
PHFA Loan Program Requirements

Property Eligibility Requirements

- Be located within the Commonwealth.
- Make all units available to the general public and allow units to be occupied in accordance with all federal, state and local laws, including fair housing and accessibility laws.
- Be suitable for occupancy and comply with all applicable federal, state, and local building and health codes.
- Meet all requirements of the Internal Revenue Code and applicable federal laws relating to rental housing if utilizing Tax Credits, federal HOME Investment Partnerships Program, and/or tax exempt financing.
- Provide a permanent, decent, safe, and sanitary structure for year round residential use on a non-transient basis.
- Be located in a geographic area which does not have competing developments, including developments with rental assistance contracts resulting in an undue concentration of rent restricted or competing market units in a specific location.
- Provide new units, substantially improve the quality of or preserve existing units, or preserve existing federally assisted/subsidized housing units.
- Address a demonstrated housing need.
- Provide credit enhancement for any debt financing provided by the Agency. Credit enhancement is to provide financial security to ensure repayment on Agency financed developments. Examples include: letters of credit, Department of Housing and Urban Development, or Agency's self-insurance program.
- Not displace existing tenants or result in an increase in rents greater than 7% of current rental payment for existing residents. Applicants proposing developments with existing tenants must comply with applicable relocation and displacement procedures.
- Comply with Agency design standards, local code and accessibility standards, environmental due diligence, Multifamily Loan Program Guidelines, the Housing Finance Agency Act, and marketing and underwriting standards.
- Expend a minimum of 25% of the replacement cost shown in the Multifamily Housing Application, in necessary development improvements as determined through the Agency's underwriting process. Applicants for Preservation funding are exempt from this requirement.
- Limit commercial space in a development to 25% of gross income and/or gross area of the development. (However, it is recommended that commercial income not constitute more than 10% of the effective gross income. An exception would apply if the proposed owner guarantees the income for the tax credit compliance period via cash or a letter of credit.) All commercial tenants are subject to the Agency's approval. Additionally, program funds cannot be used in the development of commercial space.

- Owner/Borrower must be a single asset, single purpose Pennsylvania entity organized exclusively for the purpose of owning and operating the proposed development.
- Properties are encouraged to adopt smoke-free policies to protect residents from the dangers of second-hand smoke and to reduce property maintenance costs. HUD, HHS, the American Lung Association and the American Academy of Pediatrics have new toolkits to assist owners with instituting a smoke-free initiative. <http://portal.hud.gov/hudportal/documents/huddoc?id=pdfowners.pdf>

Scattered Sites

The Agency encourages the development of properties that are comprised of self-contained contiguous units. However, exceptions may be made if conditions warrant. The Agency will consider the approval of a scattered site development if it satisfies all of the following requirements:

- The proposed development will be managed by a financially capable management agent with experience in managing scattered site developments.
- The developer has experience in the development area and is recognized locally as having an important role in the revitalization effort.
- The municipality or the developer has devised a long-range plan for the proposed area which includes a strategy for obtaining site control of selected properties.
- If in a significantly distressed area, as characterized by many vacant and vandalized properties, the following criteria must be met:
 1. All units of the development must be within one-half mile of each other.
 2. The development must be implemented in accordance with a current, measurable neighborhood strategic plan.
 3. There must be evidence of, acceptance of, and commitment to the neighborhood strategic plan from local providers of funds.
 4. The developer must be able to demonstrate the ability to raise funds for continued revitalization of the area.
 5. The Agency discourages placement of scattered site units adjacent to a vacant structure that is not part of the proposed application.

The Agency recognizes that the concerns and issues of scattered site developments in rural areas may not be addressed by application of the above. The Agency will consider the processing of these developments on a case-by-case basis. Furthermore, it is sometimes the goal of developers of housing for special needs populations that such housing be disbursed throughout the community rather than concentrated in one facility or one area. These scattered site requirements should not be interpreted to discourage those goals.

Property Management

The Agency will monitor the management, maintenance, and financial operations of the development on an ongoing basis, as the Agency deems necessary to comply with program requirements. The Agency may require annual audited financial statements, annual operating budgets, and quarterly operating reports for each development.

Property site visits, review of tenant files, and annual financial reviews will be performed by Agency staff or by its agents as the Agency deems necessary to meet program requirements.

Additionally, the Agency's monitoring includes review of the occupancy of the development's accessible units. As part of its efforts to ensure that units with accessibility features are available for and occupied by persons needing such features, the Agency requires that owners and management agents notify local agencies working with persons with disabilities to market any available units and may require that owners agree to relocate existing residents in accessible units if someone needing the accessible features applies for occupancy.

In connection with the ongoing operation of the development, the Agency will require compliance with its policies and procedures, and with terms/conditions set forth in its loan documents and/or other regulatory documents.

Universal Accessibility Standards

All Agency developments shall comply with Title III of the Fair Housing Amendments Act of 1988 Accessibility Guidelines; American National Standards Institute, ANSI A117.1; the Pennsylvania Uniform Construction Code; Uniform Federal Accessibility Standards ("UFAS") as applies; Section 504 of the Rehabilitation Act of 1973, as amended; Americans with Disabilities Act Accessibility Guidelines ("ADAAG"); the Pennsylvania Universal Accessibility Standard; and Local Codes.

As a reminder, the most restrictive requirements of any of these regulations regarding accessibility will apply.

Preservation of Agricultural Land

The Agency is committed to preservation of the Commonwealth's primary agricultural lands. Multifamily or single family housing developments proposed for certain priority agricultural lands as defined in Executive Order 2003-2 may not be eligible for Agency funding. Priority agricultural lands include lands that are currently in active non-timber agricultural use and that have been in such use for the preceding three years, lands that are subject to specific land use restrictions, and/or lands that are classified as unique or prime agricultural lands by applicable federal or state agencies.

The Agency will evaluate developments involving conversion of lands in these categories and may deny funding unless specific economic and environmental concerns support the conversion. The Agency will continue to actively encourage both single family and multifamily housing development in rural communities as long as the affected lands meet all applicable program funding criteria.

Equal Opportunity

The equal opportunity policy adopted by the Board of the Agency is as follows:

It is the policy of the Agency to actively encourage and ensure minority and female participation in the ownership, development, design, financing, construction, and management of multifamily housing developments that receive funding from the Agency.

To further this policy, the Agency has developed technical assistance and outreach efforts to increase minority and women's business enterprise ("M/WBE") participation in Agency sponsored developments. The Agency will provide technical assistance to development owners and their development teams on how to identify and include minority and female vendors and establish ongoing working relationships with these enterprises. Agency staff will also coordinate efforts with state and local M/WBE technical assistance providers and certification offices to apprise M/WBE firms of opportunities available from Agency programs.

Agency staff will review this Equal Opportunity Policy with program applicants and will monitor MBE/WBE outreach activities of funding recipients.

Sound Land Use and Planning

The Agency is committed to the development of multifamily and single family developments which promote sound land use. PHFA will consider and may rely upon local comprehensive plans and zoning ordinances when reviewing applications for funding. The Department of Environmental Protection has the authority to rely on comprehensive plans and zoning ordinances when evaluating grant or funding applications for facilities or infrastructure projects in certain municipalities. (Refer to the Municipal Planning Code, including Section 619.2(a).

A development will also be evaluated for its impact on sound land use practices, as outlined in Land Use Planning Executive Order 1999-1.

A development that does not incorporate sound land use practices may not be eligible for Agency funding. Sound land use may include but not be limited to efforts to minimize urban sprawl, alleviate traffic congestion, promote efficiencies, reduce environmental degradation, or contribute to more efficient long-term economic growth while preserving Pennsylvania's historical, cultural, and educational resources.