PENNSYLVANIA HOUSING FINANCE AGENCY
REQUEST FOR PROPOSALS
2027/2028 Tax Exempt Qualified Residential Rental Facilities
Seeking Private Activity Bond Allocations

November 19, 2026

INTRODUCTION

Private activity bonds to finance qualified residential rental facilities are subject to the limitations imposed through the statewide unified private activity bond cap (volume cap) under federal tax law.

The Agency encourages the development of quality affordable rental housing in the Commonwealth. This Request for Proposals (RFP) has been designed to establish a process for inviting, evaluating and selecting qualified tax exempt residential rental facilities seeking allocations of year 2027 or 2028 volume cap.

The Agency encourages use of this resource for multifamily developments and will provide volume cap to as many qualified properties as are reasonably feasible, subject to certain processing and underwriting criteria and the continued availability of volume cap for these purposes. All references herein to the "Code" refer to the Internal Revenue Code of 1986, as amended. As used herein, "Application" refers to an application for the federal low income housing tax credit (Tax Credit) submitted to the Agency in accordance with the 2027/2028 Allocation Plan for Low Income Housing Tax Credits (Allocation Plan) and this RFP, as applicable. **Please note that at any time during the application and review period if the Agency commits or is near committing all available tax-exempt volume cap, the Agency is under no obligation to continue to process the applications.**

REQUEST FOR PROPOSALS SUMMARY

This RFP announces the availability of volume cap for the funding of multifamily developments in 2027 and 2028. Depending on the total volume cap available in the Commonwealth for multifamily housing bonds, the Agency may determine to fund such multifamily developments as meet the minimum qualifications set forth herein. The Agency may provide a preference to developments being financed by the Agency. For 2027 and 2028, the Agency has established a minimum property unit requirement of 30 units, unless otherwise approved by PHFA, to be considered for an award of volume cap and will limit the number of Applications for volume cap to two (2) per developer per year. Developers which received an allocation of volume cap in a prior funding round and have not closed on their financing and commenced construction must include such projects towards the two Application cap, unless a waiver is submitted and approved in accordance with the Allocation Plan. However, at no point should any applicant have more than three applications under review at the Agency for volume cap allocation.

Please be reminded that eligibility for tax exempt bond financing does not ensure qualification or eligibility under the Allocation Plan for applicants seeking Tax Credits for a portion of the development financing. Applications must meet the requirements of the Allocation Plan to qualify for the Tax Credits associated with the tax-exempt bond financing.

To qualify for volume cap, residential rental facilities must meet all qualifications of the Code. Such facilities may involve the rehabilitation of existing rental facilities, new construction of facilities, modernization of public housing facilities, and construction of qualified 'assisted living' housing. The Agency may reject any application providing inadequate assurance of any of these qualifications or if there are unaddressed technical concerns relating to the financing.

Additionally, at least 30% of the Replacement Cost of the property must consist of rehabilitation costs described as critical in a Property Capital Needs Assessment. The Agency wants to ensure that volume cap is being used to ensure the long-term stability of the property. Replacement Cost is calculated in the Tab 2 Core Application. Furthermore, applicants must illustrate that they can close within 270 days of the submission of the full underwriting Application. If upon reviewing the Intent to Submit (as defined in the 2027/2028 Multifamily Housing Program Guidelines (Guidelines)), staff determines that the project will not have all required approvals to close in 270 days, the full Application portal may not be opened.

PROGRAM DEADLINES

Timelines have been established for processing and reviewing applications. Developers are advised to evaluate their financing goals and development preparedness **prior to** applying for volume cap. Applications not meeting the minimum qualifications or otherwise failing to evidence an ability to meet applicable deadlines may be rejected at **any time** by the Agency.

For 2027 and 2028, the Agency will use a three-stage application process which includes the following:

(1) the submission of a 4% Application Intent to Submit – on a rolling basis
(2) a Technical Assistance Meeting between the developer and assigned Agency staff will occur between 30 to 60 days from the date the Intent to Submit was received
(3) the submission of a full Underwriting Application within 90 days after the Technical Assistance Meeting occurs, if (i) the project meets the requirements of the program, (ii) there is sufficient volume cap available, and (iii) the project is ready to close within 270 days, then the Agency staff will invite the applicant to submit a full underwriting application

The Intent to Submit will be accepted by the Agency, on a first come, first served basis, provided the Agency has available volume cap. The Agency will evaluate the Intent to Submit and if the Intent to Submit is complete and in accordance with the Allocation Plan and this RFP for Volume Cap, then Agency staff will contact the developer to request additional information described below and schedule a Technical Assistance Meeting. Pending satisfactory review of the Intent to Submit, review of the underwriting assumptions, review of the potential volume cap amount, and approval of the content submitted as part of the Technical Assistance Meeting, the Agency will then open the online portal for the full submission of the Application.

The Agency will attempt to complete its initial review of the full underwriting Application within three months from the receipt of a complete submission. (Portfolio applications, consisting of the acquisition/rehabilitation of several existing, occupied developments to be financed under a common ownership as one project, will take longer to process.) Also, projects involving federal approvals including, but not limited to, Rental Assistance Demonstration (RAD) or other HUD rent increases, are expected to include confirming documentation within the application that HUD has advanced its review and a timeline for approvals.

Once a preliminary allocation of volume cap for a housing facility is approved by the Board, the developer and its bond finance team **must** close on the real estate and financing, issue bonds and commence construction **within one hundred (120) days of the approval date**. All development funding must be in place and actual construction or property rehabilitation contracts must be completed, without condition; escrow or construction bridge loan closings will not satisfy the Agency's closing requirement. Failure to finalize all aspects of development and bond financing within this time period and to submit all required pre-closing and closing documentation to the Agency may result in recapture of the reserved volume cap and forfeiture of the non-refundable application processing fee. Developers and bond issuers are advised to review funding sources, commitments and financing structures to ensure they can close within 270 days of the application submission.

Developers using local bond issuers for their transactions will not be able to "carry forward" unused volume cap at the end of the calendar year and the Agency will strictly monitor deadlines.

BOND TEST POLICY

In 2025, through the fiscal year 2025 reconciliation bill (H.R. 1), the Bond Test decreased from 50% to 25%. PHFA's Revised Bond Test Policy is listed on PHFA's website. All applicants must abide by the terms of the bond test policy.https://www.phfa.org/forms/multifamily_program_notices/qap/2025_and_2026/2026-bond-test-policy.pdf

INTENT TO SUBMIT and TECHNICAL ASSISTANCE MEETING

For 2027/2028, applicants must submit a 4% Application Intent to Submit for consideration, consisting of an Intent to Submit fee (in accordance with the Agency Fee Schedule) and each of the following items at least four weeks prior to the Technical Assistance Meeting:

- Basic Application Information;
- Proposed Volume Cap Request;
- Previously Secured Agency Financing including a preliminary PHFA TEB Loan commitment if applicable;
- Anticipated Equity Pay-In;
- Copies of Existing Indenture of Restrictive Covenants (if applicable);
- Letter Outlining Bond Financing Strategies;
- Preliminary Drawings;
- Organization Chart Detailing Ownership Structure;
- As-Is Appraisal prepared in accordance with PHFA's Application Instructions;
- Summary of Existing Property Debt on Related Party Transactions,
- Evidence of Site Control;
- Evidence of Secured Operating Subsidy and current HUD Rent Schedule (if applicable);
- Development Budget, Operating Budget, and Proposed Rent Chart;
- Timeline for all financing approvals and Closing; and
- Property Needs Assessment (preservation only).

Once the Agency reviews the 4% Application Intent to Submit, if the submission is complete, conforms to Agency Guidelines, and if there is potential available volume cap for this transaction, then the Agency will contact the developer to schedule a Technical Assistance Meeting.

The Agency staff will review this information prior to the technical meeting and discuss the proposed timeline, financial feasibility, and compliance with Agency rules and regulations in the Technical Assistance Meeting. Pending satisfactory review of the Intent to Submit, approval of the underwriting assumptions and amount requested for volume cap, and approval of the content submitted as part of the Technical Assistance Meeting, the Agency will then open the online portal for the full submission of the application.

Developers are encouraged to schedule a call with the Development Director well in advance of submitting a 4% Application Intent to Submit to discuss any aspect of the project that is not consistent with PHFA's published guidelines and policies.

FULL UNDERWRITING APPLICATION REQUIREMENTS

Once the Agency believes the project is financially feasible and has a likelihood of Closing within 270 days, the applicant will be invited to submit a full underwriting Application, which will consist of all applicable submission requirements in the Application package. The applicant must submit a completed Underwriting Application online plus one hard copy within 90 days of the Technical Assistance Meeting. (The Application package is available on the Agency's website, www.phfa.org.) The full underwriting Application must be consistent with the approved Intent to Submit and Technical Assistance Meeting material including, but not limited to, the proposed rent and income structures, approved operating budget, development team members, financial sources, and development site. **Any substantial change or modification from the prior approved information will result in the Agency's rejection of the full underwriting Application.**

Each application for volume cap must be prepared in accordance with the Guidelines and **must include all required submission requirements in the Application package, including fees**. The Application package must include a narrative outlining the following:

- Qualification under the relevant bond financing sections of the Code;
- Qualification for Tax Credits under Section 42 of the Code and a supporting letter from counsel or a certified public accountant experienced in the Tax Credit program;
- Qualification of the development team and the bond financing team;
- Evidence of financial feasibility of the facility and detailed description of bond financing structure;
- Evidence of commitment of all necessary financing sources;
- Ability to support a 40 year minimum affordability period for low income tenants; and
- Demonstration of an adequate market for the units, without adversely affecting or impairing existing or proposed rental properties in the proposed development locale and without resulting in overconcentration of affordable units.

A letter must be included with the Application (and in the 4% Application Intent to Submit), addressed to the Agency, signed by the owner, general partner/managing member or sponsor, as well as the proposed bond issuer (if other than the Agency) outlining the bond financing structure and identifying each of the following (with names, addresses and phone numbers):

- The proposed bond issuer;
- Development ownership entity and principal partners, members and/or guarantors;
- Bond counsel to the issuer (for local bond issuers only);
- Underwriters or placement agents, if any;
- Underwriter's counsel, if any; and
- All other entities involved in the financing (i.e., rating agencies; bond insurer; letter of credit bank; bond trustee; and credit enhancement entity).

In outlining the bond structure, the letter should include, at a minimum, the following:

- The amount of the volume cap request;
- Whether there will be more than one series or subseries of bonds (whether tax exempt or taxable), and if the bonds will be used for construction financing, permanent financing, or both;
- The term of bonds. If any portion of the bonds will be taken out by another financing source, identify the source and provide a letter outlining take out terms;
- The purchaser of the bonds if there will be a private placement; and
- For developments utilizing local issuers other than PHFA, evidence, satisfactory to the Agency, that the governmental unit which will issue the bonds has made a determination of the financial

feasibility of the project and qualification as a low income housing project as required by Section 42(m)(2)(D).

In the event the Agency is not the bond issuer, the bonds must receive an investment quality rating from one of the nationally recognized rating agencies (or otherwise meet the Agency criteria to ensure that the bonds are maximizing and reasonably achieving market opportunities).

With the goal of advancing projects that are in the best position to Close, the Agency reserves the right to suspend the review of an application if the applicant fails to respond to an Agency review memo by the required date or the applicant has made substantive changes to the project's composition.

SUBMISSION OF APPLICATION FEES IDENTIFIED IN THE GUIDELINES

Upon submission of a 4% Application Intent to Submit for a single project being financed with tax-exempt bonds, the applicant is required to pay an Intent to Submit fee. Upon invitation to submit a full application, the applicant is required to pay an application portal opening fee in accordance with the Agency Fee Schedule. Applicants that submit a full underwriting Application are required to pay one-half of the estimated Tax Credit allocation fee with the full underwriting Application. The final Tax Credit allocation fee will be based on the amount of Tax Credits determined to be available to the project at the conclusion of the cost certification review. If the Agency is requested to complete the Section 42(m) review for another issuing agency, an additional fee is due with the request in accordance with the Agency Fee Schedule (and all materials must be submitted at least three (3) weeks before closing). These fees are nonrefundable and will be retained by the Agency if the project fails to meet timelines or proceed to closing for any reason.

Additionally, any and all costs incurred in this Application process are the sole responsibility of the applicant. Upon Board approval of the tax-exempt bond financing (or appointment of bond counsel, if earlier), deposits toward the bond issuance fees will be required. For projects using the Agency as bond issuer, reimbursement agreements covering all costs and expenses to be incurred by the Agency will be required. The Agency will select and assign all professionals to the financing team if it serves as bond issuer (including bond counsel and trustee). Such fees are identified in the 2027-2028 Agency Fee Schedule. Please note that fees are subject to change.

MINIMUM CRITERIA FOR AGENCY REVIEW

To be considered, developments must meet the minimum qualifications set forth below:

- The volume cap requested may not exceed the amount needed to reasonably support the financing structure and/or the amount the Agency can make available to the requested application based on Agency volume cap availability and volume cap demand (the Agency may disallow applications for volume cap for construction financing if the applicant has another source of permanent financing, such as PennHOMES, which reduces the financing on a dollar for dollar basis; Such disallowance is not intended to discourage leveraging other public housing funds);
- The development must meet the 25% Test;
- Evidence of qualification under the relevant bond financing sections of the Code;
- Evidence of qualification for Tax Credits, if applicable;
- Evidence of qualification of development team and bond financing team;
- Evidence of financial feasibility of facility and cost efficiency of bond financing structure (the Agency reserves the right to impose a cap on any volume cap requests);
- Evidence of commitment of all long-term development financing sources;

- Evidence of ability to support a 40 year minimum low income set aside period
- Evidence and support of adequate market for the units;
- Evidence that construction and/or rehabilitation costs are at least 30%of the replacement value, and for preservation developments, the rehabilitation costs must be listed as critical repairs on the PCNA;
- Demonstration that the development will not adversely impact other affordable housing properties in the identified market area, cause permanent displacement or result in overconcentration of affordable units;
- Evidence of accessibility and/or visitability design features in the development to the greatest extent economically feasible;
- Evidence of outreach to Qualified Small Businesses and/or Veteran Business Enterprises to be part of the development team;
- Demonstration that the development will be able to close on all financings and commence construction or rehabilitation within seven 270 days from the application submission date which may include evidence of zoning, regulatory, lender and all third party approvals;
- Compliance with all Agency reporting and recordkeeping, and unit accessibility requirements set forth in the Agency's program;
- Demonstration that the terms of any financing will not impair the Agency's ability to enforce the Indenture for Restrictive Covenants during the full extended use period.
- There must be satisfactory evidence that the loan to the project shall be considered a program investment as defined by Treasury Regulation 1.148-1(b) for the determining the yield restriction under 1.148-2(d)

FUNDING PRIORITIES OF THE PROGRAM

The Agency will give priority to developments that best demonstrate the following characteristics:

- The volume cap request is reasonable given the supply and demand for the Agency's volume cap;
- Ability to quickly and efficiently close financing, commence and complete construction;
- Maximal efficiency of all financing resources and structure;
- Provision of quality housing within the community for persons with greatest need;
- For preservation developments, developments that need major systems, such as HVAC, plumbing, and/or electrical;
- Affordability of development's rents;
- Evidence the development affirmatively furthers fair housing in conformance with specific goals identified in the Assessment of Fair Housing of the Commonwealth or of a regional or local government or political subdivision;
- Reasonableness of costs for financing structure;
- Reasonableness of construction costs; and
- Reasonableness of all third-party fees.

The Agency may consider such additional criteria it deems necessary in its sole discretion to achieve maximum benefit of the resources available to it for financing low and moderate income residential rental facilities. Such additional factors may include, among other things, consideration of geographic and regional representation and resource allocation, community and economic impact and achieving the most qualified developments with the scarce resources through the imposition of a maximum per-development allocation of volume cap. **The Agency may disallow or may impose cost adjustments upon developments with identity of interest between any of the principal parties.**

The Agency reserves the right to discontinue, modify, suspend or amend this program at any time, with or without further notice to any interested party. All decisions of the Agency are subject to such additional conditions, restrictions and requirements as determined by the Agency in its sole discretion. **In addition, the**

Agency's selection of developments for possible allocation of volume cap is subject to final availability of resources. The Agency also reserves the right to impose any conditions on the financing that it deems reasonable in its discretion. Applications for projects that fail to close prior to the effectiveness of a plan succeeding the current Allocation Plan will be required to comply with all requirements of the successor plan, with waivers available in the Agency's sole discretion during only the first 30 days of the successor plan.

To ensure developments are managed by organizations with adequate tax credit experience, the Agency requires all applicants to participate in the ownership of the development during the entire 40 year minimum affordability period. All transfers of ownership interests other than in the limited partner or investor member require prior Agency approval. Limited partners and investor members are not permitted to succeed the initial general partner or managing member without the express prior approval of the Agency.

In order to provide a resource for households seeking affordable housing throughout the Commonwealth, the Agency will require all developments financed with volume cap to participate in its interactive database for affordable housing units. Developments will be required to provide information including, but not limited to, unit amenities, household size, household income and move-in information and any ongoing unit vacancies in a secure and timely manner to the Agency throughout the project affordability and compliance period. All projects must also use the Agency's mandated form of lease addendum.

APPLICATION SUBMISSION/CONTACT INFORMATION

Copies of this RFP and the required Guidelines are available on the Agency's website, www.phfa.org.

All fees, signed narratives, and all required exhibits and attachments must be included with the submission of the 4% Application Intent to Submit and full underwriting Application. The Agency will not review incomplete submissions. All information submitted by the applicant or gathered by the Agency in the review of the Application is the sole property of the Agency and may be made public.

The Agency is committed to prohibiting discrimination in its programs, which includes prohibiting discrimination against persons based upon race, gender, religious creed, color, sexual orientation, gender identity or expression, pregnancy, national origin, ancestry, disability, familial status, age or in violation of the Pennsylvania Human Relations Act (PHRA) and applicable federal laws