



## **Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund 2022 Request for Proposals**

The Pennsylvania Housing Finance Agency (“PHFA” or “Agency”) announces a Request for Proposals (RFP) inviting applicants to participate in the 2022/23 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 2022 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 funding sources:

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

Successful grantees must be prepared to implement their funding proposal within eighteen (18) months. PHARE awards will be announced in the Spring/Summer of 2023.

### **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. Coordination of local, strategic housing approaches.**

Proposals must be developed in coordination with local stakeholders the context of a community's overall strategic/comprehensive plans, priorities, goals, and local housing needs to achieve measurable and sustainable impact.

**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.

**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.

**6. Foster sustainable partnerships that will be committed to addressing housing needs.**

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 2022 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.

**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 5<sup>th</sup> through 8<sup>th</sup> class counties.

**Eligible Applicants:** Organizations eligible to receive PHARE/Marcellus Shale (PHARE/MS) Funds include **County governmental entities** located in the Marcellus Shale region of Pennsylvania. Eligible counties are those where unconventional gas wells are located and impact fees have been adopted, as well as municipalities which have further contributed to PHARE through windfall/spill over funds from the impact fee. The County government entity applying for PHARE/Marcellus Shale funds must have 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 disbursed to the County.

[Exhibit A](#) provides a list of counties eligible to apply for PHARE/Marcellus Shale funds in 2022.

**NOTE:** PHARE/Marcellus Shale funds will only be granted to Counties. Eligible Counties 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 requesting grant funds from multiple PHARE funding sources should indicate their intention to do so by completing the applicable application type via the [PHARE Proposal Submission website](#). Instructions can be found in the [Proposal Requirements](#) section of this RFP.

### **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 is currently capped at \$40 million annually. The PHARE/Realty Transfer Tax funds are available for applications from eligible applicants 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).
- Housing, redevelopment, and similar public authorities.
- Economic and community development organizations, housing development corporations and similar development entities.
- Business improvement districts, neighborhood improvement districts, downtown improvement districts and similar organizations incorporated as authorities.
- Homebuilders, contractors, and real estate developers.

This list is not all inclusive. Please contact PHFA with questions regarding your organization’s eligibility to apply.

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

## **2022/23 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 Homelessness 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 (2) applications per developer AND a maximum request of \$1,000,000 of PHARE/RTT funding per proposal.
- All projects submitted must be a **minimum** of 50 units and priority will be given to those with greater than 75 units.

### **2. Preservation and Rehabilitation**

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

### **3. Rental Housing Creation**

- Development of new and affordable rental units. This may include the cost of 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, case management, landlord risk mitigation, 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**

- Piloted programs with unique and creative approaches to addressing unmet housing needs and historic disparities in housing.
- Proposals with new, creative strategies to address housing insecurity, including the following:
  - Eviction diversion and prevention programming.
  - Outreach and supportive services for tenants.

- Legal assistance or representation.
- Landlord/tenant mediation.
- Magisterial District Judge (MDJ) partnership programs.
- Creative housing solutions to address housing needs for at-risk communities including shared housing, elder cottages, etc.

## 6. Homeownership

- Development of affordable for-sale housing units for low to moderate income households, including pre-development costs, construction, and/or significant rehabilitation.
- Programs providing downpayment 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 address emergency housing needs or disasters. For further details pertaining to preferences and program requirements, please refer to the 2022 PHARE Plan.

Recent legislation has allocated increased funding to PHFA to provide increased support for the creation and rehabilitation of tax credit-eligible affordable housing developments. The Agency reserves the right to make any request for PHARE funding

PHFA reserves the right to redirect any PHARE funding requests to the most advantageous funding source available.

## **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 are also found below in the [Proposal Submissions](#) section.

This section outlines the specific requirements for proposals to be submitted for funding through 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 are to be uploaded and submitted to the **'Documents'** section of the [PHARE Proposal Submission website](#).

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

All key elements of the proposal should be addressed, including how PHARE funds will be used to increase the availability and/or access to quality affordable housing, classifications of targeted households or neighborhoods, and goals that will be used to monitor progress. The application should include a description of the existing local housing market with an explanation of how the proposal will address present housing needs while providing stability for current and future residents.

- 2. Comprehensive Plan** - Applications should include a complete implementation strategy for the proposal's success and long-term sustainability. Applicants are encouraged to supply market information supporting the overall need for the proposal.

The following components should be included for development projects and all other programmatic uses of PHARE funds. Applicants are required to select and submit separate documents for each section of the plan via the electronic submission website. Proposals seeking to create/rehabilitate housing units and provide housing service programming (case management, counseling, etc.) should include documents from both sections 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 summary 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) Delineation of the income group being targeted for rent or purchase of the homes with 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(s) and location(s) of all partnering organizations 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.

- 3. Impact on Inequalities and Disparities** - To increase each PHARE applicant's role in helping overcome systemic inequalities and disparities, each proposal must identify a persistent or historical housing

disparity that currently exists within the community they serve and how their proposal will address this area of inequality. PHARE will prioritize funds being used to address housing conditions in targeted zip codes or Census tracts that have elevated levels of poverty and racial concentration or where most funds will be used for the benefit of marginalized communities, including persons with disabilities.

- PHARE applicants must select at least one historically marginalized community that will be directly impacted by PHARE funds.
  - Members of the Black, Indigenous, and people of color (BIPOC) community, including racial/cultural minorities.
  - Members of the LGBTQ+ community.
  - People with Hearing, vision, or physical challenges.
  - People with serious and persistent mental illness.
- PHARE applicants must also submit a narrative (250 words or less) outlining their anticipated strategy in addressing disparities in housing and their projected impact on the selected community in meeting the goal of providing fair and equal housing opportunities for all PA residents.

Interested applicants should review their community's Assessment of Fair Housing/Analysis of Impediments, the Commonwealth's [Analysis of Impediments to Fair Housing Choice](#), and the [Affirmatively Furthering Fair Housing Plan](#) for guidance on current impediments and recommendations to remove barriers and promote fair housing for marginalized communities.

Successful grantees will report on their proposal's outcomes related to PHARE'S impact on fair housing.

4. **Budget** – Proposals must include a detailed financial plan including the following elements:
  - List all sources of matching and/or leveraged funds being used to support the proposal including percentage of funding from all sources.
  - The status of the funding availability (requested/committed) including a timeline for access to other funding sources.
  - Letters evidencing commitment of financing from all relevant funding sources.
  - Complete budget showing the projected use(s) of PHARE and other funding sources.
5. **Timeline** - Proposals must show a timeline for implementation including anticipated milestones (dates) for the utilization of the funds over the eighteen (18) month grant period. Grantees must be prepared to begin implementation within one year of the PHARE funding announcement in the summer of 2023.
6. **Use of PHARE Funds Acknowledgement** – Proposals are notified that no more than five percent (5%) of the total amount of awarded PHARE funds 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 that no more than five percent of the awarded funds will be used for administrative expenses.

7. **Letters of Support** – Organizations are encouraged (but not required) to submit letters of support from government leaders, local organizations, and other community stakeholders.
8. **Certificate of Subsistence/Good Standing** (PA Department of State) – All non-governmental organizations (corporations, limited partnerships, limited liability companies or limited liability partnerships) must submit a subsistence as part of their request for funding.

Directions on how to order this document can be found here:

<https://www.dos.pa.gov/BusinessCharities/Business/Resources/Pages/Good-Standing-or-Subsistence-Certificates.aspx>

NOTE: The applicant/organization name submitted via the PHARE website should be the same as the organization name on the Certificate of Subsistence.

9. **County Authorization Document (required for Counties applying for PHARE/Marcellus Shale funds only)** - Counties applying for PHARE/Marcellus Shale funds must submit a County-provided documentation (signed letter or resolution) authorizing the application submission to PHFA. The authorization document should include language stating that the proposal is currently a high funding priority, and the County wishes for PHARE/Marcellus Shale funds to be used for its support. **If multiple applications are being submitted on behalf of the County, the document must provide a ranked list of funding priorities.**

The list of Counties eligible to apply for PHARE/Marcellus Shale funds is listed on [Exhibit A](#).

### **Proposal Requirements for Tax Credit Developments**

The 2022/23 PHARE Program will accept applications from 4% tax credit developments only. 9% Low Income Housing Tax Credit (LIHTC) developments **are not** eligible to apply for PHARE funds connected to this RFP. Proposals from 9% tax credit developments seeking PHARE funds will be accepted separately in coordination with the Low-Income Housing Tax Credits application process and National Housing Trust Fund allocations.

Submissions from 4% tax credit developments will be limited to submitting no more than two (2) funding applications per organization. Funding requests from potential 4% tax credit developments must fall within the following guidelines:

- Proposals from potential 4% 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 a maximum of \$1,000,000 per project.

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

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



- **Contact Information**
- **Documents listed below, to be submitted within the ‘Documents’ section of the website.**
  - **Proposal Narrative** - A concise (1 page) summary of the overall scope of the proposal highlighting the need for the project/program and the expected impact of the funding.
  - **Budget** – 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 Narrative** – 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.

### **Proposal Submissions**

All proposals seeking 2022/23 PHARE funding must be created electronically and submitted via the [PHARE Proposal Submission website](#) by 2 pm on November 18, 2022.

PHARE grant funding will only be connected to the online account that submitted the proposal in response to this RFP, so organizations are discouraged from creating multiple PHARE accounts. Proposals may begin and edited within the proposal submission website until the proposal is submitted. **Proposals must 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.

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 in a manner similar to the PennHOMES process. 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 18, 2022.**

## **PHARE Compliance and Reporting**

Organizations selected to receive PHARE funds are required to submit semi-annual reports 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 proposal and will be included in the contract documents.

All grantees will be required to submit reports via the [PHARE Website](#).

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.
- Impact of funds used to address barriers to fair housing for marginalized communities.

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

**PHARE Questions** - All questions must be submitted via email to Clay Lambert at [clambert@phfa.org](mailto:clambert@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 adjust 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 [2022 PHARE Plan](#).**

**2022 PHARE/Marcellus Shale Eligible Counties – Exhibit A**

NOTE: All Counties listed below are also eligible to apply for PHARE/Realty Transfer Tax funds.

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