

**NATIONAL HOUSING TRUST FUND ("HTF")  
24 CFR PART 93  
AND DRAFT PHFA 2016 HTF ACTION PLAN**

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 \$3,862,285.**

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"). Act 105 of 2010 establishes that all allocations distributed to and received by the Commonwealth pursuant to the HTF shall be administered consistent with PHARE and applicable federal law.

Additionally, the Department of Community and Economic Development ("DCED") prepares a Consolidated Plan every five years, and an annual Action Plan which sets forth the priorities and process for allocation of certain federal community development programs, including but not limited to, the Community Development Block Grant, Home Investment Partnerships Program, Emergency Solutions Grant, and Housing for Persons with AIDS.

In accordance with 24 CFR Section 91.220, PHFA must publish and adopt an Action Plan to govern the administration of the HTF. This Action Plan will be disseminated in accordance with the parameters of the state PHARE process and will be incorporated into the DCED Consolidated Plan and Action Plan (the "DCED Plans") for administration of federal funds. Mandatory notices will be provided and public comment periods will be held for both the PHARE program and the amendments to the DCED Plans.

**Description of the Distribution of HTF Funds:**

Rental Housing - PHFA will distribute at least 80% of the available HTF funds for use in qualified rental housing. Funds will be available for qualified projects being constructed or rehabilitated. Up to one third of the total amount of the HTF may be used to support operating costs.

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. PHFA will follow many of the priorities and preferences set forth in the Tax Credit Allocation Plan for allocation of HTF resources for those properties that meet the eligibility criteria of 24 CFR Part 93.

Homebuyer Projects - PHFA has initially reserved up to 10% of the HTF funds to support homebuyer activities, including manufactured housing, in accordance with all requirements of 24 CFR Parts 91 and 93. In addition to property standards and household eligibility requirements, if PHFA proceeds with this program after public comments are received, PHFA will develop and

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submit to HUD for approval a resale and recapture plan for any assistance provided to ELI homebuyers. Depending on the amount of assistance provided per unit, the resale and recapture provisions will be in place between 10-30 years and will be monitored by the Agency. Assistance under this program will be based on household need and may be targeted geographically to leverage local community resources.

It is expected that up to 10% percent of the annual HTF grant (and program income received, if any) will be applied to fund administrative costs of the program incurred by PHFA.

**Application Requirements:**

PHFA will announce the availability of HTF funds by publishing a notice on its website and by distribution of an email to PHFA's development community list. Priority may be given to applications for developments which have received Tax Credits, have not been placed in service and increase the number of units set aside for Extremely Low-Income ("ELI") tenants in the proposal. Furthermore, applicants are encouraged and preference may be given to developments which include the maximum amount of ELI units as may be financially feasible.

**Criteria for Selection – Eligible Recipients Must Meet the Commonwealth Housing Needs and HTF Priorities:**

PHFA has identified its priority housing needs and has developed the Tax Credit Allocation Plan to specifically address those needs. Preferences will be given to projects which best meet the Tax Credit Allocation Plan. Additionally, developments must meet the site and neighborhood standards set forth 24 CFR 93.150.

Applicants must meet the Tax Allocation Plan, PHARE and all requirements set forth in 24 CFR 93.2 to be eligible for funding under the Action Plan. Developments must also meet the property standards set forth in the Tax Credit Allocation Plan and in 24 CFR 93.301.

Furthermore, PHFA will prioritize funding based on geographic distribution, applicant capacity, inclusion of project-based rental assistance in the financing plan, leveraging of non-federal resources, serving lower income and special needs populations, proximity to transit, readiness to proceed, energy efficiency, affirmatively furthering fair housing and sustainability of the development.

**Developments must Target Extremely Low-Income Tenants:**

Qualified developments must be affordable to tenants whose incomes do not exceed 30% of the federal poverty line or 30% of the income of a family whose annual income equals 30% of the median area income for the area, as determined by HUD with adjustment for bedroom size.

Selected developments must follow tenant protection and selection procedures set forth in 24 CFR 93.303.

**Maximum Development Subsidy Limit for Rental Housing Assisted with HTF Funds:**

The Tax Credit Allocation Plan sets forth certain limitations on cost of developments receiving PHFA resources. Furthermore, PHFA has evaluated current costs of affordable housing units and local market conditions throughout the Commonwealth and the maximum per unit development award is aligned with Pennsylvania’s HOME program limits and are based on unit type:

0 BR	1BR	2BR	3BR	4BR
\$140,107	\$160,615	\$195,305	\$252,662	\$277,344

PHFA anticipates providing HTF funds to approximately four developments or assisting 25 rental housing units among several properties throughout the Commonwealth based upon applications received and availability of resources.

**Distribution of HTF funds through Applications from Eligible Recipients:**

PHFA will select applicants submitted by eligible recipients as set forth in the Tax Credit Allocation Plan and 24 CFR 93.2. PHFA will not fund subgrantees.

**Priority for Developments which include Project Based Rental Assistance for Extremely Low Income Families:**

All developments will be evaluated based on the commitment of project based rental housing assistance as part of the overall funding. Projects will be evaluated for committed resources in the form of internal rent subsidy funding to support developments housing extremely low income tenants and other programs designed to provide direct assistance to targeted income eligible households.

**Ability to Obligate HTF funds and Undertake Eligible Activities in a Timely Manner:**

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 meet HTF commitment and expenditure deadlines.

**Affordability Period:**

Projects supported with HTF funds will be required to enter into restrictive covenant agreements pledging to maintain the units assisted in the program for a 30 year period. This restrictive covenant agreement will be recorded in the real estate records of the county where the property is located. PHFA will monitor the projects for compliance through the affordability period.

**Eligible Activities, Project Costs and Other Federal Requirements:**

Eligible activities and project costs for new construction, substantial rehabilitation and preservation of qualified rental housing projects are set forth in 24 CFR Parts 93.200, 93.201 and 93, 301 and shall be consistent with the activities, costs and standards set forth in the 2016 PHFA Multifamily Program Guidelines (which may be waived for developments consisting of less than 5 units). Applications must specify the eligible activities to which HTF funds will be allocated.

Further, selected developments must certify that housing units assisted with HTF will comply with HTF requirements, which include but are not limited to, nondiscrimination, fair housing, affirmative marketing, lead-based paint, environmental clearances, displacement and relocation.

All properties assisted with these funds will be required to enter into a covenant agreement which outlines all federal program requirements applicable to the NHT funds and allows Agency enforcement of all program provisions.