



Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund 2020 Request for Proposals

The Pennsylvania Housing Finance Agency (“PHFA” or “Agency”) announces a Request for Proposals (RFP) inviting applicants to participate in the 2020/2021 Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE) Program.

The Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund was established by [Act 105 of 2010](#) to provide a mechanism by which certain funds would be used to assist with the creation, rehabilitation and support of affordable housing throughout the Commonwealth. The PHARE Act did not allocate any funding but did outline specific requirements that include preferences, considerations, match funding options and obligations to utilize a percentage of the funds to assist households below 50% of the median area income.

The 2020 PHARE Plan outlines principles and goals of the program, elements of the Plan, application requirements, and the timeline for funding. The current round of PHARE funding will make awards available through the following expected funding sources:

- Marcellus Shale Impact Fee ([Act 13 of 2012](#))
- Realty Transfer Tax ([Act 58 of 2015](#))

PHARE Program Goals

PHFA has established the following goals and objectives to guide the PHARE application and awarding process:

- 1. Increase safe, affordable housing opportunities in all areas of the Commonwealth.**
PHARE funding will be used to assist with the creation, preservation and maintenance of safe, decent, and affordable housing and resources across the Commonwealth.
- 2. Utilize funds to strengthen existing housing stock and address long term affordability based on local housing market conditions.**
PHARE resources will be directed to programs/projects in communities where the greatest housing needs are identified based on community needs studies and assessments, interviews, real estate price factors, housing stock analyses and market studies.
- 3. Links to strategic approaches.**
To achieve measurable impact, proposals need to be developed within the context of a community’s overall strategic/comprehensive plans, priorities, goals, and local housing needs.

4. Focus on strategic locations.

Proposals should target areas within communities which have experienced significant divestment of resources while their surrounding suburban communities have experienced growth, areas which may face loss of affordable housing due to gentrification, or areas offering greater opportunity and economic diversification. Additionally, projects located in a designated Opportunity Zone qualified census tract will be prioritized.

5. Maximize the leveraging of resources to the greatest extent possible to address significant and persistent housing needs in an effective and efficient manner.

PHARE funds will be used as leverage for other public and private funding sources. Additionally, local non-financial resources should be identified and leveraged where possible.

6. Foster sustainable partnerships that will be committed to addressing housing needs over a significant period of time.

PHARE funds will be used to maximize sustainable partnerships committed to addressing community housing needs over a significant period of time. In addition to directly supporting housing needs, projects/programs should also help establish and increase capacity to address those needs over the long term.

7. Provide opportunities for safe, affordable housing to those within a range of incomes.

Each application must provide at least thirty percent (30%) of the awarded PHARE funds to assist households below fifty percent (50%) of the median area income (described below) for the county in which the project/program will be operated. At no point may funds benefit households with incomes above two hundred percent (200%) of the median area income for the county in which they reside.

Median area income is determined annually by the U.S. Department of Housing and Urban Development. Grantees awarded PHARE funds through this RFP will apply HUD's 2020 median family income figure per county, regardless of the household size. Multicounty programs should apply the county income limit in which the individual/household resides. County median area income figures are available at the below website: (select Pennsylvania and then identify the specific county.)

<https://www.huduser.gov/portal/datasets/il.html>

8. Establish a transparent application, allocation, and reporting process for all stakeholders.

PHFA will make funding decisions in accordance with legislative requirements while ensuring the equitable and transparent allocation of resources to stakeholders.

2020/21 PHARE Funding Priorities

The Agency will prioritize funding for proposals targeting the following housing initiatives. Applicants will be asked to identify which priority best describes the proposal's end goals and objectives.

Proposals that address multiple priorities should select the activity that will be impacted by the majority of the requested PHARE funds. (Example: If 20 housing units are being rehabilitated to be used for rapid re-housing, the applicant should choose Homeless Prevention as the appropriate priority.)

1. 4% Tax Credit Projects

- Developments applying for 4% tax credits for large-scale preservation to increase the availability of affordable housing to low and extremely low-income households.
- Limit of **TWO** applications per developer AND a maximum request of \$1,000,000 of PHARE/RTT funding.
- All projects submitted must be a **minimum** of 50 units and priority will be given to projects with greater than 75 units.

2. Preservation/Rehabilitation/Renewal

- Rehabilitation of existing housing stock including owner-occupied rehabilitation.
- Demolition of blighted, abandoned or otherwise at-risk housing.
- Reclaiming or renewal of brownfields or vacant land where housing was once located for community green space.

3. Rental Housing Creation

- Development of new and affordable rental units.
 - May include acquisition, pre-development costs, construction and/or significant rehabilitation, and demolition where the development of affordable housing is the end goal.

4. Homelessness Prevention

- Address ongoing needs for individuals and families at risk for homelessness, including (but not limited to) rapid re-housing, rent/utility/transportation assistance, landlord outreach, case management, and short-term emergency shelter care.
- Increase the availability of integrated housing opportunities, supportive services, and resources for vulnerable populations such as veterans, the re-entry population, persons dealing with addiction disorder(s), persons with disabilities, and at-risk youth.

5. Innovative Housing Solutions

- Piloting unique and creative approaches to addressing unmet housing needs and historic disparities in housing.

6. Homeownership

- Development of additional affordable for-sale housing units, including (but not limited to) the costs for pre-development, construction, and/or significant rehabilitation.
- Programming and homeownership down payment and closing cost assistance for first-time homebuyers and vulnerable/underrepresented communities.

7. Housing Counseling and Financial Education

- Activities providing various types of housing counseling, including pre and post purchase, financial education, foreclosure prevention and other forms of direct client counseling to assist homeowners or renters.

NOTE: The Agency may adjust any of these goals and priorities to maximize a project’s ability to participate in federally subsidized program opportunities or to address emergency housing needs or disasters.

For further details pertaining to preferences and program requirements, please refer to the 2020 PHARE Plan.

PHARE Funding Sources

Marcellus Shale Impact Fee ([Act 13 of 2012](#))

The Marcellus Shale Impact Fee legislation (“Impact Fee Act”), Act 13 of 2012, makes specific allocations to the PHARE Fund (referred to as “PHARE/Marcellus Shale”) to address housing needs in counties with unconventional gas wells that have adopted a local impact fee.

In accordance with Act 13, these funds will be used to address the effects on housing in impacted counties and communities with the additional requirement that fifty percent (50%) of the funds must be allocated to 5th through 8th class counties.

Eligible Applicants: Entities eligible to receive PHARE/Marcellus Shale (PHARE/MS) Funds include **Counties** located in the Marcellus Shale region of Pennsylvania where unconventional gas wells are located that have adopted impact fees, as well as municipalities which have further contributed to PHARE through windfall/spill over funds from the impact fee. The applicable County must be the organization applying for PHARE/Marcellus Shale with written approval from the Board of Commissioners. Organizations may be selected to administer PHARE funds on behalf of the County, but PHARE/MS funds will only be allocated to the County.

[Exhibit A](#) provides a list of counties eligible to apply for PHARE/Marcellus Shale funds in 2020.

NOTE: Eligible Counties and municipalities may delegate the role of “designated applicant” to a nonprofit or for-profit organization for the purposes of the application. In the case where a county or municipality has designated another organization, agency, or department to apply on their behalf, documentation identifying such must be included in the application.

Applicants for PHARE/Marcellus Shale Funds are eligible to apply for an award from additional PHARE funding sources. Proposals applying for an award from multiple PHARE funding sources should indicate the intention to do so by completing the applicable type of application on the [PHARE Proposal Submission website](#). Instructions can be found in the [Proposal Requirements](#) section of this RFP.

Applications from 9% Low Income Housing Tax Credit (LIHTC) developments may request PHARE/Marcellus Shale funds only. Tax credit developers applying for PHARE/MS funds will be limited to submitting no more than four (4) total funding requests/applications.

Realty Transfer Tax Fund ([Act 58 of 2015](#))

Under Act 58 of 2015 (“PHARE/RTT”), PHFA receives an allocation of funds equal to the lesser of forty percent (40%) of the difference between the total dollar amount of the Realty Transfer Tax imposed under Section 1102-C of the Tax Reform Code of 1971 collected for the prior fiscal year and the total amount of RTT estimated for the fiscal year beginning July 1, 2014. The PHARE/RTT fund will be capped at \$40 million annually. The PHARE/Realty Transfer Tax funds are available for applications in all 67 counties of the Commonwealth.

Eligible Applicants: Entities eligible to receive PHARE/Realty Transfer Tax funds include:

- Units of local government (counties, cities, boroughs, townships, towns, and home rule municipalities)
- Nonprofit organizations
- Redevelopment and/or housing authorities
- Economic and community development organizations, housing corporations, etc.
- For-profit community development or housing entities, individuals, partnerships, or limited liability corporations
- Business improvement districts, neighborhood improvement districts, downtown improvement districts and similar organizations incorporated as authorities

Applicants for PHARE/Realty Transfer Tax funds are eligible to apply for an award from additional PHARE funding sources if they meet the applicable fund’s eligibility requirements.

Organizations applying for PHARE/Realty Transfer Tax funds will be limited to submitting no more than three (3) PHARE/RTT funding requests (applications).

Proposal Requirements

All proposals seeking PHARE funds must be submitted electronically via the [PHARE Proposal Submission website](#). PHFA may reject any application that is incomplete, or which fails to provide all information as described below.

Proposal requirements for all Tax Credit developments seeking PHARE/National Housing Trust Funds are also found below with guidance on how to submit the completed proposal in the [Proposal Submissions](#) section, herein.

This section outlines the specific requirements for proposals to be submitted for funding under the following PHARE Funding Sources.

- **PHARE/Marcellus Shale Fund**
- **PHARE/Realty Transfer Tax Fund**

PHARE applicants must submit all required fields under the ‘**Funding Information, Unit Information, Property Address(es) and Contact Information**’ sections of the [PHARE Proposal Submission website](#).

The following documents must be uploaded and submitted to the ‘**Documents**’ section of the [PHARE Proposal Submission website](#).

- **Narrative** - A concise (one to two page) summary description of the overall scope of the proposal highlighting the need for the project/program, the anticipated impact of PHARE funds, and the timeline for completion.

All key features of the proposal should be addressed, including how PHARE funds will be used to increase the availability of quality affordable housing, and how funds will be targeted to specific classifications of households or neighborhoods. The application should include a description of the existing local housing market (rental and for-sale), an explanation of how the proposal will address present housing needs while providing stability for residents in the future. Proposals should also identify and include measurable goals and milestones that will be used to monitor progress.

- **Comprehensive Plan** - Applications should include a comprehensive strategy for implementation and long-term sustainability. If applicable, applicants are encouraged to supply sufficient market information regarding need for the program/project.

The following components should be included in the comprehensive plan section for development projects and all other programmatic uses of PHARE funds. **Applicants are required to select and submit either a complete comprehensive plan (including all sections of the plan listed below) or separate documents for each section of the plan, via the electronic submission website.** Applications which include plans to create/rehabilitate housing units **and** provide social service programming (case management, counseling, etc.) should include both sections of the comprehensive plan as outlined below.

- **For proposals involving the development of new housing units or the rehabilitation of existing properties for sale or rent, please provide:**
 - 1) Evidence of site control or the ability to acquire the proposed site in a timely manner.
 - 2) Evidence that the project complies with zoning ordinances and local land development plans.
 - 3) A map of the site and the neighborhood identifying proposed municipal improvements and any private development not part of the proposal.
 - 4) A scope of work synopsis which provides a general overview of the proposed construction or rehabilitation of the property. A current appraisal of the property/properties may be required. If one has already been completed, please include a copy.
 - 5) A complete development budget, including sources and uses and how PHARE funds fit into the overall project’s budget. (Please identify committed and uncommitted sources and relevant timeframes.)
 - 6) Delineation of the income group(s) being targeted for rent or purchase of the homes and the number of units being targeted to each income group.
- **For proposals involving all other housing-related programs and services for PHARE Funds, please provide the following:**

- 1) Name of the department/agency/entity/organization that will administer the program and a description of their experience administering a program of this nature.
 - 2) A geographical description of where the program will operate and how the program fits into the overall community landscape.
 - 3) Delineation of the income group(s) targeted by the program.
 - 4) A detailed budget outlining the anticipated use of funds, including a budget line for the specific use of PHARE funds. Existing programs should also provide a copy of the prior year's budget (as approved by the governing body of the administering entity).
- **Impact on Inequalities and Disparities – MUST be provided for all applications**

In an effort to increase understanding about the PHARE applicant's role in helping to overcome systemic inequalities and disparities, PHFA is requesting the following criteria be met:

 - 1) In 250 words or less, please describe how your proposed project/program will be used to address persistent, historical, and significant disparities and inequities that exist by race, class, income, culture, and education.
 - 2) Please identify the specific tactic or strategy that the proposed project will implement to ensure that there is movement underway to affirmatively reduce and eliminate these barriers.
 - 3) If possible, include metrics and specific quantitative outcomes that you believe your project/program will be able to achieve in meeting this goal.
 - **Financing** - A detailed financial plan including all of the following, if applicable;
 - A list of sources of matching and/or leveraged funds including percentage of funding support from all other sources;
 - The status of the funding availability (requested/committed) including a timeline for access to matching or leveraged funds;
 - Letters evidencing commitment of financing from all relevant funding sources must be included.
 - **Partnership** - Proposals must include documentation showing that the program/project will be implemented as part of a larger housing strategy in coordination with local organizations (ex: local government, nonprofit and for-profit organizations.) A list of the partnering organizations and a detailed description of their role should be included.
 - **Timeline** - Proposals must show an overall timeline including anticipated milestones (dates) for the utilization of the funds. Programs/projects should be prepared to begin implementation within one year of the PHARE funding announcement.
 - **Use of PHARE Funds** – Proposals are notified that no more than five percent (5%) of the total amount of PHARE funds awarded may be used for administrative purposes. Administrative expenses include any costs not directly linked to the goals of PHARE and attributable to operation of the project/program. All applications must include a written statement acknowledging this condition.
 - **Letters of Support** – Organizations are encouraged (but not required) to submit letters of support from government leaders, local organizations, and other community stakeholders.

- **County Authorization Document (required for Counties applying for PHARE/Marcellus Shale funds)** - Counties eligible to apply for PHARE/Marcellus Shale funds (listed in [Exhibit A](#)) must submit county-provided documentation (signed letter or resolution) authorizing the submission of an application to PHFA. **If multiple applications are being submitted on behalf of the county, the county must provide a list of their funding priorities.**

Proposal Requirements for Tax Credit Developments

9% Tax Credit Development Applicants - Proposals from 9% tax credit developments may apply for PHARE/Marcellus Shale funds within [eligible counties](#) only. These projects are not permitted to submit requests for PHARE/Realty Transfer Tax funds.

Proposals from all other 9% tax credit projects seeking PHARE funds will be accepted separately in coordination with the application process for National Housing Trust Fund allocations.

The following sections are to be completed via the [PHARE Proposal Submission website](#):

- **Funding Information**
- **Unit Information**
- **Property Address(es)**
- **Contact Information**

4% Tax Credit Development Applicants - Proposals from 4% tax credit developments will be limited to submitting no more than two (2) funding applications per organization. These applications will be reviewed and the Agency will make preliminary commitments of awards no later than February 1, 2021.

PHARE funding requests from potential 4% tax credit developments must fall within the following guidelines:

- Proposals from potential tax credit projects applying for PHARE/MS must be submitted by the applicable County, with the County listed as the applicant. PHARE funding requests are not limited in [MS-eligible counties](#).
- Funding requests for 4% tax credit developments applying for PHARE/RTT may request within \$500,000 and a maximum of \$1,000,000.

The following sections are to be completed via the [PHARE Proposal Submission website](#):

- **Funding Information**
- **Unit Information**
- **Property Address(es)**
- **Contact Information**

All tax credit developments applying for PHARE funds must upload and submit the following items via the 'Documents' section of the PHARE submission website.

- **Narrative** - A concise (1-2 page) summary of the overall scope of the proposal highlighting the need for the project/program and the expected impact of the funding.

- **Financing** – A list of committed sources and uses for all matching and/or leveraged funds including percentage of funding support from all other sources.
- **Impact on Inequalities and Disparities** – In 250 words or less, please describe how your proposed project/program will be used to address persistent, historical, and significant disparities and inequities that exist by race, class, income, culture, and education. Please identify the specific tactic or strategy that the proposed project will implement to ensure that there is movement underway to affirmatively reduce and eliminate these barriers. If possible, include metrics and specific quantitative outcomes that you believe your project/program will be able to achieve in meeting this goal.
- **Proof of Zoning** – Documents verifying that all necessary zoning approvals have been secured to construct or rehabilitate the development.
 - Preservation developments are not required to show zoning approval.
 - Projects with a historic tax credit component must show evidence of the receipt of Part I approval from the National Park Service.
 - Projects requiring approval from HUD for rent adjustments must be required to provide evidence that a rent comparability study has been completed and is in the process of being submitted to HUD for review.
 - Projects that need a new HAP contract or an extension of an existing contract should provide a timeline demonstrating HUD approval is achievable by December 17, 2021.

Proposal Submissions

The PHARE Fund consists of monies from three separate funding sources. Please refer to the [2020 PHARE Funding Sources](#) herein to view the eligible applicants for each. **All proposals seeking 2020/21 PHARE funding must be created electronically and submitted via the [PHARE Proposal Submission website](#) and submitted by 2 pm on November 20, 2020.**

Organizations may create multiple accounts and they may enter and edit unlimited funding requests within the proposal submission website until the proposal is ultimately submitted. **Proposals should be created using the legal name of the organization seeking PHFA funding.** Applicants are reminded to review their proposal before it is ultimately submitted to PHFA. Participants will be sent an email when they have successfully created an account in the proposal submission website.

Applications will not be submitted unless you click “Submit Application to PHFA” at the bottom of the ‘Review and Submit’ screen. An email will be sent to verify that a proposal has successfully been submitted to PHFA.

Applicants will indicate the PHARE funding source(s) for which they are applying, the type of application being submitted, and the amount they are requesting in the ‘Funding Information’ section. Proposals involving the construction or rehabilitation of housing units must also provide project details in the ‘Unit Information’ section of the site.

NOTE: PHARE funds disbursed to tax credit projects awarded tax credits through PHFA’s multifamily housing program, will be provided, and administered through the PennHOMES program. No funds may be supplanted or replaced with PHARE funds. For additional information about the PennHOMES program, please refer to the information on PHFA’s [website](#).

All PHARE funding proposals and supporting documentation must be uploaded at <https://phare.phfa.org/> and submitted to PHFA by no later than 2:00pm on Friday, November 20, 2020.

Compliance

Reporting - Semi-annual reports will be required in a form and timeframe sufficient to allow PHFA to comply with the provisions of the PHARE Act. Grantees are also required to submit a close-out report to the Agency within thirty (30) days of the final expenditure of awarded funds. Reporting requirements will vary based on the project/program and will be included in the contract documents.

All grantees will be required to submit reports via the PHARE Reporting Website. This new website will now be used for all grantees that were awarded PHARE funds after July 2019. Grantees awarded funding prior to July 2019 will still need to submit paper documents electronically to PHFA prior to the reporting deadline.

All awarded PHARE grantees must track and report on the following impacts/outcomes:

- Amount of PHARE funds expended
- Number of households served/impacted
- Amount and percentage of funds used to benefit households below 50% of median area income
- Household size (of each individual households assisted)
- Household income (tracked for each individual households assisted)
- Amount of Funding Used to Assist Households (tracked for each individual household assisted)
- Amount of administrative costs (capped at 5% of the total awarded funds)
- Source and amount of all matching/leveraged funds

Affordability Period – PHFA requires that rental units funded through PHARE be reserved for occupancy by qualified households for a minimum of ten (10) years.

PHARE Questions - All questions must be submitted via email to Bryce Maretzki at bmaretzki@phfa.org. Phone calls will not be accepted.

PHFA will provide a Frequently Asked Questions/Answers document and webinar PowerPoint slides that will be available on its website. All applicants are urged to check the website periodically for updates and guidance.

PHFA reserves the right to contact any applicant for clarification, information, and to make adjustments to applications necessary to fulfill the PHARE Plan requirements. In addition, PHFA may amend, suspend, terminate or otherwise withdraw this RFP invitation and the process described at any time. PHFA shall incur no liability to any entity for any aspect of its submission. All information submitted shall belong to PHFA and shall be subject to public inspection.

Preliminary approval and funding of proposals is contingent upon receipt of funds under Act 13 of 2012 and Act 58 of 2015.

All applications must comply in all ways with the [2020 PHARE Plan](#).

2020 PHARE/Marcellus Shale Eligible Counties – Exhibit A

PHARE/Marcellus Shale Eligible Counties
Allegheny
Armstrong
Beaver
Blair
Bradford
Butler
Cameron
Centre
Clarion
Clearfield
Clinton
Elk
Fayette
Forest
Greene
Huntingdon
Indiana
Jefferson
Lawrence
Lycoming
McKean
Mercer
Potter
Somerset
Sullivan
Susquehanna
Tioga
Venango
Washington
Westmoreland
Wyoming