

**TO:** Honorable Tom Wolf, Governor  
Honorable Eugene DePasquale, Auditor General  
Honorable Judy Ward, Chairwoman, Senate Urban Affairs & Housing Committee  
Honorable Katie Muth, Minority Chairwoman, Senate Urban Affairs & Housing Committee  
Honorable Mark Keller, Chairman, House Commerce Committee  
Honorable John Galloway, Democratic Chairman, House Commerce Committee

**FROM:** Brian Hudson, CEO  
Pennsylvania Housing Finance Agency



**DATE:** July 1, 2019

**SUBJECT:** Mixed-Use Development Fund Tax Credit Program - 2018 Annual Report

Enclosed for your review is the inaugural Annual Report for the Mixed-Use Development as required by Act 84 of 2016.

**BACKGROUND:**

Enacted pursuant to the Tax Reform Code of 1971, by Act 84 of 2016 under Article XIX-E, the Mixed-Use Development Tax Credit program, administered by the Pennsylvania Housing Finance Agency (“PHFA” or “Agency”), authorizes the Agency to sell \$2 million of state tax credits to qualified taxpayers for the purpose of establishing the Mixed-Use Development Fund (the “fund”). Distributions from the fund will be awarded to eligible projects in target areas of the Commonwealth with an identifiable need for increased affordable housing opportunities and commercial corridor development. Through the maximization of public and private resources, communities may address shortages in the availability of affordable housing while supporting business growth and sustainable partnerships by providing developers access to funds for construction or rehabilitation projects that support both affordable housing and business within the same structure.

PHFA is authorized to sell Mixed-Use Development tax credits through directed or negotiated sale to any qualified taxpayer. A qualified tax payer is any natural person, business firm, corporation, business trust, limited liability company, partnership, limited liability partnership, association or any other form of legal business entity that is subject to a tax imposed by Article III, IV, VI, VII, VIII, IX, XI, or XV of the Tax Reform Code of 1971, excluding tax withheld by an employer under Article III.

The credit issued to a qualified taxpayer may be applied against any qualified tax liability. A qualified tax liability is:

- Article III: Personal Income Tax (excluding tax withheld by an employer)
- Article IV: Corporate Net Income Tax
- Article VI: Capital Stock and Franchise Tax
- Article VII: Bank and Trust Company Shares Tax

Attached, for your review is:

1. A listing of qualified taxpayer applicants and bids under the 2018 Mixed-Use Development Fund Tax Credit Program.
2. A financial update on the progress of awarded Mixed-Use Development Fund Tax Credit projects.

Qualified Tax Applicants	Bid	Allocation	Tax Credit Certificate Issued?	Fiscal Year
Armstrong Utilities, Inc.	\$850,100	\$1,000,000	Yes	2018/19
Tax Credit Services, LLC	\$840,100	\$1,000,000	Yes	2018/19

**The following projects were awarded Mixed-Use Development grant funds on December 13, 2018.**

Project	Agency Name	Award Amount
5 Points in Observatory Hill	Observatory Hill Development Corp.	\$400,000
Homestead Bakery Lofts	ACTION-Housing Inc.	\$400,000
257-263 S. 52nd Street	The Enterprise Center Community Development Corporation	\$400,000
2613-2615 West Girard Avenue	MM Partners, LLC	\$400,000
Rafael Porrata-Doria Place	HACE	\$400,000
Mt. Airy Art Garage	Mt. Airy USA	\$400,000

\*The Agency awarded these projects with Mixed-Use Development Tax Credit proceeds from FY 17/18 and FY 18/19.