

FOR IMMEDIATE RELEASE—February 26, 2009

PENNSYLVANIA HOUSING FINANCE AGENCY

211 North Front Street

Harrisburg, Pennsylvania 17101

Contact: Paula Brightbill or Phil Friday
717.780.3915

**PENNSYLVANIA IS BENEFICIARY OF \$1,000,000 GRANT FROM
THE JOHN D. AND CATHERINE T. MACARTHUR FOUNDATION**

***New Investment in Affordable Rental Housing Aimed at Reducing Anticipated 40 to 60
Percent Increases in Utility Expenses for Pennsylvania's Neediest Families***

(HARRISBURG) Brian A. Hudson, Sr., Executive Director of the Pennsylvania Housing Finance Agency (PHFA), today announced that the Commonwealth has received a \$1,000,000 grant from the prestigious John D. and Catherine T. MacArthur Foundation to preserve affordable rental apartments. This significant new investment focused on affordable rental housing will help in reducing anticipated 40 to 60 percent increases in utility expenses for some of Pennsylvania's neediest families.

Specifically, PHFA will use this investment to determine through a statewide initiative – representing the largest study in the country –how energy-conservation improvements preserve affordable rental units, and, ultimately, help to reduce the significant impact on families of severe hikes in utility costs.

“With anticipated utility cost increases of 40 to 60 percent, finding ways to lower those costs through energy improvements, better design, education and other methods will make a big impact on the lives of some of Pennsylvania's neediest families,” Hudson noted. “Residents of affordable housing, whether they are older adults, families with children, or persons with disabilities, are usually the hardest hit when prices go up. The MacArthur Foundation grant will help PHFA look for ways to ease that burden and keep the apartments available and affordable,” he said.

Smaller utility outlays offer an immediate way to keep units affordable for residents through lower operating costs. The study will help determine methods that landlords can use to save on these expenses, and that will help preserve Pennsylvania's stock of 139,000 affordable apartments.

“There are 70,000 Pennsylvania families now living in subsidized affordable apartments that are more than 25 years old,” Hudson added. “Considering that it costs twice as much to build new affordable units than it does

to preserve one, this effort is vitally important, not merely to the state, but to the nation. It will serve as a model for other communities throughout the country.”

PHFA will make MacArthur grant funds available through its newly implemented *Preservation through Smart Rehab* program. Eligible developments include those that have received Agency financing, HUD housing, USDA-financed units, tax credit apartments, and units that have been built under other programs.

Improvements that promise a payback in less than ten years will get priority. Developments that will be considered are those in good condition, that can implement improvements for less than \$500,000, are in good standing with regulators, and that have at least half the units occupied by households with incomes of 60 percent of the area median income.

Grant funds will also be made available for professional energy education and staff training.

Hudson said that the MacArthur grant is doubly welcome because of the national attention the Foundation has brought to affordable housing, and the importance the Foundation has given to keeping this valuable resource available to citizens.

Pennsylvania was one of 12 states and cities selected for the MacArthur Foundation funding being announced today totaling \$32.5 million. The recipients are launching innovative projects to preserve more than 70,000 affordable rental homes nationwide. MacArthur’s investment – \$9.5 million in grants and an additional \$23 million in low-interest loans – will help all levels of government coordinate their efforts and target places most in need of intervention, track the state of rental housing, preserve affordable homes in communities with good access to schools, transit and other amenities, and leverage more than \$147 million in other funding. State and local governments in 40 states competed for MacArthur’s support, indicating broad, national interest in preserving affordable rental housing.

“Recognizing that many older, affordable housing properties will face daunting increases in utility costs during the coming years, Pennsylvania’s methodical approach to evaluating the benefits of energy retrofitting could become a model for other states and localities,” said MacArthur President Jonathan Fanton.

The funding award is part of the MacArthur Foundation’s *Window of Opportunity* initiative, a ten-year, \$150,000,000 plan to preserve a million

affordable rental homes through direct investments in developers and financing vehicles and policy change at all levels of government .

The Pennsylvania Housing Finance Agency is the Commonwealth's leading provider of capital for affordable homes and apartments.

-end-