

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 lower-income 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; not 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 5th - 8th 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 www.phfa.org/legislation/act105.aspx

The screenshot shows a web browser window displaying the PHARE Program page. The browser's address bar shows the URL <https://www.phfa.org/legislation/act105.aspx>. The page features a navigation menu with links for Homebuyers, Homeowners, Renters, Loan Programs, and Counseling. The main content area is titled "PHARE Program" and includes a sub-header "Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE)". The text explains that PHARE was established by Act 105 of 2010 to provide funding for affordable housing. It also mentions an important 2024 RFP update regarding increased request limits. A list of links is provided for frequently asked questions, webinar recordings, training registration, request for proposals, the 2024 plan, annual reports, funding announcements, program highlights, and a search tool for past awards. The page also includes a section for the Marcellus Shale Fund.

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PA Housing Affordability Fund - X

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Homebuyers ▾ Homeowners ▾ Renters ▾ Loan Programs ▾ Counseling ▾

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PHARE Program

Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE)

PHARE was established by **Act 105 of 2010** (the "PHARE Act") to provide the mechanism by which certain allocated state or federal funds, as well as funds from other outside sources, would be used to assist with the creation, rehabilitation and support of affordable housing throughout the Commonwealth. The PHARE Act did not allocate any funding but did outline specific requirements that include preferences, considerations, match funding options and obligations to utilize a percentage of the funds to assist households below 50% of the median area income.

Important 2024 RFP Update: PHARE fund request limits were increased on September 20, 2024.

- [PHARE Frequently Asked Questions](#)
- [2024 RFP Webinar Recording](#)
- [2024 PHARE Webinar Slides](#)
- [2024 PHARE RFP Training Webinar Registration](#)
- [2024 PHARE Request for Proposals](#)
- [2024 PHARE Plan](#)
- [Annual Report](#)
- [Funding Announcements](#)
- [Monthly Program Highlights](#)
- [Past PHARE Awards Search Tool](#)

Marcellus Shale Fund

Windows Taskbar: Type here to search, 11:06 AM, 11/5/2024

For More Information

Regional Housing Legal Services

www.rhls.org

215-572-7300

RHLS presentation: www.rhls.org/pafundingreport