2019 MULTIFAMILY PRE-APPLICATION WORKSHOP

August 7, 2018
2019 Workshop Agenda

- 2019 Qualified Allocation Plan
- Application Process & Underwriting Considerations
- Multifamily Financing Opportunities
- Questions & Answers
2019 Application Deadlines

Intent to Submit Due:
Friday, August 31, 2018

Full Applications Due:
Friday, November 16, 2018
2019-2020 Qualified Allocation Plan
Set Aside Percentages

- Geographic Set-Aside
  - Urban Pool 50.00%
  - Suburban/Rural Pool 50.00%
- Total 100.00%
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<th>Urban Pool</th>
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Suburban Pool

• All applications for properties not located in Urban area as defined in QAP
Preferences

• General Occupancy 3 each pool
• Senior Occupancy-62+ 2 each pool
• Preservation At least 4
• Supportive Housing 2 each pool
• Innovation in Design At least 1
• Strategic Investment 3 each pool
• Community Revitalization 3 in Urban pool
• Areas of Opportunity 3 in S/R pool
Preferences

• General Occupancy – 3 projects per pool

• Senior Occupancy 62+ with services –
  – 2 projects per pool
  – Must demonstrate services will be provided to
    improve health related outcomes, quality of
    life issues and enhance residents’ ability to
    maintain tenancy
62+ With (Health Focused) Services

- Robust partnerships with hospitals, home health care agencies, managed care organizations and other health care insurance organizations.

- Provide space, contribute to or manage the screening and assessment of residents and have agreements with community providers.

- Provide transitional assistance to ensure the coordination and continuity of health care as residents transfer between housing and health care practitioners.

- **62+ Memorandum of Understanding (MOU)** - Specific to the 62+ health services and is between the healthcare and management company *(PHFA will provide a sample.)*

SEE TAB 11 for more information
Preferences

• Preservation Developments – 3 per pool

Existing affordable properties which:
  – Extend affordability and habitability
  – Or at risk to convert to market rate

PHFA will conduct site assessment
  – Review the capital needs assessment and energy audit.
Preferences

• Supportive Housing (Tab 31) – 2 projects per pool
  – Promote service opportunities to target populations:
    • Persons experiencing homelessness
    • Persons with mental, physical, sensory or developmental disabilities
    • Persons with substance use disorders
    • Persons formerly incarcerated
    • Persons living with HIV/AIDs and related diseases
Preferences

• Innovation in Design - at least 1 project
  – Juried competition
  – Project should demonstrate excellence in design, energy efficient technologies or leveraging community and capital resources.

• Strategic Investment – 3 projects per pool
  – Supports specific housing and economic opportunities.
Preferences

• Community Revitalization/Mixed Income - Urban Pool only – 3 projects
  – Supports broader community revitalization efforts or facilitates mixed income housing.

• Areas of Opportunity - Suburban/Rural Pool only – 3 projects
  – Expands housing opportunities and design choices in growth areas.
  – Located in areas with strong schools and employment opportunities.
Preferences

• Additional Preferences for Developments which:
  – Use Commonwealth-sponsored pilot programs.
  – Provide employment opportunities for property or community residents.
  – Evidence meaningful participation in the Section 811 program.
  – Persons formerly incarcerated
  – Developments sponsored by a CHDO
  – Located in an Opportunity Zone
  – Meet specific market need or Agency housing goals
Nonprofit Set-Aside

- 25% of the total state per capita allocation.

- Priority given to Nonprofits with a base of operations in the same county as the development, supported by documentation.

- Should meet Nonprofit requirements stated in the Guidelines and the QAP.
Application Eligibility Criteria

- Applicant must have a GP interest in the final ownership entity.
- Limit of four Applications per developer/10 per consultant.
- Must be in compliance on other tax credit developments.
- Cannot be delinquent on Agency debt.
- Cannot have caused a loss of tax credits or loss of stimulus funds by not meeting Agency deadlines.
- Must be current on fees due to the Agency.
- PHFA will provide notice to cure – failure to cure = rejection of app.
Application Eligibility Criteria

- Cannot permanently displace low income tenants.
- If requesting acquisition credits for an existing occupied tax credit development, the initial compliance period must expire by December 31, 2019.
- Must provide evidence of financial and organizational capacity to ensure the completion of the development within time frames specified in Section 42 of the Code.
- Development team must demonstrate sufficient experience.
- Must commit to **35 year extended use period** or offer home ownership after year 15.
Application Eligibility Criteria

• Demonstrate that needs of Housing Authority wait list will be met by submitting:
  – Letter from Housing Authority;
  – Comprehensive plan showing how needs of wait list will be met;
  – Evidence of receipt of mailing to Housing Authority.

• Not be found in violation of fair housing, accessibility or non-discrimination laws, including those receiving assistance.
Maximum Basis Limits

- Maximum Basis is limited to $250,000 per unit.

- Agency may consider a waiver of this limit for developments with larger bedroom counts (3 & 4 bedrooms) as well as for previous waiver considerations.

- Developments located in a QCT or DDA may qualify for 130% of the eligible rehab/new construction basis.
Maximum Basis Limits

Tax Credits in an amount up to 130% of the eligible rehab/new construction basis may also be considered by the Agency for developments that have costs related to:

- Location in areas of the Commonwealth with limited federal, state, local or financial resources.
- Provision of general occupancy units in “underserved” areas with acquisition costs exceeding 10% of the max basis limits.
- Housing with Supportive Services.
- Community Impact developments with greater than 15% mixed income or mixed use components.

**Must submit waiver request!**
Additional Limitations

• The Agency may impose a $1,250,000 per developer per pool maximum on the Tax Credits.

• Tax Credits may be limited at the discretion of the Agency.
Threshold Environmental Issues

• LIHTC or PennHOMES Applicants – Applications are not eligible for tax credits or PennHOMES funding if ground disturbance is proposed in a floodway, 100 year floodplain or coastal high hazard area.

• PennHOMES Applicants – Must complete the Environmental Checklist found in Tab 17, along with any additional documentation requested.
Threshold Criteria

• Broadband Infrastructure:
  – Installation of broadband infrastructure is required in all new construction and substantial rehabilitation projects
  – Encouraged in preservation properties

• Smoke Free Policy:
  – Developments must implement a policy prohibiting the use of prohibited tobacco products in all units, common areas and 25 feet from the buildings
Threshold Criteria

Energy Rebate Analysis
• All electric companies in PA have programs applicable to multifamily housing
• UGI Utilities (natural gas) also has programs available - contact Joe Nunley (jnunley@ugi.com)
• Preliminary rebate analysis required in application
• Updated analysis required at:
  - Closing
  - Carryover
  - Cost Certification
Affordability of Units

- Developments must provide a financing plan which evidences that at least 10% of Urban or 5% of Rural/Suburban low income units are affordable to persons at or below 20% AMI. At least half of these units must be accessible.

- For mixed income properties with market rate units, 5% of the units must be accessible.

- The plan to charge rents affordable to persons at or below 20% AMI must be for the entire compliance period.

- An agreement must be in place with appropriate referring entities (including DHS) to assure sufficient referrals for tenancy.

- Existing developments with 90% or greater occupancy over 5 years may request a waiver from providing 20% AMI units.

- Supportive Services – A minimum level of supportive services to proposed resident population is required.
Developer’s Fee

- Capped at $1,500,000 total per development for acquisition and rehabilitation fee.

- Fee may not be calculated on a basis greater than the maximum basis limit.

- Reinvested developer fee is limited to 50%, and includes uncommitted funding sources.
Developer’s Fee (Rehabilitation)

• 15% of eligible replacement costs, up to $10,000,000 (capped at $1,500,000).

• Limited to 12% of eligible costs for:
  – Existing Tax Credit projects;
  – Phased developments – Subsequent phases.

• Eligible costs are Replacement Costs less all Acquisition Costs.
Developer’s Fee (Acquisition)

- Based on the lesser of the purchase price (less land cost) or appraised value (less land cost).
- 10% for arm’s length transactions.
- 5% for related party transactions.
Income Averaging

- Allowable for 2019 Applications ONLY
- 20/50, 40/60 and NEW – 60% AMI Average
- To be eligible, developments must have:
  - No More than 4 income targets
  - No More than 10% of the units are greater than 60% AMI
  - Units similar size and income targeted throughout
  - No Market Rate units
  - Management Agent Experience
  - If Preservation, can not change existing restrictions
  - Can not reject Section 8 voucher holder regardless of income target

Additional Guidance - Income Averaging Policy and Acknowledgement will be on PHFA’s website
Compliance

• Owners with 100% of the units qualified as tax credit units do not have to provide annual income certifications, but must provide updates on household composition, student status and rent on the Agency’s on-line compliance reporting system.

• The Agency will also review and monitor developments for compliance with required certification submissions. Owners must provide certification, at least annually, to the Agency, under the penalty of perjury, through the Agency’s on-line compliance reporting system.
Compliance

• All developments receiving Credits must participate in this data collection effort and will be required to provide the necessary information.

• PHFA will monitor for use of Lease Addendum by all developments which include information on data collection, fair housing, accessibility requirements and utility consumption.
Application Selection Criteria
Selection Criteria Summary

• The total points available for selection criteria is 204 points.

• Minimum score for 9% to be eligible for funding consideration - 120 points.

• Preservation and Tax Exempt Bond developments minimum score - 110 points.

• Score is compiled using the information provided in the original application.
2019 Selection Criteria

Community & Economic Impact 40
Development Characteristics 30
Resident Population & Services 60
Development Process 59
Development Cost Savings 10
Other – Complete Application 5

Total 204
Community and Economic Impact
40 points

Underserved Areas
A base score will be assigned each development based on the statistical data compiled from the statewide housing study.

General Occupancy
Areas of Opportunity – up to 18 points
School Performance Standards – up to 2 points

Senior Occupancy
Up to 20 points
Community and Economic Impact

Community Revitalization – Up to 20 points

New Construction and Substantial Rehabilitation

• Community Revitalization Plan – up to 5 points
• Funding Commitments & Coordination with Community Programs – up to 5 points
• Mixed-Income Housing – up to 2 points
• Transit-Oriented Design – up to 2 points
• Walkability – up to 2 points
• Site – up to 4 points
Community and Economic Impact

Community Revitalization – Up to 20 points

Preservation Developments

- Funding Commitments & Coordination with Community Programs – up to 5 points
- Risk of Loss Due to Market Conversion or Sale – up to 4 points
- Risk of Loss Due to Critical Physical Needs – up to 4 points
- Mixed-Income Housing – up to 2 points
- Transit-Oriented Design – up to 2 points
- Walkability – up to 2 points
- Site – up to 3 points
Development Characteristics
30 Points Maximum

Energy Conservation/Green Building

– Smart Site Selection
  - Brownfield: 5 Points
  - Residential Infill: 7 Points
  - Adaptive Reuse: 10 Points
Development Characteristics (Cont’d)
25 Points Maximum

10 Points will be awarded for certification under any of the following National Green Building Programs:

New Construction & Substantial Rehab:

Enterprise Green Communities – 2015
– LEED v4 BD+C Homes & Multifamily Lowrise (1-3 stories) – Silver
– LEED v4 BD+C Multifamily Midrise – Silver or LEED v4 BD+C New Construction & Major Renovation - Silver (4 stories or more)
– ICC/ASHRAE 700 National Green Building Standard - Silver
Development Characteristics (Cont’d)

Preservation:

- Enterprise Green Communities – 2015 – Moderate Rehab
- LEED v4 O+M – Multifamily - Certified
- ICC/ASHRAE 700 National Green Building Standard
  -- Under Section 305.3 – Whole Building Rating – Bronze
  -- Under Section 305.4 – Functional Areas Rating – Compliant with Chapter 12 (must include all kitchens and bathrooms)
Development Characteristics
30 Points Maximum

Energy Efficiency Goals:
(Select no more than one of the following)

• Passive House 10 Points
• Zero Energy Ready Home 7 Points
• Reduced HERS Index 5 Points
Resident Population and Services
60 Points

Income and Rent Targeting
Up to 20 points based on the percentage of units that are both income and rent restricted at or below 50% AMI.

• Denominator is the total number of units in the development.

• The core application and Self Ranking should be consistent in identifying the 50% units.
Resident Population and Services

Supportive Services (Tab 11)

To receive points in this category, the development will provide evidence that appropriate services will be provided for the entire resident population for the duration of the compliance period.

Minimum requirements for 5 points.

- Is specific to the development and effectively addresses the anticipated service needs of the target resident population.
- Includes sufficient funds to implement the described plan of services.
- Utilizes a service provider/coordinator with the capacity to implement described plan of services.
Resident Population and Services

• **Supportive Services**
  To receive an additional 5 points:
  • Demonstrate commitment of sufficient funds for at least 15 years and meet or exceed the recommended minimum on-site staffing requirements.
  • *Recommended minimum:* 1 hour/week for every 5 units. (Note: this formula does not include market rate units, but supportive services *must* be made available to all residents, regardless of income levels.) If staffing is less than 10 hours per week, please indicate how the position will be marketed, staffed and retained.
Resident Population and Services

**Accessible Units**

10 points may be awarded for the *provision* of accessible units.

- Development must provide twice the greater number of federal, state, or locally mandated accessible units.
- Only units accessible by mobility impaired persons qualifies for consideration.
- The total unit count must include employee and market rate units.
- Calculate the number of mandated units first, round up, then double that number.
Resident Population and Services

**Large Families**
Up to 10 points based on the number of units having 3 or more bedrooms.

- High rise buildings and developments designated as senior housing will not qualify.
- The denominator is the total number of units.
- A Certification from the design Architect verifying the number of units will be required at the time of Application.
- Conformation from the Construction Contract Administration Architect will be required with the Cost Certification package.
Resident Population and Services

Section 811 Program Participation – 5 Points

The Agency has established specific criteria for participation in the Agency’s Section 811 program. In order to be considered, developments seeking consideration must identify in the Intent to Submit a request for consideration for Section 811 program eligibility.

Participation in Existing Developments: 5 points

- Applicants or Management Agents agree to include Section 811 units for Persons with Disabilities age 18-61 in existing properties or under development which received a previous award of Tax Credits.
- Must enter into an ARAC or RAC by 11/16/18.
- For consideration for Management Agent, they must have or will have experience in the 811 program, satisfactory to the Agency, by November 16, 2018.
- 10% or 5 units in Urban areas
- 10% or 4 units in Suburban/Rural areas
- 1 Bedroom units
Resident Population and Services

Section 811 Program Participation – 5 Points

• Include Section 811 units designated for persons with disabilities ages 18-61.
• must identify Section 811 units in the Intent to Submit.
• The Agency will determine qualification for participation under the Section 811 and will notify Applicants prior to submission of the entire Applications package on November 16, 2018.
• Must demonstrate ability to carry out Section 811 activities.
• 10% or 5 units in Urban areas
• 10% or 4 units in Suburban/Rural areas
• 1 Bedroom units
Development Team and Process – 59 Points

Non-Compliance

Up to 10 Points may be deducted if the applicant, or any development team member, party to a Pennsylvania Tax Credit development that:

• Has outstanding IRS 8823 non-compliance issues, or;
• Failed to meet any provision of a Restrictive Covenant Agreement, or;
• Failed to meet the selection criteria for which an allocation of Tax Credits was made, or;
• Failed to submit a timely cost certification package, resulting in a loss of tax credits to the Agency.
Development Team and Process

• Development Team – Up to 24 points
  – Applicant - Up to 9 points
    • Housing Consultant – 3 points
  – Management Agent – Up to 9 points
    • Housing Management Consultant – 3 Points
  – Attorney – 2 points
  – General Contractor – 2 points
  – Architect – 2 points
    • 1 point for Design Architect
    • 1 point for Construction Contract Admin. Architect
Development Team and Process

Material Participation of Minority, Women’s & Veteran’s Business

- Entity must meet Commonwealth eligibility criteria
- Nonprofit if 51% or more members are minorities, women or veterans
  - Based on Percentage of Total Development Costs
    - Professional Services – Up to 2 points
    - General Contractor – Up to 2 points
    - Sub-Contractors/Vendors – up to 10 points
    - Developer – 3 points
    - Management Agent – 2 points

- PHFA to monitor during construction and require verification at cost certification
PHFA MBE/MWBE/WBE Directory

PHFA's Minority and Women Business Partnership

The Pennsylvania Housing Finance Agency believes organizations that make the Commonwealth a better place to call home should reflect the diversity of the citizens and has developed this Directory as a direct way to reach minority-owned, women-owned, and disadvantaged businesses.

Please join the others making affordable housing more inclusive in all aspects by taking a minute to register your firm. This simple act will help engage those who are often overlooked and will empower an industry that benefits the entire nation.

Search Minority and Women owned businesses by Name, Trade or Specific Region.

NOTICE: This information is offered as a public service by PHFA, and has been gathered from sources believed to be accurate. PHFA is not, however, responsible for the data and does not warrant or represent the information provided. Contact the company directly for specific information regarding their geographic area and services.

This page is best viewed with Internet Explorer 6.0 or above at 1024 x 768 screen resolution.
Development Team and Process

Zoning – 5 Points

• Current Zoning is in place to allow for the proposed construction or rehabilitation on all sites included in the Application to the satisfaction of the Agency
Development Team and Process

Commitment of Funds – Up to 20 Points
Based on Total Development Costs:

• Private Capital and Soft Debt – up to 8 points
  – PJ and Non-PJ Measurement
• Assumed Debt – up to 2 points
• Applied for/Uncommitted Funds – up to 2 points
• Applied for PennHOMES Funds – 2 points
• Applied for Agency 1st Mortgage Financing – 3 points
• Project Based Unit Subsidy – up to 2 points
• Evidence of Tax Abatement – 1 point
Development Cost Savings

Up to 10 points may be awarded if the development costs are at least 10-15% less than the median total development costs (less acquisition, escrows and commercial costs) of the total applications in each cycle.

- Agency will determine median.
- Agency will award points to Preservation & Philadelphia developments as they compare against each other.
- Agency will award points based upon construction type as they compare against each other.
If seeking Development Costs Saving points the applicant understands that:

• Applicant must include in Tab 24 of the application a certification of the development cost savings percentage in which points will be sought.

• The quality of construction must not be compromised to achieve development cost savings points.

• The Agency reserves the right to inspect the development or seek additional certifications from local building officials or building design professionals to ensure the quality of construction.

• The Agency will confirm cost savings points are being maintained at all stages of development through Cost Certification.
Other – 5 points

• Complete Application Package
  – 5 bonus points for complete Application packages.
Application Process
2019 Application Process

• Intent to Submit - Friday, August 31, 2018 by 3:00 pm.
  – Intent to Submit Form
  – Development Synopsis
  – Operating Budget & Narrative
  – Agency 1st Mortgage Financing Pro forma

• Full Application – Friday, November 16, 2018 by 3:00 pm.
2019 Application Process

Electronic Submission

Intent to Submit is now active at: Application

Questions call:
  Beth Silvick – 717-780-3989
  Frank Bobak – 717-780-3879
  Mike Horengic – 717-780-4020
2019 Application Process

Intent to Submit

– Fact Sheet
– Synopsis
– Operating Budget (Including Tax Information)
– Agency 1st Mortgage Pro forma
2019 Application Process

• Development Staff will review the application for financial feasibility, market issues and conduct site visits.
  – Initial determination of financial feasibility;
  – Review of Selection Criteria;
  – Team of Senior staff will conduct a site review for all developments.
Miscellaneous

- Minimum number of Units – 24 (Except Preservation)
- Make certain the required language for reserves and escrows is included in Reserve Section of the LP agreement.
2019 Application Process

• Development Budget Review:
  – Taxes - both current and projected;
  – Insurance - Builders Risk and first-year operating insurance;
  – Furnishings - $1000 per unit; under 25 units may provide itemization and request waiver;
  – Rent Up - 120 days prior to initial cert of occupancy (up to $1,200 per unit - $600 per unit - preservation);
  – Operating Reserve - 4-9 months of operating expenses, reserve deposits and debt service payments;
  – DCF - 4% of total Agency financing;
  – Rental Subsidy;
  – Supportive Service Escrow.
2019 Application Process

Additional Items:

• First Mortgage – 115% DS coverage in first year of full taxes.
• Contingent Financing.
• Relocation costs reviewed.
2019 Application Process

- Operating Budget
  - Controllable Costs
  - Investor Service/Asset Management Fee
  - Management Fee
  - Operating Budget Narrative
  - Negative Cash Flow
  - Vacancy Rates
  - Replacement Reserves
  - Utilities
  - Delinquent Accounts
2019 Application Process

• Technical Services
  – Drawings/Site Plans/Zoning
  – Environmental Phase I’s
  – Utilities

  – Miscellaneous
    • Payment and Performance Bonds
    • Square Footage
Cross Portion(s)/Patios/Decks (and similar spaces): 

[Space] 

Lobby, Vestibule, Corridor, Mechanical and similar spaces:

[Space] 

Cross Shared Space:

Spaces shall be excluded from the square foot calculation, including only the lowest floor area.

Living space must be calculated at 50% of the actual size. The upper portion(s) of multi-story
smaller spaces shall be included or minimized, but not conditioned to the same degree as a
same degree as living space and are finished or conditioned at 100%. Basements, garages and
mechanical rooms, electric rooms, storage rooms and similar spaces that are conditioned to the

Building and accessory service areas: (mechanical, electrical, storage, garage, basement, etc.):

Recreation/recreational area (here below):

Check if O is included in project covered by project
Non-Residential Units and Shares
Residential Units - Market
Residential Units - Low-income

Cross Residential Related Areas:

Cross Commercial and Commercial Related Areas:

[Space] 

Cross Building Area (Excludes Portion/Patios/Decks and similar spaces):

[Space]
Housing Services Overview

Tab 11-Supportive Services = All applications complete this tab for a max of 10 points and consideration under the 62+ with health focused services.

Tab 12-Affordability of Accessible Units = Use your DHS LLA (Local Lead Agency aka referring agency) for referrals to accessible and 20% AMI units.

Tab 13-Commitment to Offer Homeownership

Tab 31-Supportive Housing Preference – Unit set-aside for specifically identified populations.
811 PRA – Brief Overview

What Is It?
• Rental Subsidy program that pays owners the difference between the Tenant Rent and the Contract Rent.

Who Is An Eligible Referral?
• People with disabilities, age 18-61 at move in, who qualify as extremely low-income and meet the following criteria:
  • They are institutionalized, but able to live in the community with permanent supportive housing
  • They are at risk of being institutionalized without permanent supportive housing, or
  • They are living in a congregate setting and are seeking housing within the community
811 PRA – overview continued

• Properties That Are Eligible?
  - New or Existing properties funded with Low Income Housing Tax Credits, HOME, Rural Development or Section 8/ HUD with at least 5 housing units at the property.
  - Primarily One Bedroom units
  - General Occupancy designation

• **Participation is capped at 25% of the total number of units.
811 where are we now?

FY12 Grant – Fully Committed
- 41 RACs (Rental Assistance Contracts)
- 1 ARAC (Agreement to enter into a Rental Assistance Contract)
- 206 Units

FY13 Grant
- 9 RACs
- 1 ARACs
- 46 units

- The 811 Program is now participating in 23 counties
- 77 Households are currently residing in units under PRA Contract
- 104 Households have been served through housing choice vouchers leveraged by Housing Authorities, to support the 811 program.
Pennsylvania Housing Affordability and Rehabilitation Enhancement (PHARE) Fund
Various $’s into PHARE

- Marcellus Shale Impact Fee
- Realty Transfer Tax
- HTF – National Housing Trust Fund
PHARE Facts

• At least 30% of the funds for households BELOW 50% of median area income.
• No funds may be used to benefit households above 200% of median area income.
• Legislation allows for a wide range of housing development, rehabilitation, assistance, supportive service and other activities that meet local housing needs.
Impact

- Five rounds of funding
- $78.2M awarded to 397 projects
- $455.7 million – expected leveraging of other funds
- 3,052 individuals/families receiving rental/utility assistance
- 1,403 homes rehabilitated/preserved/repaired (owner-occupied or rentals)
- 832 new rental units
- 68 new single family homes
- 301 future homes (site acquisition/demolition)
- 140 homes receiving purchase assistance
Municipalities with Unconventional Gas Wells Subject to Impact Fee, as of 6/13/18

Source: Pennsylvania Public Utility Commission

PHFA

7/26/18
RTT Calculation

$447.5M Baseline (FY 2014)

40% of increase to PHARE

$25.0M Cap to PHARE

• PHARE/RTT funds equal to the lesser of 40% of the difference between the total dollar amount of RTT collected for the prior fiscal year and the total amount of RTT estimated for the fiscal year beginning July 1, 2014

• We anticipate that the 2018 PHARE/RTT will be at the cap of $25 million.
National Housing Trust Fund (HTF)

- Fannie Mae and Freddie Mac proceeds fund HTF
- 2018 Funding to Pennsylvania - $7,759,948
- Funds allocated under Housing Trust Fun Allocation Plan
  - Target residents at lesser of poverty level or 30% AMI (ELI)
- PHFA to evaluate - capacity, geographic distribution, project based rental assistance, meeting statewide housing goals for the 30 year affordability period.
HTF Eligibility

• Capital Expenditures – Up to HOME per unit subsidy
  o No operating assistance; no homeownership
• Similar to HOME
  o No Davis Bacon
  o Different Environmental Clearance & Construction and Rehabilitation Standards
• Structured as a Loan – 30 year; cash flow
Contact Information

• Bryce Maretzki
  Email: bmaretzki@phfa.org
  Phone: (717) 780-1867

• Clay Lambert
  Email: clambert@phfa.org
  Phone: (717) 780-3924
PHFA Financing Programs
PHFA PennHOMES Loan Program

• “Soft Loan”-repaid annually from excess income.
• Used for both construction and permanent financing.
• If a development is also seeking an allocation of Low Income Housing Tax Credits, approval is made simultaneously with the Tax Credit allocation.
• Limited funding available annually.
PHFA PennHOMES Loan Program

Loan Terms:

• Source Federal HOME Program
• Interest Rate of 0%
• Loan Term is 30 years
• Repayment is from 50% of annual excess cash flow
• Repayment may be deferred during the loan term
PHFA PennHOMES Loan Program

*Income and Rent Restrictions*

- 50% of the PennHOMES assisted units must be occupied by households with incomes at or below 50% of the Area Median Income (AMI).

- Remaining PennHOMES assisted units may be occupied by households with incomes at or below 60% of the Area Median Income (AMI).

- Rents are based on the unit type and income restriction (follow HUD FMR).
PHFA PennHOMES Loan Program

Agency Reserve Requirements

• Tax & Insurance Escrows and the Development Contingency Fund (DCF) will need to be funded at construction closing.

• All other required reserves will need to be funded at initial occupancy.

• Reserve language required in the Limited Partnership Agreement.
PennHOMES Loan Program

Federal Compliance Requirements

• Applicable to the construction of PennHOMES projects located in Non-Participating Jurisdictions.

• Construction Compliance Library

• Compliance Questions?
  – Contact: Ted Jackson, Senior Compliance Officer
  – T#: 717-780-1847 or email: TJackson@PHFA.org
PHFA Minimum Participation Goals

• Definitions:
  - MBE is a certified minority business owned enterprise.
  - MWBE is a certified minority-women’s owned business enterprise.
  - WBE is a certified women owned business enterprise.

• Goals:
  - MBE: 7% of the total dollar amount of all contracts.
  - MWBE: 4% of the total dollar amount of all contracts.
  - WBE: 4% of the total dollar amount of all contracts.
Section 3 Compliance

HOME funding recipients must meet Section 3’s goals to the greatest extent feasible by either:

1. Employing Section 3 residents (30% of all new hires generated as a result of the project) or

2. Awarding ten percent (10%) of the total dollar amount of their contracts for building trades work and three percent (3%) of other contracts to Section 3 business concerns.
Section 3 Compliance

• HUD’s National Section 3 Business Registry:
  – www.hud.gov/sec3biz

• Regional Housing Legal Services (RHLS)
  – www.rhls.org

• Self Certify for Specific Projects
Property Acquisition & Relocation

- Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (Uniform Act) and other HUD Requirements such as Section 104(d). (URA)
  - 49 CFP Part 24
  - HUD Handbook 1378
- Multifamily Housing Application Package and Guidelines
- Consultant
- PHFA Relocation Staff
- Plan Early and Ask Questions Before Submitting Application to PHFA
- Training September 11th & 12th at PHFA
Agency First Mortgage Financing

- Taxable and Tax-Exempt Financing
  - Up to 40 year Term
  - 1% Origination Fee
  - Term sheets on PHFA’s website
  - Generally, $500,000 loan minimum (some exceptions may apply)
  - Closing provided by PHFA
Agency First Mortgage Financing

- Requesting Financing
  - Submit with letter of intent
    - Include the development’s operating pro forma demonstrating support for the loan amount.
    - Points will be awarded based on qualification of PHFA permanent loan based on underwriting.
  - PHFA reviews and issues conditional commitment
    - If the development passes preliminary review and appears to be a financially viable development
  - Other financing needs outside of tax credit properties can be sent to PHFA’s Director of Finance, Jordan Laird
Agency First Mortgage Financing

- New products being reviewed
  - Fixed Rate Equity Bridge Financing to Permanent Loan
  - FFB Risk Share
Capital Magnet Fund (CMF)

- PHFA awarded $4.0 million from CDFI
  - Program leverage 10:1
- Funds available for Preservation Projects
  - 700 units – at 50% AMI
  - 60% of units (420 units) must be in area of Economic Distress
- Eligible Projects – 9%/4% Tax Credits and Existing Tax Credit and Section 8 Projects
Tax Exempt Bonds

Application Process:

- First step-Tax-Exempt Bond Term Sheet:
  - The term sheet should be forwarded approximately 30 days prior to submitting the underwriting application.
  - Operating budget submission.
  - The term sheet is on our website and in the Program Guide and should be directed to the Development Coordinator.
Tax Exempt Bonds

Application Process:

• Submission of a Tax Exempt Term Sheet
• Preliminary Application
  – Be Sure to do a quick 50% test
  – Accepted through April 1, 2019
• Underwriting Application
  – Accepted through June 3, 2019
Tax Exempt Bonds

Application Process:

- Board presentation for commitment usually occurs within 120 days of the submission of the preliminary application.

- Portfolio-type applications (combining more than one project into a single application) will take longer.

- A conditional inducement resolution can be issued prior to the complete application review if necessary, for example, if this resolution is required to submit a HUD application.
Tax Exempt Bonds

Application Process:

• If the Agency is not the bond issuer, the project must close prior to the end of the calendar year or lose the volume cap allocation.

• If the Agency is the bond issuer there may be more flexibility on the closing date.

• The Agency encourages all applicants to consider PHFA as the bond issuer.
Tax Exempt Bonds

Application Process:

• In order for projects that are financed with tax-exempt bonds to receive the “automatic” tax credits, the governmental unit issuing the bonds must make a determination that the application meets the Qualified Allocation Plan - the 42(m) review.

• PHFA will do the 42(m) review for other bond issuers; $5,000 fee applies.
Contact Information

- Development/Tax Credit: 717-780-3948 or 717-780-3876
- Cost Certification: Carol Carroll – 717-780-3811, or Linda Stewart – 717-780-3889
- PHFA Financing & Tax Exempt Bond:
  Dave Doray – 717-780-3903
  Jordan Laird – 717-780-3843
- Technical Services: Stan Salwocki – 717-780-3851
- Supportive Services: Gelene Nason – 717-780-3874
- HUD 811 PRA: Kristen Nagel – 717-780-9816
- Compliance & MBE/WBE Outreach: Ted Jackson – 717-780-1847