COVID-19 Multifamily Relief Request Process

**Current as of April 17, 2020**

The Pennsylvania Housing Finance Agency (PHFA) recognizes the potential financial hardship some PHFA-financed properties may face in the wake of the COVID-19 pandemic. Requests for temporary economic relief may come in several forms, including but not limited to forbearance/deferment of mortgage payments, use of reserves such as the Operating Deficit Reserve Account, Reserve for Replacement Account, and other accounts as may be held by PHFA to cover deficits, payment of debt service, etc. or any combination thereof.

All requests for relief shall be directed to Ed Neuhart, Manager of Financial Operations, via email at eneuhart@phfa.org. All requests shall be reviewed on a case-by-case basis to determine the most appropriate form of relief, if any, to be granted:

- Requests for use of reserves to cover deficits shall be reviewed by the Housing Management and Technical Services Divisions as applicable.
- Similarly, before any requests for forbearance/deferment are granted, the initial form of relief to be evaluated by PHFA shall be the availability and use of project reserves to cover debt service payments. The Operating Deficit Reserve (if available) shall be the first source of funds to be utilized.
- Projects with insufficient reserve levels shall be reviewed by PHFA staff for consideration of other possible forms of relief, such as forbearance.

REQUISITE DOCUMENTATION

Requests for relief must be based on a documented COVID-19 related hardship. The onus shall be on the project owner to demonstrate the COVID-19 related hardship and need for relief. Approval shall not be considered based on anticipated deficits.

Documentation shall be current (within the past 30 days) and may include, but not be limited to, the following:

- Formal request specifying the relief sought and detailing the COVID-19 related reason for the hardship
- Quarterly Operating Report for the most recent quarter
- 2019 audited financial statements
- Schedule of Tenant Receivables
- Schedule of Accounts Payable
- Rent Roll
- Trial Balances
- If applicable, authorization from the project’s syndicator/investor to utilize the Operating Deficit Reserve for the purpose(s) identified in the formal request

Staff reserves the right to request additional documentation as needed
REVIEW AND APPROVAL PROCESS
For reserve requests to cover deficits, PHFA staff shall review the requisite documentation, the project’s available cash flow, reserve levels and net cash position in order to determine if the use of reserves is warranted or if other funds are available to cover the shortfall.

For reserve requests to cover payments other than taxes or insurance, RFR levels should generally not fall below $350/unit for Elderly properties and $500/unit for General Occupancy properties.

All decisions where the RFR account falls below the minimum RFR balance and/or involve forbearance or deferment will be forwarded to the Director of Housing Management and the Director of Technical Services for approval.

TERMS AND CONDITIONS
Any relief granted by PHFA shall be for a maximum three-month interval, at which time additional relief may be considered upon satisfactory provision of updated documentation demonstrating a continued hardship.

Replenishment of the RFR account shall be evaluated by PHFA staff on a case by case basis. While PHFA recognizes the ability to repay is conditioned on a number of factors, including but not limited to the size of the request, cash flow of the project and the balance in the RFR subsequent to its use for debt service.