# Funding Affordable Housing Development: An Introduction



November 2024

# **Regional Housing Legal Services**

RHLS is a nonprofit law firm with unique expertise in affordable, sustainable housing and its related components — community and economic development, utility matters, and preservation of home ownership and affordable rentals. RHLS provides innovative project and policy solutions that help create sustainable communities offering decent, safe, and affordable housing for lowerincome Pennsylvanians.

# **Webinar Overview**

- For people who are new to housing development or have limited experience who want to know more about how to fund the creation of affordable homes.
- > Just an overview; each program has detailed guidelines.
- Focusing on resources for housing development; <u>not</u> covering programs for tenants, homebuyers, or homeowners.
- Covering the major and most commonly used programs.
- Not including COVID funding (CARES Act, ARPA)
- If you have a development in mind and want more information, get in touch with us and we will connect you with one of our attorneys.

### Disclaimer

The information included in this presentation is not legal advice. Regional Housing Legal Services has verified that the information about each program is accurate as of November 2024, but it is subject to change. Please visit the websites of the administering agencies to get the most up to date information about program requirements and contact them directly with specific questions.

# PA Housing Affordability & Rehabilitation Enhancement (PHARE) Fund

35 P.S. 1680.401d et seq. 58 Pa. C.S.A. §2314(e) and (f) 72 P.S. §8102-C.6

- ➤ PHARE is the state's housing trust fund a dedicated revenue source for expanding the supply of and access to affordable homes.
- Created in 2010 (Act 105)

### **PHARE: Who Administers It?**

# PA Housing Finance Agency

https://www.phfa.org/legislation/act105.aspx

# **PHARE: Sources of Funding**

- Marcellus Shale Impact Fees
  - Only for counties with shale ("unconventional") wells; 50% of funds to 5<sup>th</sup> 8<sup>th</sup> class counties
  - Baseline \$5 million
  - "Municipal spillover" funds have declined

# **PHARE: Sources of Funding**

- Realty Transfer Tax (RTT)
  - \$70 million for 2024-25; will increase to \$100 million starting 2027-28
  - Available statewide
- National Housing Trust Fund
  - Funds from Fannie Mae and Freddie Mac
  - Distributed by US Dept. of Housing and Urban Development (HUD) by formula, including shortage of affordable rentals and number of cost burdened very low-income (50% AMI) and extremely low-income (30% AMI) tenants
  - 2024: \$5,276,312
  - Available statewide

## **PHARE: What's It For?**

- Very broad; encourages creativity
- > Examples:
  - housing development, both new construction and rehab
  - addressing homelessness
  - supportive housing, including special populations
  - rental or utility assistance
  - home repair and rental rehab
  - housing counselling
  - downpayment and closing cost assistance
  - addressing unique or urgent problems
- NHTF: increasing LIHTC units affordable to extremely low-income households

### **PHPARE: Who Can Use It?**

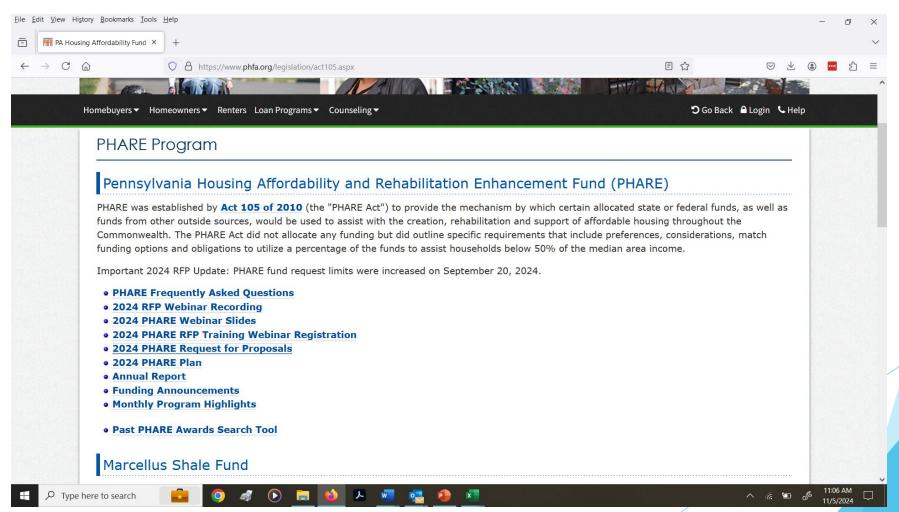
- Local governments
- Governmental authorities
- Nonprofits
- For profit entities
- Marcellus Shale: Applicants must be counties or municipalities from which fees came; may subcontract

# **PHARE: Citizen Participation**

- > Draft annual plan published in December
  - PA Bulletin
  - PHFA website
  - 45 day comment period

### **For More Information**

> PA Housing Finance Agency <a href="https://www.phfa.org/legislation/act105.aspx">www.phfa.org/legislation/act105.aspx</a>



### **For More Information**

Regional Housing Legal Services

www.rhls.org

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RHLS presentation: <a href="https://www.rhls.org/pafundingreport">www.rhls.org/pafundingreport</a>