

TO: Honorable Josh Shapiro, Governor
Honorable Timothy DeFoor, Auditor General
Honorable Frank Farry, Chairman, Senate Urban Affairs & Housing Committee
Honorable Nikil Saval, Minority Chairman, Senate Urban Affairs & Housing Committee
Honorable John Galloway, Chairman, House Commerce Committee
Honorable Joe Emrick, Minority Chairman, House Commerce Committee

FROM: Robin L. Wiessmann, Executive Director & CEO
Pennsylvania Housing Finance Agency



DATE: July 1, 2023

SUBJECT: Mixed-Use Development Fund Tax Credit Program - 2022 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”). The tax credit allocation increased to \$3.0 million in 2019 and \$4.5 million in 2021. Distributions from the Fund are awarded to eligible projects in target areas of the Commonwealth with significant need for increased affordable housing and commercial corridor development. For the past several funding rounds, the Agency has prioritized applications from third class cities and smaller communities that often lack access to needed development resources.

PHFA is authorized to sell Mixed-Use Development tax credits through directed or negotiated sale to any qualified taxpayer. A qualified taxpayer 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
- Article VIII: Title Insurance Company Shares Tax
- Article IX: Insurance Premiums Tax

- Article XI: Gross Receipts Tax
- Article XV: Mutual Thrift Institutions Tax

Attached, for your review is:

1. A listing of qualified taxpayer applicants and bids under the 2022 Mixed-Use Development Fund Tax Credit Program
2. A list of the projects funded through proceeds from the Mixed-Use Development Fund Tax Credit Program

2022 Taxpayer Applicant(s) and Bid(s)

Qualified Tax Applicants	Bid	Allocation	Tax Credit Certificate Issued?
Armstrong Utilities, Inc.	\$1,790,000	\$2,000,000	No
Armstrong Utilities, Inc.	\$2,175,000	\$2,500,000	No
Elsevier Inc.	\$446,000	\$500,000	No
Erie Indemnity Company	\$2,700,000	\$3,000,000	Yes
Erie Indemnity Company	\$1,344,000	\$1,500,000	Yes
RiverSource Life Insurance Co.	\$892,000	\$1,000,000	No

Projects awarded Mixed-Use Development grant funds on April 13, 2023:

Project Name	Grantee	Award Amount
131 West Market Street	131 West Market, Inc.	\$600,000
4324-44 Lancaster Ave	Lancaster Ave Real Estate Development LLC	\$700,000
Matzo Development	Matzo Development LLC	\$600,000
Penn Lincoln Apartments	ACTION-Housing, Inc.	\$600,000
Rebman's Redevelopment	OZFund, Inc.	\$800,000
Rhythm Square: Phase I	Rhythm Live Work LLC	\$700,000
Savoy 48	Vice Capital LLC	\$800,000

Mixed-Use Development grant projects since program's inception:

Project	Grantee	Award Amount
1009 Wood Street	1009 Wood Street LLC	\$700,000
5 Points in Observatory Hill	Observatory Hill Development Corp.	\$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
3200 Kensington Avenue	Shift Property Management	\$400,000
404-06 West 8 th Street Rehabilitation	Our West Bayfront	\$500,000
Braddock Community Development	641 Braddock Realty LLC	\$400,000
Color Lab Rehab	Valley Housing Development Corporation	\$500,000
Dox Thrash House	Beech Community Services	\$400,000
Herron & Wylie	Communion Place LLC	\$600,000
Homestead Bakery Lofts	Action-Housing Inc.	\$400,000
Mt. Airy Art Garage	Mt. Airy USA	\$400,000
New Freedom District	Islamic Cultural Preservation and Information Council	\$700,000
Rafael Porrata-Doria Place	HACE	\$400,000
River District: Project I	Argus Two Inc.	\$500,000
Sixth Ward Flats	ACTION-Housing, Inc.	\$400,000
The Flats Center	JCL Development LLC	\$400,000
The Lofts @ Oak & Main	Redevelopment Authority of the City of Pittston	\$500,000
The Wright Project	DON Enterprises, Inc.	\$600,000
Titusville Iron Works	Titusville Iron Works LLC	\$500,000
TomTom24 Development	TomTom24 Development LLC	\$500,000
Winter Street Project	Philadelphia Chinatown Development Corporation	\$600,000