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For Immediate Release

PHFA and Philadelphia partners launch effort to grow homeownership

Program includes various features intended to reduce barriers to homeownership

HARRISBURG, PA – The Pennsylvania Housing Finance Agency is launching a new, pilot homeownership initiative in Philadelphia County in partnership with the Urban League of Philadelphia on behalf of the Philly5000 collaborative. This initiative will work to reduce purchasing barriers for homebuyers in underserved Philadelphia neighborhoods.

Called the Revitalizing Neighborhoods and Increasing Homeownership program, it combines a flexible loan product with extensive consumer coaching and financial education to help people who have historically faced challenges trying to become homeowners.

“Homeownership is important not only for the housing it provides, but it also allows families to build wealth over time through their investment in real estate,” said PHFA Executive Director and CEO Robin Wiessmann. “Our new Revitalizing Neighborhoods and Increasing Homeownership program will give us the chance to test new loan features, paired with financial education and housing counseling, to open doors to homeownership that may have been closed previously. This initiative will benefit homebuyers who participate in the program and Philadelphia County neighborhoods, too.”

The RNIH program seeks to make homeownership more accessible by relaxing some homebuyer requirements but balancing that with comprehensive homebuyer education to ensure buyers are ready for the responsibilities of homeownership. For instance, it’s possible for people with no credit score to be approved for a loan through this program by using non-traditional sources of credit.

This pilot program will feature a PHFA loan product (K-Flex) that will be paired with other PHFA loan products – to provide funds for needed home improvements, for instance. K-Flex has a 30-year fixed rate, to keep the loan’s monthly payment lower. The qualifying income limit for participation in the new RNIH program is \$196,200 and the purchase price limit is \$659,000.

PHFA has a number of important partners helping to make the pilot RNIH program possible. Key among these is the Urban League of Philadelphia, which will be the central point of contact for applicants and will coordinate their progress throughout the program. Other local partners in the RNIH program include HACE and Congreso. Funding for the initiative is being provided by Wells Fargo and the Urban League of Philadelphia.

To participate in the program, RNIH participants must live in Philadelphia County, must be purchasing a home in Philadelphia County, and must be first-time homebuyers. Borrowers must make a minimum contribution from their own funds that is the lesser of \$1,000 or 1% of the loan amount. Their liquid assets must be no greater than \$50,000.

For homebuyers who qualify, grants of \$25,000 are available for application to the closing costs. As another benefit of the RNIH program, excess grant funds can be used to pay down the borrower’s student loans. Additional assistance funds in the form of a 10-year forgivable loan of up to 5% of the

sales price are available to eligible borrowers. No mortgage insurance will be required, reducing monthly loan payments. PHFA will be servicing the mortgage loans for program participants.

Residents of Philadelphia County who want to participate in the program, or who simply want more information, should contact the Urban League of Philadelphia at (215) 985-3220, ext. 201, or via email at housing@urbanleaguephila.org.

The RNIH program is expected to run for several years. Extensive data will be collected during the pilot program to determine best practices that help homebuyers become successful homeowners, as well as what features can be improved. PHFA is leading a similar program in Pittsburgh.

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 \$17.6 billion of funding for more than 195,250 single-family home mortgage loans, helped fund the construction of 103,328 rental units, distributed approximately \$239 million to support local housing initiatives, and saved the homes of more than 50,860 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.

Media contact:
Scott Elliott
717-649-6522 (cell)
sellott@PHFA.org

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