOUSING INITIATIVE



PHFA joined with the state departments of Human Services and Community and Economic Development pledging greater cooperation on ways to better integrate and maximize housing programs. The goals are to make affordable housing more accessible to a larger number of people while saving state tax dollars. This initiative is part of Governor Tom Wolf's strategic directive to deliver government that works for the state's citizens.

COMMUNITY DEVELOPMENT

Commonwealth Cornerstone Group, PHFA's community development entity, completed two New Markets Tax Credit transactions that will bring much needed investment to low-income communities in Lancaster and Philadelphia. These allocated tax credits were critical for each project to proceed.

TOTAL VALUE OF TAX CREDITS AWARDED:

\$14
million

FORECLOSURE PREVENTION



AMOUNT DISBURSED
IN 2016 TO PREVENT
FORECLOSURE ON
459 HOMES:

\$7.6 M



SINCE ITS START
IN 1983, HEMAP
HAS PROVIDED

48,619
LOANS TO
HOMEOWNERS FACING
FORECLOSURE



ALMOST
49%
OF ALL HEMAP
LOANS HAVE
BEEN REPAID



TOTAL REPAYMENT
OF HEMAP LOANS:
\$303 M

The Homeowners' Emergency Mortgage Assistance Program remains a national model for helping homeowners facing foreclosure. HEMAP is not a grant program; it provides a loan that is paid back, with repayments helping others in need.

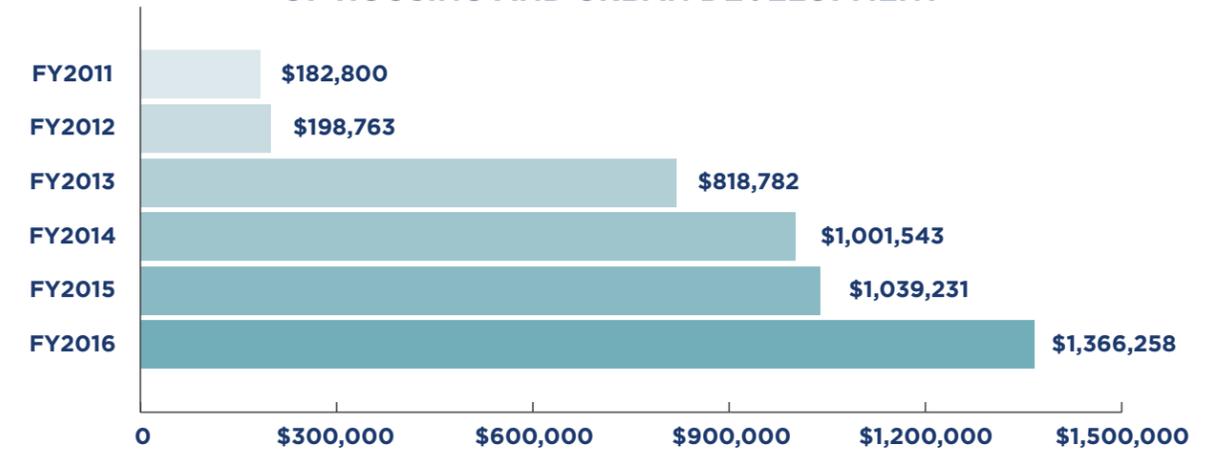
HEMAP worked closely with the state Department of Banking and Securities to create a revised Act 91 Notice. This is the form that starts the process for delinquent borrowers applying for a HEMAP loan. The goal has been to provide a more accessible program, so the simplified notice is clear and to the point in directing borrowers to a counseling agency for the loan application process. It is printed in both English and Spanish, plus it's available on the agency's website in Chinese, Russian, Vietnamese and Cambodian.

With the goal of improving marketing to the public, PHFA also created an enhanced, easy-to-understand HEMAP fact sheet that both lenders and counselors can use to promote the program. It's also available on the PHFA website.

HOUSING COUNSELING AND FINANCIAL EDUCATION

PHFA has a network of 75 approved counseling agencies that help Pennsylvanians with education and guidance related to personal credit, homebuying, mortgage mediation and foreclosure prevention. Pennsylvania is always one of the top-funded states participating in the Foreclosure Mitigation Counseling Initiative. This program assists families that are behind on their mortgage in an attempt to save their home, whenever possible.

COUNSELING FUNDING FROM U.S. DEPARTMENT
OF HOUSING AND URBAN DEVELOPMENT



At the request of the state Department of Military and Veterans Affairs, PHFA is conducting a pilot program to provide financial education to veterans. The agency also is working with veterans through the Harrisburg YWCA, the Housing Authority of Chester County, and two state correctional facilities. The goal is to help veterans transitioning from homelessness and reentering society from incarceration. The first group participating has 21 veterans enrolled in the eight-month program; another 20 veterans are expected to begin the program soon.

HOUSING IN THE MARCELLUS SHALE REGION

HOUSING INVESTMENTS BY PHARE FUND

Year	Projects Funded	Applications Received	Amount Awarded
FY2013	25	29	\$7.6 M
FY2014	34	50	\$8.5 M
FY2015	45	50	\$9.3 M
FY2016	44	51	\$8 M
TOTALS	148	180	\$33.4 M

In its fourth year, the Pennsylvania Housing Affordability and Rehabilitation Enhancement program continues its allocation of funding to improve the availability of affordable housing in the Marcellus Shale region of the state. The funding comes from impact fees on natural gas companies operating in the state. PHARE funding is administered by PHFA.

PHARE'S IMPACT SINCE INCEPTION

+ 2,119
individuals/families
received rental/utility
assistance

+ 1,207
homes rehabilitated

+ 717
new rental units created

+ 64
new single-family homes
created

+ 105
individuals/families
received home purchase
assistance

+ \$221 M
in other funding was
leveraged

CUSTOMER SERVICE

The agency's website at PHFA.org was redesigned after months of research was conducted into how consumers use the site. The most highly sought after information is now easier to access, and outdated webpages were removed. Search tools were added to make the site more customer-friendly. The new website also was redesigned to display better on smartphones and be more accessible by people with disabilities.



PEOPLE VISITING THE WEBSITE MONTHLY:

43,000



MINUTES SPENT ON WEBSITE EACH VISIT:

12



NEW WEB VISITORS EACH MONTH:

52%

CALL CENTER PERFORMANCE

PHFA's call center, known as the Customer Solutions Center, has 12 employees and answers an increasing number of calls for the agency, improving customer service and freeing staff for other responsibilities.

	NUMBER OF CALLS	CALL RESPONSE TIME (IN SECONDS)	BROCHURES SENT
2015	24,080	8	1,887
2016	47,657	9	2,398



Willow Run is a new housing development in Pequea Township, just outside Lancaster, offering 72 units of affordable and market-rate apartments. Its energy efficient units include some that are accessible by people with disabilities. PHFA helped fund its construction with Low-Income Housing Tax Credits.

SOCIAL MEDIA OUTREACH

More people are on social media than ever before. PHFA has a strong presence on Facebook, Twitter, YouTube and Flickr. The agency uses social media to strengthen its relationship with customers and introduce itself to potential customers.



806

FACEBOOK FOLLOWERS IN 2015



6,062

FACEBOOK FOLLOWERS IN 2016

CONDENSED FISCAL YEAR 2016 FINANCIAL STATEMENTS

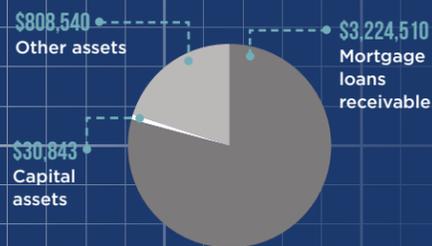
CONDENSED SUMMARY BALANCE SHEET (In thousands)

	2016	2016	Increase/Decrease	
Assets:				
Mortgage loans receivable	\$3,224,510	\$3,311,371	\$(86,861)	(2.6%)
Capital assets	30,843	31,338	(495)	(1.6%)
Other assets	808,540	871,420	(62,880)	(7.2%)
Total assets	4,063,893	4,214,129	(150,236)	(3.6%)
Deferred outflows of resources	28,612	35,815	(7,203)	(20.1%)
Total assets and deferred outflows of resources	\$4,092,505	\$4,249,944	\$(157,439)	(3.7%)
Liabilities:				
Current liabilities	225,604	237,017	(11,413)	(4.8%)
Noncurrent liabilities	3,079,132	3,246,681	(167,549)	(5.2%)
Total liabilities	3,304,736	3,483,698	(178,962)	(5.1%)
Deferred inflows of resources	-	3,880	(3,880)	(100.0%)
Net position:				
Net investment in capital assets	11,558	11,688	(130)	(1.1%)
Restricted	149,947	155,079	(5,132)	(3.3%)
Unrestricted	626,264	595,599	30,665	5.1%
Total net position	787,769	762,366	25,403	3.3%
Total liabilities, deferred inflows of resources and net position	\$4,092,505	\$4,249,944	\$(157,439)	(3.7%)

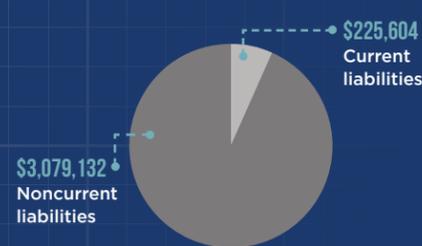
CONDENSED SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (In thousands)

	2016	2015	Increase/Decrease	
Revenues:				
Mortgage loan interest	\$124,179	\$139,530	\$(15,351)	(11.0%)
Other operating revenues	105,879	85,080	20,799	24.4%
Federal program awards	412,619	406,616	6,003	1.5%
Total revenues	642,677	631,226	11,451	1.8%
Expenses:				
Interest and financing expenses	120,316	125,049	(4,733)	(3.8%)
Other operating expenses	84,339	68,504	15,835	23.1%
Federal program expenses	412,619	406,616	6,003	1.5%
Total expenses	617,274	600,169	17,105	2.9%
Change in net position	25,403	31,057	(5,654)	(18.2%)
Net position - beginning of year	762,366	731,309	31,057	4.2%
Net position - end of year	\$787,769	\$762,366	\$25,403	3.3%

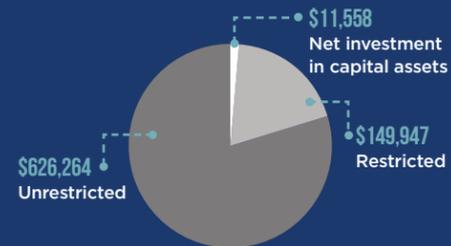
CONDENSED SUMMARY BALANCE SHEET REPORT HIGHLIGHTS



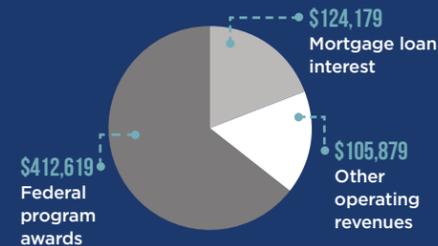
ASSETS (IN THOUSANDS)
Total value: \$4,063,893



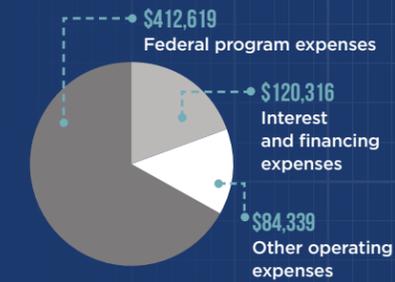
LIABILITIES (IN THOUSANDS)
Total value: \$3,304,736



NET POSITION (IN THOUSANDS)
Total value: \$787,769



REVENUES (IN THOUSANDS)
Total value: \$642,677



EXPENSES (IN THOUSANDS)
Total value: \$617,274

PHFA'S COMPLETE FINANCIAL REPORT FOR FISCAL YEAR 2016, AND FOR YEARS PAST, ARE ALL AVAILABLE FOR CONVENIENT PUBLIC REVIEW ON THE AGENCY'S WEBSITE.

East Liberty Place South has a modern design and provides affordable rental housing in Pittsburgh. Its construction was made possible, in part, with tax credits provided by PHFA.



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.



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.

“EVERY WALL IS A DOOR.”

—Ralph Waldo Emerson



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