

TO: Honorable Tom Wolf, Governor
Honorable Eugene DePasquale, Auditor General
Honorable Joe Pittman, Chairman, 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: Robin L. Wiessmann, Executive Director & CEO
Pennsylvania Housing Finance Agency



DATE: July 1, 2020

SUBJECT: Mixed-Use Development Fund Tax Credit Program - 2019 Annual Report

Enclosed for your review is the Annual Report for the Mixed-Use Development Tax Credit 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”), authorized 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”). In 2019, Act 13 of 2019 was passed increasing the aggregate amount of tax credits from \$2 million to \$3 million. 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 2019 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?
Armstrong Utilities, Inc.	\$1,740,200	\$2,000,000	Yes
Tax Credit Services, LLC	\$850,100	\$1,000,000	Yes

The following projects were awarded Mixed-Use Development grant funds on March 12, 2020.

Project	Grantee	Award Amount
3200 Kensington Avenue	Shift Property Management	\$400,000
404-06 West 8 th Street Rehabilitation	Our West Bayfront	\$500,000
Seton Hall Redevelopment	City of Allentown	\$500,000
Sixth Ward Flats	ACTION-Housing, Inc.	\$400,000
The Lofts @ Oak & Main	Redevelopment Authority of the City of Pittston	\$500,000
Titusville Iron Works	Titusville Iron Works LLC	\$500,000

The following projects were awarded Mixed-Use Development grant funds in the prior round (December 13, 2018).

Project	Grantee	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