

PENNSYLVANIA HOUSING FINANCE AGENCY

Invitation to Participate

NATIONAL HOUSING TRUST FUND

24 CFR PART 93

APRIL 20, 2017

The National Housing Trust Fund (“HTF”) was enacted as part of the Housing and Economic Recovery Act of 2008 (“HERA”) to provide resources to develop, preserve and rehabilitate housing for very low income and extremely low income households. Funding for the HTF is derived from Fannie Mae and Freddie Mac earnings. On January 30, 2015, the United States Department of Housing and Urban Development (“HUD”) published interim guidance implementing the HTF including the administration of funds for eligible purposes as set forth in 24 CFR Part 93. On May 5, 2016, HUD issued a Notice of Fiscal Year 2016 Funding Awards. **For FY 2016, Pennsylvania will receive \$3,868,768.**

The Pennsylvania Housing Finance Agency ("PHFA") is the entity designated by law for the administration of the HTF in the Commonwealth of Pennsylvania (the "Commonwealth") pursuant to Act 105 of 2010, (the “Pennsylvania Housing and Rehabilitation Enhancement Program” or “PHARE”). The Commonwealth has adopted and HUD has approved Pennsylvania’s plan for administering the HTF (the [“HTF Allocation Plan”](#))

For the first year of HTF program activity, PHFA expects to provide funding to rental housing properties which are also supported through the federal Low Income Housing Tax Credit Program (“Tax Credit) and/or other federal funding sources. Pursuant to HTF, funds will be available those developments which provide units which are affordable to tenant whose income do not exceed the federal poverty line or whose annual income do not exceed 30% of the median area income for the area, as determined by HUD with adjustment for bedroom size.

Application Requirements

Beginning on May 1, 2017, PHFA will accept applications, subject to availability of funds. For a development to be considered for an award of HTF funds, the entire application package, including all exhibits, must be received by PHFA. Applications may not be submitted to PHFA by fax or e-mail.

Additionally, it is suggested that, prior to submission of an application for HTF funds, applicants should check the Agency website, www.phfa.org for HTF program material, exhibits and updates.

In keeping with the goals of the HTF, funding will be given to eligible recipients, as defined in 24 CFR Section 93.2 that:

- 1) make acceptable assurances that it will comply with the requirements of the HTF program during the entire period that begins upon award of HTF funds and ends at the conclusion of all HTF funded activities;
- 2) demonstrate the capacity to undertake, comply and manage the eligible activity;
- 3) demonstrate familiarity with Federal, State or local affordable housing programs that may be used in conjunction with HTF funds;
- 4) demonstrate experience and capacity to conduct the HTF activity as evidenced by its ability to own, construct, or rehabilitate, and manage and operate an affordable multifamily rental housing development and;
- 5) the extent to which the application makes use of non-federal funding sources..

All projects will be reviewed to determine their ability to proceed. This review includes environmental clearances, local zoning process review, identification and commitment of all necessary financing to support the development budget, corporate authorization and formal action by governmental authorities. PHFA will determine ability to proceed and will prioritize funding for applicants who demonstrate commitments and financial feasibility and a timeframe consistent with timely completion of the development and which meet HTF commitment and expenditure deadlines. Developments which provide evidence, satisfactory to PHFA, that construction can commence on or before July 7, 2017 may receive priority.

An Application, once received by the Agency, may not be altered, amended or modified except as approved by staff. If a discrepancy is found in an Application during the review process, the applicant may be given five business days to respond to the request for clarification. An omission from the Application Checklist may result in the immediate rejection of the Application. Additionally, developments that do not provide evidence of the ability to commence construction within the requisite time period, in the Agency's sole discretion, will be returned.

Underwriting Criteria

HTF funds may be used to fill financing gaps due to a development's inability to secure equity sufficient equity investment to ensure financial feasibility or increases in project costs which have already been reviewed and approved by PHFA. Applicants must demonstrate a need for HTF funding.

For all developments, the following underwriting requirements are applicable:

Loan Amount: Funds may be provided in an amount sufficient to make the project financially feasible by the Agency, in its sole discretion. This amount will be based upon the development's current Tax Credit allocation as amended or supplemented by documentation submitted to the PHFA prior to the date of issuance of this Invitation to Participate.

Loan Terms: HTF funds will be provided by PHFA in the form of a non-interest bearing deferred loan with a 30 year term payable from available cash flow. The loan will be non-recourse debt. PHFA will secure the loan with a mortgage and regulatory agreement.

Submission Requirements/Application Checklist

Developments which have not closed on all financings (including equity), must submit the following documents:

- Narrative outlining the need for HTF funds.
- [Owner/Taxpayer Certification of No Application Changes](#)
- Fully executed equity letter of intent.
- All executed financing commitment letters.
- Completion of Environmental Compliance Checklist – as applicable.
 - [New Construction – HTF Only](#)
 - [Rehabilitation – HTF Only](#)
 - [New Construction – HTF and Other HUD Funds](#)
 - [Rehabilitation – HTF and Other HUD Funds](#)

- Revised Rental Projection Page (from the Core Application) identifying the number HTF units in the proposal and the revised rent.
- Proposed timeline to achieve a construction closing.
- Documentation that demonstrates the project is moving forward including the status of land development approval, site acquisition, plans and specifications, award of all project based financings (i.e., PBV, RAD, or ACC), all regulatory approvals (federal, state and local), and draft limited partnership agreement.

Developments which have closed on all financing and commenced construction:

- All executed financing documents (notes, mortgages and regulatory agreements).
- [Owner/Taxpayer Certification of No Application Changes](#)
- Fully executed partnership agreement.
- Completion of Environmental Compliance Checklist – as applicable.
 - [New Construction – HTF Only](#)
 - [Rehabilitation – HTF Only](#)
 - [New Construction – HTF and Other HUD Funds](#)
 - [Rehabilitation – HTF and Other HUD Funds](#)
- Updated budget (including sources and uses) demonstrating need for HTF funds.
- Revised Rental Projection Page (from the Core Application) identifying the number HTF units in the proposal and the revised rent.

For additional information regarding eligibility for HTF funding, please refer to <http://www.phfa.org/legislation/act105.aspx> or contact the Agency at 717-780-3860.