

**Amendment to the Pennsylvania Housing Finance Agency's
Allocation Plan for Year 2016
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 October 8, 2015, 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 Allocation Plan was approved by the Governor after a public hearing on October 29, 2015.

On March 4, 2016, the Agency accepted Applications for Tax Credits ("Applications") and on July 14 2016, awarded Tax Credits to selected developments based on the threshold and selection ranking criteria set forth in the Allocation Plan. In making these awards, the Agency allocated available 2016 Tax Credits and forward reserved Tax Credits that may become available in year 2017 and 2018 based on geographic distribution, specific project needs, housing goals or program considerations in the sole discretion of the Agency.

In accordance with the Allocation Plan, the Agency may issue supplemental policy and guideline announcements affecting this Allocation Plan and the administration of Tax Credit program and pursuant thereto is amending and supplementing the Allocation Plan as more fully described herein. The purpose of this Amendment is to outline how the Agency will administer the program and to provide certain processing guidance pending adoption of the next qualified allocation plan.

Forward Reservation and Allocation of 2017 and 2018 Tax Credits

Developments that received a forward reservation of 2017 or 2018 Tax Credits must follow all of the requirements, guidelines and processing timelines set forth in the Allocation Plan including but not limited to, the threshold criteria, selection criteria ranking, carryover allocation, 10% test and placed in services deadlines.

In the event additional Tax Credits become available after December 31, 2016, but prior to the Agency's adoption of its next qualified allocation plan, the Agency, in its discretion, may re-allocate such Tax Credits to developments holding a reservation of Tax Credits to fully support its financial feasibility, in an amount not exceed the lesser of 5% of the initial Tax Credit reservation amount or \$60,000 (limited to the per project cap of \$1,200,000) on a first-come, first-served basis based on availability. Developments that must be placed in service in 2017 will receive preference for the additional Tax Credits. The additional Tax Credits are only available for developments that have closed on their equity investment or can demonstrate the capacity to secure an equity investment, satisfactory to the Agency. Qualified Applicants must neither have changed any selection criteria nor made any significant modifications, as determined by the Agency, from the initial Application.

2017 Tax Exempt Financed Developments

In accordance with the 2017 Request for Proposals for Tax Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocation, tax exempt financed developments utilizing Tax Credits in their financing plan and submitted after November 1, 2016 will be evaluated based on the 2016 Allocation Plan and the 2016 Guidelines. Developments receiving tax exempt financing for at least 50 percent of the aggregate basis of the property including land are not required to receive an allocation of Tax Credits through competitive allocation from the Agency. The eligible basis of the development would qualify for the Tax Credits without

competing through the regular allocation process; however, the Agency may require that the Application meet the threshold criteria and minimum threshold points under the Selection Criteria. Developments receiving tax exempt financing on less than 50 percent of the aggregate basis will be eligible for Tax Credits on only that portion of the eligible basis financed by the tax exempt bonds. For the remaining portion, the owner must apply and compete for an allocation of Tax Credits from the Agency in the established allocation process, but the Agency may establish a lower threshold for qualified applicants.

Additional Processing Information and Guidance

In the event there are changes in federal law subsequent to the adoption of this Amendment to the Allocation Plan or additional regulatory guidance or clarifications regarding the Tax Credit Program become available, the Agency reserves the right to modify, to supplement or to make additional conforming amendments to this Allocation Plan and all related documents without formal amendment or additional public hearings. In addition to notifying affected Tax Credit Program Applicants, information about such subsequent changes will be posted on the Agency's website at *www.phfa.org*.