

Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund



2023 Request for Proposals

The Pennsylvania Housing Finance Agency (“PHFA” or “Agency”) announces this Request for Proposals (RFP) inviting applicants to participate in the 2023/24 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 2023 PHARE Plan outlines the 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 the eighteen (18) months grant period. PHARE awards will be announced and disbursed in the Summer of 2024.

PHARE Program Goals

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

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.

Utilize funds to strengthen existing housing stock and address long term affordability.

PHARE resources will be directed to affordable housing activities in communities where the greatest housing needs are identified based on community needs studies and assessments, interviews, real estate pricing, housing stock analyses and market studies.

Coordination of local, strategic housing approaches.

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

Focus on strategic locations.

Proposals will target communities which have experienced significant divestment of resources compared to surrounding communities that have experienced growth, and areas which may face loss of affordable housing due to gentrification, or areas offering greater opportunity and economic diversification.

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

Funding will be prioritized to affordable housing activities where other private and public funding and partnership support.

Foster sustainable partnerships committed to addressing housing needs.

Funds will be used to leverage and maximize long-term partnerships committed to addressing community housing needs. In addition to directly supporting housing needs, projects/programs should also help establish and increase capacity to address those needs over the long term.

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

Each application must agree to 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 the impacted household resides.

Median area income is determined annually by the U.S. Department of Housing and Urban Development (HUD). Grantees awarded PHARE funds through this RFP will apply HUD's 2023 median family income figure per county, regardless of the household size. Multi-county 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 then identify the specific county.)

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

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, funds will be used to address economic 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

Organizations eligible to receive PHARE/Marcellus Shale (PHARE/MS) Funds include **County governmental entities located in the Marcellus Shale region of Pennsylvania only**. 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/spillover funds from the impact fee. The County government entity must have written approval from the Board of Commissioners. Organizations may be selected to administer PHARE funds on behalf of the County, but grantee must be the County.

[Exhibit A](#) provides a list of counties eligible to apply for PHARE/Marcellus Shale funds in 2023.

NOTE: 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 to apply on their behalf, documentation identifying such must be included in the application.

Counties applying for PHARE/Marcellus Shale Funds are also eligible to apply for funds from other PHARE funding sources. Proposals requesting grant funds from multiple PHARE funding sources should indicate their intention to do so 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 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 ("RTT") 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/Realty Transfer Tax fund ("PHARE/RTT") is currently capped at \$60 million annually to support affordable housing activities in all 67 counties of the Commonwealth.

Eligible Applicants

Organizations 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).

2023 PHARE Funding Priorities

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

Proposals that address multiple funding priorities should select the activity that will be impacted by the majority of the requested PHARE funds. (Example: *If 20 housing units will be rehabilitated to benefit unhoused families then 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.

- Applications are limited to two (2) per developer.
- Projects must include a **minimum** of 50 units. Priority will be given to those with greater than 75 units.
- Counties requesting PHARE/MS funds for tax credit projects must be listed on [Exhibit A](#).
- Fundings requests are limited to \$1,000,000 for PHARE/RTT funds.

Health for Housing Investment

- Project must include a Capital investment from a health care entity.
 - The health care entity may include health care payers such as Medicaid managed care organizations and other insurers, health providers such as hospital systems, and health conversion foundations.
 - The projects must include funding contributions from the participating healthcare entity towards the capital financing of the project, in the form of a grant, loan, debt, or the contribution of land and/or existing structure(s).
- The Agency will match the amount of the capital contribution made by the health care entity **up to an additional \$1,500,000 for 4% developments**.
 - A minimum capital contribution from the healthcare entity must be made in the amount of no less than \$100,000.
 - This includes applications seeking a match for donation of land.
 - The Agency will match Land Donation of an amount up to 50% of the “as-is” appraised value.
 - Applications seeking match funds for donated land must also have a minimum capital contribution of \$100,000 from the Health Care entity.
- Additional details, including financing examples can be found in “Tab 44: Health for Housing Investment” of the PHFA 2024 LIHTC Application.

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.

8. Health for Housing Investments

- Proposals must include funding contributions from the participating healthcare entity towards the capital financing of the project, in the form of a grant, loan, debt, or the contribution of land and/or existing structure(s).
- Only New Construction and Rehab Projects will be considered under this funding priority.
- Projects must include a Capital Investment from a Health Care Entity.
- The health care entity may include health care payers such as Medicaid managed care organizations and other insurers, health providers such as hospital systems, and health conversion foundations.
- The Agency reserves the right to award additional funds to projects that fall under this prioritization category as part of its Health for Housing Investment Portfolio.

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 [2023 PHARE Plan](#).

Recent legislation has allocated funding to PHFA to provide increased support for the creation and rehabilitation of tax credit-eligible affordable housing developments. 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.

PHARE applicants must submit all required fields under the **'Funding Information, Unit Information, Property Address(es) and Contact Information'** sections application.

The following documents are to be uploaded and submitted to the **'Documents'** section of the [PHARE Proposal Submission website](#). Applications missing these documents will not be considered for funding.

- 1. Proposal Narrative** – Provide a concise (one to two page) summary of the overall scope of the proposal and its connection to PHARE Program Goals. The narrative should highlight need, the anticipated impact of PHARE funds on households and the community, and the proposal's anticipated timeline for completion.

Key elements of the proposal should be addressed including a detailed explanation for the use and impact of PHARE funds to increase the availability and access to quality affordable housing. This summary should detail any classifications of targeted households or neighborhoods and metrics that will be used to monitor progress. The narrative should also 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 success.

The following components should be included for development projects and all other programmatic uses of PHARE funds. Proposals seeking to create/rehabilitate housing units and provide housing service programming (case management, counseling, etc.) should include documents from both sections listed below.

- **For proposals involving the development of new housing units or the rehabilitation of existing properties for sale or rent, please provide:**

- Evidence of site control or the ability to acquire the proposed site in a timely manner.
- Evidence that the project complies with zoning ordinances and local land development plans.
- A map of the site and the neighborhood identifying proposed municipal improvements and any private development not part of the proposal.
- 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.
- Delineation of the anticipated income groups being targeted to rent or purchase housing with the number of units being targeted to each income group.

- **For proposals involving housing-related programs and services for PHARE Funds, please provide the following:**

- 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.
- A geographical description of where the program will operate and how the program fits into the overall community landscape.
- Delineation of the anticipated income group(s) impacted 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.

- 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.

- Proposals must also include a narrative (250 words or less) outlining their strategy to address disparities in housing and their projected impact on the selected community to provide fair and equal housing opportunities for all PA residents.

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 the grant's impact on fair housing.

- 4. Budget** – Proposals must include a detailed financial plan with the following elements:
 - List of all sources of matching or leveraged (non-PHARE) funding being used to support the proposal, including the percentage of funding provided from all sources.
 - The status of all other pending funding that have been requested, including a timeline showing the availability of funds committed to the funding proposal.
 - Commitment letters from all committed funding sources.
 - Complete budget showing the projected use(s) of PHARE and other funding sources.
- 5. Timeline** – The application must include the implementation and completion timeline for the proposal. The timeline should list anticipated (monthly/quarterly) milestones 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 (June/July 2024).
- 6. Use of PHARE Funds Acknowledgement** – No more than five percent (5%) of the total amount of awarded PHARE funds may be used for administrative purposes. Administrative expenses are defined as overhead costs not directly linked to the goals or the operation of the PHARE-funded, funds that cannot be directly linked to the benefit of assisted households. All applicants must submit 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. 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](#).

9. Health Care Partner Letter of Intent – Required for non-tax credit proposals requesting funding under the **Health for Housing Investments funding priority.**

- A current letter of intent from the Health Care Entity, which must:
 - Be dated within 60 days of the Application submission deadline.
 - Clearly identify the funding contribution provided by the Health Care Entity for the proposed project, including as applicable:
 - Loan terms and conditions,
 - Grant terms and conditions,
 - Documentation of land appraisal for donated land.
 - Clearly identify any other contributions or partnership agreements provided by the Health Care Entity into the project.

Proposal Requirements for Tax Credit Developments

The 2023/24 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.

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 Agency will match the amount of the capital contribution made by the health care entity up to an additional \$1,500,000 for 4% developments.
 - A minimum capital contribution from the healthcare entity must be made in the amount of no less than \$100,000.

- The following sections are to be completed via the [PHARE Proposal Submission website](#):
 - **Funding Information**
 - **Unit Information**
 - **Property Address(es)**
 - **Contact Information**

Only the documents listed below are to be submitted within the 'Documents' section of the application website from tax credit proposals.

- **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.

NOTE: PHARE funds disbursed to tax credit projects will be disbursed through PHFA's Multifamily department as part of the project's LIHTC closing process.

PHARE Proposal Submissions

PHARE grant proposals are connected to the online account of the organization requesting funds in response to this RFP. Organizations are discouraged from creating multiple PHARE accounts. Once created, proposals may be edited as needed within the proposal submission website until the proposal is ultimately submitted.

Proposals must be created using the legal name of the organization seeking PHFA funding.

Applications will not be submitted unless you click "Submit Application to PHFA" at the bottom of the Review and Submit screen. A notification will be sent to verify that a proposal has successfully been submitted to PHFA.

Applicants will be required to indicate the PHARE funding source(s) for which they are applying, the type of application being submitted, and the amount of funds being requested 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.

The [PHARE Submission Website](#) will open to accept funding requests on **Monday, September 18**. All PHARE funding proposals and supporting documents must be uploaded and submitted via the [site](#) by no later than **2:00 pm on Friday, November 17, 2023**.

Reporting Requirements

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.

NOTE: In order to gather helpful information, the administrators of this program invite participants to voluntarily self-identify their race, ethnicity, or combination of these as identified by the individual. Submission of this information is voluntary and refusal to provide it will not subject you to any adverse treatment. The information obtained will be kept confidential and, when used, data will not identify any specific individual.

Certificate of Subsistence/Good Standing – PHARE grantee organizations will be required to submit a Certificate of Subsistence (Good Standing) that has been generated by the Pennsylvania Department of State within three (3) months from the date grant awards are announced. All awarded organizations (corporations, limited partnerships, limited liability companies or limited liability partnerships) must submit an updated certificate to the Agency via the PHARE website.

The organization name submitted via the PHARE website should match the organization name on the Certificate of Subsistence. Directions on how to order this document can be found on the PA Department of State's [website](#).

Affordability Period – Housing units impacted by PHARE funds and made available to residents for rent or for sale 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. Phone calls will not be accepted.

All applications must comply in all ways with the [2023 PHARE Plan](#). PHFA will provide a Frequently Asked Questions document and webinar PowerPoint slides that will be available on its website. All applicants are urged to check the website periodically for updates and additional guidance. Preliminary approval and funding of proposals is contingent upon receipt of funds under Act 13 of 2012 and Act 58 of 2015. 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.

2023 PHARE/Marcellus Shale Eligible Counties - Exhibit A

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

PHARE/Marcellus Shale Eligible Counties
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
Wyoming