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For Immediate Release

PHFA Announces Creation of Developer Opportunity Fund

Its goal is to address competitiveness in tax credit housing development by helping new and smaller developers with funding and experience to overcome their strategic disadvantages

HARRISBURG – The Pennsylvania Housing Finance Agency today announces the creation of the Developer Opportunity Fund to help promote the growth and financial capability of Women-owned Business Enterprises, Minority-owned Business Enterprises and community developers that are building affordable housing within Pennsylvania through the Low Income Housing Tax Credit Program. The need for this fund became apparent after observing the various developers that applied for tax credit allocations during the past few years.

Currently, small developers often do not have sufficient liquidity or net worth to meet the demands for tax credit investors and are forced to partner with larger developers or other third-party guarantors to meet the liquidity required by tax credit investors. These developers may be required to pledge or forego a substantial amount of their developer fee, which may not allow them to gain the requisite capacity to develop independently.

The public will benefit if more diversity is encouraged among affordable housing developers. Women-owned, minority-owned, and community developers bring unique and important perspectives that can benefit the design and construction of multifamily housing developments and help them better serve female and minority residents and communities of color. Additionally, boosting the participation of smaller and newer developers will enhance competition among developers building tax credit multifamily developments and provide a broader diversity of perspectives on tax credit proposals.

“We have an opportunity to enhance our Low Income Housing Tax Credit program by encouraging the growth of smaller and newer developers who lack the experience and resources to be able to compete effectively,” said PHFA Executive Director and CEO Robin Wiessmann. “These firms are at a disadvantage because of limited experience and a lack of liquidity that hinders their growth. The Developer Opportunity Fund is aimed at helping these firms better compete to add more diversity and broader community representation in the construction of affordable rental housing.”

PHFA’s vision is for this initiative to achieve an initial funding level of \$50 million. The expectation is that this would fund approximately ten projects during the first five years of the pilot. PHFA is planning to provide additional funding and it is seeking other sources of financial support.

Women and minority developers and community developers seeking to participate in the new Developer Opportunity Fund are encouraged to contact Jordan Laird at (717) 780-3843 or jlaird@phfa.org. Larger and more established multifamily housing tax credit developers interested in serving as mentors for disadvantaged developers are also invited to contact Laird. Finally, investor-partners are needed to fully fund this program to make it viable and sustainable.

(more)

About PHFA

The Pennsylvania Housing Finance Agency works to provide affordable homeownership and rental housing options for older adults, low- and moderate-income families, and people with special housing needs. Through its carefully managed mortgage programs and investments in multifamily housing developments, PHFA also promotes economic development across the state. Since its creation by the legislature in 1972, it has generated more than \$15.1 billion of funding for more than 181,660 single-family home mortgage loans, helped fund the construction of 138,000 rental units, distributed more than \$121 million to support local housing initiatives, and saved the homes of nearly 50,400 families from foreclosure. PHFA programs and operations are funded primarily by the sale of securities and from fees paid by program users, not by public tax dollars. The agency is governed by a 14-member board.

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