Second Amendment to the Pennsylvania Housing Finance Agency's Allocation Plan for Year 2019-2020 Low Income Housing Tax Credit Program

The Pennsylvania Housing Finance Agency (the "Agency") administers the Federal Low Income Housing Tax Credit Program ("Tax Credit Program") in the Commonwealth of Pennsylvania ("Commonwealth"). On July 12, 2018, the Agency adopted a plan (the "Allocation Plan") outlining the allocation priorities and procedures to be followed in distributing Federal Low Income Housing Tax Credits ("Tax Credits") based on the housing needs of the Commonwealth.

The Agency is hereby amending the 2019-2020 Allocation Plan as follows:

1. With respect to the compliance period for commitment to serve low income residents:

The first and second sentences of Paragraph 8 on Page 4 shall be amended to read:

Applications for Tax Credits must demonstrate a commitment to serve low income residents for a period of not less than 40 years or, in the alternative, offer homeownership opportunities to qualified residents after the initial 15 year compliance period. For the commitment to serve low income residents for a period of not less than 40 years, Applicant will certify this commitment in the Application and the Restrictive Covenant Agreement will contain a provision waiving any right to petition the Agency to terminate the extended use term (as described in the Code).

The last sentence in the second paragraph on Page 20 shall be amended to read:

The Restrictive Covenant Agreement will run for forty (40) years.

2. With respect to Development Sustainability and Energy Conservation Measures:

The Air Conditioning paragraph on Page 12 shall be amended to read:

- Air Conditioning. For new construction, substantial rehabilitation and preservation developments, all commons spaces (except stair towers, mechanical rooms and storage rooms) must be air conditioned.

  The second paragraph in this section should be deleted in full.

The first section in Paragraph 6 on Page 13 shall be amended to read:

- All newly constructed multifamily buildings shall comply with the requirements of the 2015 Enterprise Green Communities program Criteria 5.1a or 5.1b. All substantially rehabilitated multifamily buildings shall comply with the requirements of the 2015 Enterprise Green Communities program Criteria 5.1c or 5.1d. Preservation developments shall meet the mandatory measures found in the "Design Architect's/Applicant's Certification of Threshold Criteria" in the Guidelines. (Not required if Applicant commits to achieving certification under one of the Green Building Standards listed in the Selection Criteria.)

References to the 2009 International Conservation Code in Paragraph 6 on Page 16 shall be amended to reflect the 2015 International Energy Conservation Code.

3. **With respect to funding from cash flow or deferred repayment ("soft financing"), Selection Criteria D.5. related to Commitment of Funds on Pages 33 and 34 shall be amended to read:**

- Inclusion of Private Capital and Soft Debt Funds – The Agency may award up to eight (8) points for the inclusion of permanent amortizing debt and/or soft financing with an interest rate at or below the long term applicable federal rate in effect at the month of closing (which shall be evidenced by an executed note at closing) which may include financing from state or local programs, nonprofit organizations, private capital, and permanent funding from foundations and/or federal programs. This category includes equity from historic tax credits and land and/or building donation (subject to verification by a current appraisal). This category does not include a PennHOMES or PHARE Program request that has not been approved. Applications with a donation or a reduction in development-related fees (i.e., tap-in, impact, recreational and/or other development rights by the local government unit/municipality) may also be included. The reduction must be measurable and based upon an existing fee schedule that applies to all developments.

Comparison will be made between total qualifying financing and total development costs, with possible points granted as follows:

Participating Jurisdiction Percentage	**Nonparticipating Jurisdiction Percentage**	**Points**
5-10%	2-5%	2
>10-20%	>5-10%	4
>20-30%	>10-20%	6
>30%	>20%	8

- Inclusion of Funding Applied For and To Be Applied For – In accordance with the Code, all applications must identify all sources of funding (including those to which the Applicant expects to apply). Consideration for soft financing will be given for those sources with an interest rate at or below the long term applicable federal rate in effect at the month of closing (which shall be evidenced by an executed note at closing). The Agency may award up to two (2) points for identified funding listed as applied for or to be applied for. To be considered for points in this category, the amount may not exceed twenty-five percent (25%) of developer fee and Applicant must provide evidence of the commitment to reinvest developer fee in an amount equal to the amount of the identified funding. The Agency will use this funding as a source in determining the Tax Credit award.

Percentage	**Points**
≤15%	1
≥15.01% -25%	2