Regional Housing Legal Services
Opening Doors for an Equitable Future

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Submitted via email to: DevelopmentInfo@phfa.org; rwiessmann@phfa.org; jperry@phfa.org; bmaretzki@phfa.org; mgrover@phfa.org; and srhoads@phfa.org

Dear Director Wiessmann,

On behalf of Regional Housing Legal Services (RHLS), thank you for the opportunity to comment on the Pennsylvania Housing Finance Agency's draft Qualified Allocation Plan (QAP) for the Low-Income Housing Tax Credit (LIHTC) program.

We appreciate PHFA's longstanding commitment to expanding and preserving affordable housing opportunities throughout the Commonwealth.

As PHFA finalizes the QAP, we respectfully encourage the Agency to prioritize the following recommendations.

1. **Zoning**

We understand and appreciate that local zoning approval can be a significant obstacle to any affordable housing development and cause undue delay. Awarding more points to projects with zoning approval is how prior QAPs have handled the issue. **Elevating zoning to a threshold requirement (as demonstrated by a letter from the municipality) is a *major policy change*.**

We recommend against this change for the following reasons:

a. Developers do not have enough time before applications are due for current projects to effectively pivot project pipelines and development schedules; requiring zoning approval as a threshold will cause more delay and increase cost to those developers, so enacting this major change when applications are due in 6 months is arbitrary and unfair.
b. The time and expense for obtaining zoning approval varies significantly across jurisdictions and will depress applications in jurisdictions with complicated zoning and long dockets. In certain cases, having a LIHTC allocation can assist in obtaining local zoning or land acquisition approval more quickly, so making this a threshold requirement will remove that advantage.
c. Requiring a letter from a zoning official will favor those with political relationships with local officials in charge of zoning. This is neither fair nor rational.
d. Most importantly, making zoning a threshold issue reinforces local barriers to housing production rather than helping overcome them. The Governor's Housing Action Plan expressly recognizes that regulatory barriers, including local land use restrictions, are a significant driver of Pennsylvania's housing shortage:

> *"Despite this massive need to build more housing, certain outdated and overly burdensome construction regulations are driving up costs and slowing down development. Pennsylvania's permitting and regulatory framework has grown steadily more complex over the decades, with state regulators often layering new development requirements without revisiting or modernizing older rules. Local land use regulations – such as restrictive zoning, excessive parking mandates, and lengthy permit approval processes – further limit housing construction, particularly in areas where demand is highest . . . Without reform, these regulatory challenges will continue to suppress our housing supply, delay new units from coming online, and adversely impact Pennsylvania's ability to compete for capital and investment."*[1]

The Housing Action Plan identifies restrictive local zoning and lengthy approval processes as obstacles that should be addressed and reformed. PHFA's proposed change would move in the opposite direction by making local zoning approval a prerequisite for participation in the LIHTC program. Rather than reducing barriers to affordable housing production, this requirement would amplify them, granting local opposition and NIMBY sentiment greater power to delay or prevent critically needed affordable housing developments.

[1] Office of the Governor of Pennsylvania, *Commonwealth of Pennsylvania Housing Action Plan 2026-2035*, p. 13 (2026).

This concern is consistent with longstanding guidance from the National Council of State Housing Agencies (NCSHA), which has cautioned against local approval requirements because they can create unnecessary barriers to housing production and undermine fair housing objectives. PHFA should continue to incentivize local readiness through scoring rather than elevating local zoning approvals to a threshold eligibility requirement.

Recommendations:

a) We propose that PHFA withhold this change for the 2027/2028 QAP unless or until PHFA develops and launches a pre-development loan for nonprofits, funded through PHARE or another dedicated source, to help less-resourced developers cover zoning, engineering, legal, environmental, and other predevelopment costs associated with securing local approvals. Larger developers may have the resources to absorb the cost and risk of obtaining zoning before applying for LIHTC, but many mission-driven nonprofit organizations do not. Without a corresponding investment in predevelopment capacity, this proposal risks creating a two-tiered system in which only the most well-capitalized applicants can afford to advance projects to the point of eligibility. If PHFA wishes to require applicants to assume substantially greater upfront risk, it should first ensure that nonprofit and community-based developers have access to the resources necessary to compete on equal footing.

b) In the alternative, if zoning is to remain as a threshold item, PHFA should create an explicit and transparent pathway for relief from this threshold criteria using its authority under the September 11, 2025 PHFA Resolution "Authorizing Agency Staff to Modify Application Processes and Program Criteria for Agency Programs in Response to Litigation Delays Related to Affordable Housing Opposition" that provides relief to applicants that can demonstrate that their pathway to pathway to zoning approval may be impeded by NIMBYism or affordable housing opposition.

2. Liquidity Standards

PHFA's goal of ensuring applicants have the capacity to successfully complete their proposed developments is entirely appropriate. However, the proposed sponsor liquidity requirement is a misguided solution to that problem. It creates a significant barrier to participation without providing meaningful additional protection against project failure.

LIHTC investors, lenders, and other financing partners already conduct rigorous reviews of sponsor capacity and routinely require guarantees, financial commitments, and other assurances tailored to the specific risks of each transaction. **The practical effect of this proposal will be to disadvantage precisely the organizations PHFA should be encouraging: emerging developers, mission-driven nonprofit sponsors, and community-based organizations.** Many of these organizations possess the expertise, local relationships, and commitment necessary to successfully develop affordable housing but do not maintain the large unrestricted reserves typical of larger for-profit developers. The proposal effectively treats balance sheet size as a proxy for development capacity, even though some of Pennsylvania's most impactful affordable housing developments have been delivered by organizations whose strength lies in their mission, community connections, and development partners rather than their liquidity.

This requirement will make it substantially harder for new nonprofit developers to enter the LIHTC program and will further concentrate development activity among a shrinking pool of larger, well-capitalized firms. In rural communities, where development capacity is already limited, the effect could be particularly damaging. Local nonprofits and mission-driven sponsors may be effectively excluded from participation, leaving affordable housing development increasingly concentrated in the hands of organizations with the largest balance sheets rather than those with the strongest local ties.

The proposal also eliminates flexibility for applicants that can demonstrate financial capacity through alternative means. Many successful developments rely on guarantees from affiliated organizations, local institutions, civic leaders, philanthropic partners, or experienced co-developers. Under PHFA's proposal, these otherwise viable structures may never reach the stage where their merits can be evaluated.

Put simply, this requirement is more restrictive than many investor requirements, duplicates existing financial review processes, and **creates a substantial barrier to entry without producing a meaningful improvement in project readiness.** The likely result is fewer applicants, fewer nonprofit sponsors, fewer rural developments, and less competition for scarce housing resources.

This newly imposed liquidity requirement, if implemented, would directly frustrate the purposes of the Developer Opportunity Fund (DOF). We appreciate PHFA's efforts with the DOF, however it has not been as impactful as intended, and this liquidity requirement would set progress on the goals the DOF is intended to serve back even further. We believe significant improvements are necessary to fulfil the intended purpose of this resource. PHFA should continue to enhance and expand the DOF by exploring timely, targeted, and flexible structures responsive to the specific needs of developer applicants and their financing partners. This should include increased flexibility in the DOF program related to investors demands on recourse obligations and DOF fund draws.

Recommendation: Eliminate the proposed sponsor liquidity requirement. This approach addresses the wrong problem and does so in a way that undermines PHFA's broader goals of expanding affordable housing production, supporting nonprofit participation, and cultivating the next generation of developers. Existing investor, lender, and underwriting requirements already provide robust screening of financial capacity.

3. Restrictive Covenant Agreement Changes

RHLS appreciates PHFA's thoughtful work to improve the LIHTC Restrictive Covenant Agreement (RCA). The Draft QAP includes important and meaningful improvements to the RCA that will strengthen long-term stewardship of LIHTC developments, enhance program integrity through stronger enforcement mechanisms, and expand tenants' rights to help ensure they receive the full benefits promised by LIHTC-financed housing.

Both local and national experience have demonstrated the challenges associated with enforcing the commitments contained in LIHTC restrictive covenants. PHFA's proposed revisions provide powerful new tools to address those challenges and improve long-term compliance with program requirements. In particular, **RHLS strongly supports the enhanced option-to-purchase language, the addition of liquidated damages provisions in the event of owner noncompliance, and the expansion of tenant third-party beneficiary rights** beyond the narrow rent and income provisions required by IRC Section 42.

These changes represent a significant strengthening of the RCA and will provide more effective mechanisms to preserve affordability, promote accountability, and protect residents. The proposed liquidated damages provision appropriately recognizes the value of affordability that would be lost through noncompliance, while the expanded tenant enforcement provisions acknowledge that tenants are the intended beneficiaries of the LIHTC program and should have meaningful tools available to protect their rights. Together, these revisions significantly enhance PHFA's ability to enforce long-term affordability commitments and maintain the integrity of the LIHTC program.

Recommendation: RHLS commends PHFA for including these important updates and strongly supports their implementation in the final QAP without modification.

4. Supportive Housing

RHLS joins the Pennsylvania Supportive Housing Coalition in urging PHFA to use the 2027/2028 QAP and related tax credit programs to strengthen the development and preservation of supportive housing throughout the Commonwealth. The Coalition, which includes more than 350 individuals representing over 150 organizations, notes that Pennsylvania faces an estimated need for approximately 38,000 additional supportive housing units to meet the needs of individuals and families with disabilities who require both deeply affordable housing and supportive services. The LIHTC program is one of the Commonwealth's most important tools for addressing this need and should be structured to maximize its impact on supportive housing production and preservation.

The Coalition's recommendations recognize that supportive housing developments frequently serve households with incomes below 30% of AMI, and often below 20% AMI, requiring deeper affordability, more complex financing structures, and stronger operating and service supports than traditional affordable housing developments. To address these realities, **RHLS joins the Coalition**

in recommending prioritizing deeper income targeting, increasing flexibility for supportive services funding, restoring supportive housing scoring incentives, expanding opportunities for emerging supportive housing developers, encouraging universal and inclusive design, and creating stronger pathways for both the development and preservation of supportive housing units. RHLS also wishes to highlight the unique vulnerability of existing supportive housing developments, noting that the loss of these units is especially damaging because supportive housing relies on extensive service partnerships, operating supports, and community infrastructure that are difficult to recreate once lost. The Governor's Housing Action Plan recognizes the complexity of these specialized developments. "Programs are scattered across agencies, creating navigational challenges for residents seeking assistance and making it harder to align funding, timelines, and policy goals."[2] By prioritizing supportive housing preservation, PHFA could respond to this challenge with specialized focus on preserving these important and sometimes fragile resources. In doing so, PHFA can protect developments where these partnerships are working and build on those models to also respond to the incredible demand for the new creation of more supportive housing opportunities.

RHLS agrees that supportive housing should be treated as a distinct policy priority within PHFA's affordable housing programs. Supportive housing reduces homelessness, improves housing stability, and advances the Commonwealth's goals of serving individuals with disabilities and other vulnerable populations. As Pennsylvania seeks to address its housing shortage and housing instability challenges, preserving and expanding supportive housing opportunities should remain a central component of PHFA's allocation strategy. The Agency should ensure that supportive housing is not merely eligible for funding but affirmatively prioritized within both its federal and state housing resource allocation frameworks.

Recommendation: PHFA should adopt a clear and measurable supportive housing strategy by:

a. Establishing a goal of financing at least 100 supportive housing units annually through its housing production programs;
b. Prioritizing supportive housing developments in the allocation of Pennsylvania Affordable Housing Tax Credits (PA AHTC);
c. Adopt specialized underwriting criteria that allow supportive housing developments to source and capitalize enhanced services reserve accounts, recognizing the full cost of quality supportive services for these specialized development types, without being considered over sourced; and
d. Creating a dedicated supportive housing preservation set-aside preference to preserve difficult or impossible to replace existing supportive housing developments.

[2] *Housing Action Plan*, at p. 16.

These steps would provide meaningful progress toward addressing the Commonwealth's substantial supportive housing shortage while ensuring that existing supportive housing resources remain available for future generations of Pennsylvanians.

5. Preservation

RHLS appreciates PHFA's continued recognition that preservation is a critical component of Pennsylvania's affordable housing strategy. However**, the proposed preservation provisions represent a *significant policy shift* that would make preservation developments less competitive for 9% LIHTC resources and impose substantial new administrative burdens on applicants.**

Most notably, the draft QAP reduces the guaranteed number of preservation awards from four properties to two properties in the aggregate between the two pools, effectively cutting the preservation priority by 50 percent. At a time when Pennsylvania faces a growing preservation crisis, this reduction sends the wrong signal. Preservation is among the most cost-effective housing investments available. **By 2029, 378 publicly supported affordable housing properties comprising 11,765 affordable units in 56 counties will be approaching the expiration of their affordability restrictions**, placing existing affordable housing at risk of deterioration, recapitalization challenges, or conversion to market-rate use. Many of these properties serve seniors, individuals with disabilities, and extremely low-income households who would face significant hardship if these affordable units are lost.

The proposed requirement that applicants demonstrate that a 4% LIHTC transaction is insufficient before accessing the preservation preference is also concerning. While RHLS understands PHFA's desire to reserve scarce 9% credits for projects that most need them, the proposed standard appears unnecessarily burdensome. In practice, many applicants may feel compelled to prepare an entire parallel 4% financing structure, including extensive financial modeling, underwriting assumptions, and transaction analysis, solely to prove that the transaction is not feasible. This requirement will increase predevelopment costs, consume staff and consultant resources, and create additional barriers for preservation sponsors without necessarily improving PHFA's ability to evaluate project need.

Preservation transactions are highly individualized. Factors such as the scale of rehabilitation needs, local market conditions, operating deficits, investor interest, timing constraints, property size, and owner capacity frequently make a 4% transaction impractical even when a theoretical financing structure could be assembled. PHFA can evaluate these circumstances without requiring applicants to undertake the time and expense of demonstrating that a 4% LIHTC credit and tax-exempt volume cap are not sufficient to rehab the property.

Moreover, many preservation properties, particularly smaller developments and nonprofit-owned properties, require relatively modest capital infusions to extend affordability and preserve habitability. These developments often cannot efficiently support the costs and complexity associated with a full LIHTC resyndication, yet they remain critically important to local affordable housing inventories. As RHLS and its partners recently noted in comments on the Pennsylvania Affordable Housing Tax Credit program, smaller preservation transactions are often the developments most vulnerable to loss despite representing the primary source of affordable housing in many communities.

While we appreciate the apparent desire to prioritize 9% LIHTC for much needed new creation, we are curious upon what information PHFA is basing its decision to limit the availability to utilize this resource for preservation. We believe there are many preservation developments that cannot be served in the 4% program. As the new housing database is built and implemented, it will provide important data driven insights. Major policy changes such as the ones proposed in this QAP should only be implemented through detailed needs analysis.

Recommendation: PHFA should adopt a clear and measurable affordable housing preservation strategy by:

a. Restoring the preservation preference to a minimum of four properties in the aggregate between the two pools.
b. Modifying the proposed 4% demonstration requirement to clarify applicants can satisfy this requirement by submitting a narrative explanation demonstrating why a 4% LIHTC transaction is not a practical or appropriate preservation tool for the property. This would clarify that applicants are not required to effectively structure an entire alternative transaction, incurring both financial and time cost, just to prove its infeasibility.
c. Establishing an AHTC-only preservation pathway for developments that are otherwise preservation-eligible but require a smaller, more efficient capital infusion than a full LIHTC transaction. Such a pathway would preserve affordability, reduce transaction costs, and allow scarce housing resources to be deployed more strategically across Pennsylvania's aging affordable housing portfolio.

These changes would help preserve Pennsylvania's existing affordable housing stock, prevent the loss of affordability in vulnerable communities, and ensure that scarce preservation resources are deployed where they can have the greatest long-term impact.

6. LIHTC-Only Pool

RHLS appreciates PHFA's efforts to streamline the allocation process and encourage projects that can proceed with fewer Agency resources. However, **the proposed creation of a separate**

LIHTC-Only Pool represents a *significant policy change* that warrants additional clarification and careful consideration of its potential impacts.

Under the draft QAP, PHFA will reserve at least 25% of available 9% LIHTC authority for developments seeking only LIHTC credits and/or Agency first-mortgage financing, while developments requesting any Agency soft resources, including HTF, PennHOMES, PA Affordable Housing Tax Credit proceeds, PHARE RTT/Marcelus Shale, and/or Health for Housing funding, must compete within a separate pool receiving no more than 75% of available credits. This approach creates two distinct competitive tracks and reserves a meaningful portion of scarce 9% credits for projects able to proceed without PHFA soft financing.

While RHLS understands the rationale for encouraging simpler capital stacks and maximizing the number of developments that can proceed with limited public subsidy, the proposal raises several concerns. First**, the draft language should be clarified to expressly state that developments utilizing non-PHFA resources, including local housing trust funds, municipal gap financing, county funds, philanthropic investments, or other non-PHFA federal and local resources, remain eligible to compete in the LIHTC-Only Pool.** As currently drafted, the language could be interpreted to exclude developments that rely on any soft financing source, even where no PHFA soft resources are involved. If the Agency's intent is to distinguish between projects seeking PHFA-controlled soft resources and those that do not, the QAP should state that intent explicitly.

Second, the proposal may unintentionally disadvantage developments located in higher-cost markets where additional subsidy is frequently necessary to achieve financial feasibility. Construction costs, land acquisition costs, and operating expenses vary significantly across the Commonwealth, and some of Pennsylvania's highest-opportunity communities cannot realistically support affordable housing development without layered financing. Favoring projects that require no PHFA soft resources may place developments in high-cost markets at a disadvantage, even where housing needs are significant and additional developments would advance fair housing goals.

Third, the proposal may have unintended consequences for rural communities. Unlike larger metropolitan areas, many rural communities have limited local funding sources available to fill financing gaps. As a result, rural developments often rely more heavily on state-level soft financing tools. If projects requiring PHFA soft funds are effectively competing for a smaller share of available credits, rural developments could face additional barriers despite already operating in environments with fewer available resources.

More broadly, **RHLS is concerned that the proposal may create incentives that favor projects based primarily on the availability of alternative capital sources rather than housing need, affordability levels, preservation priorities, or community impact.** PHFA's scarce housing resources should continue to be allocated in a manner that advances the Agency's broader policy goals rather than rewarding applicants solely because they are able to assemble financing from sources outside the Agency's portfolio.

Recommendation: PHFA should clarify and monitor this significant policy change by:

a. Explicitly clarify that developments utilizing non-PHFA soft financing sources remain eligible for the LIHTC-Only Pool so long as they are not requesting Agency-controlled soft resources.
b. Exclude AHTC equity from the PHFA resources, allowing developments combining AHTC and LIHTC to compete in the LIHTC only pool.
c. Closely monitor the effect of this new structure on rural developments, high-cost markets, preservation transactions, and deeply affordable housing developments. If the LIHTC-Only Pool is retained, PHFA should ensure that the allocation structure does not inadvertently disadvantage projects serving the communities with the greatest affordable housing needs.

7. Developer's Fee

RHLS appreciates PHFA's thoughtful revisions to the developer fee provisions and generally supports the proposed changes. Affordable housing development has become increasingly complex in recent years, requiring developers to navigate rising construction costs, layered financing structures, expanded compliance obligations, and longer development timelines. In that context, **RHLS welcomes PHFA's recognition that developer fee policies must evolve to support the successful delivery of affordable housing across the Commonwealth.**

We are particularly appreciative of PHFA's decision to increase the developer fee caps for certain project types and to provide enhanced fee treatment for joint venture developments. Joint ventures play an important role in the affordable housing ecosystem by bringing together organizations with complementary expertise, expanding development capacity, and facilitating the transfer of knowledge and experience across the industry. Creating incentives for these partnerships is a constructive approach that can strengthen Pennsylvania's affordable housing development pipeline.

RHLS also appreciates PHFA's continued commitment to supporting emerging developers through initiatives such as the Developer Opportunity Fund. As the Agency considers additional opportunities to build long-term development capacity, we encourage PHFA to view joint ventures as an important tool for cultivating the next generation of affordable housing developers. Emerging and community-based developers often possess deep local knowledge, strong community relationships, and a commitment to serving underserved populations, but may have fewer opportunities to build the track record and organizational capacity necessary to compete independently in the LIHTC program.

Because joint ventures are frequently the primary mechanism through which emerging developers gain experience and establish themselves in the affordable housing field, **PHFA may wish to consider an additional incentive for joint venture partnerships that include an emerging developer**. For example, the Agency could allow a modest enhancement to the developer fee where a meaningful portion of that fee is allocated directly to the emerging development partner. Such an approach would further PHFA's existing efforts to expand participation in affordable housing development while encouraging genuine mentorship and capacity-building relationships.

Finally, RHLS appreciates PHFA's continued recognition of the importance of supportive services through the additional developer fee available to fund supportive service escrows. This provision provides valuable flexibility for developments serving residents with significant service needs and helps support the long-term stability of those communities.

Recommendation: RHLS supports the proposed developer fee revisions and appreciates PHFA's efforts to modernize and strengthen its developer fee framework. We encourage the Agency to retain the proposed increases and joint venture incentives and to **consider a modest additional incentive for joint ventures involving emerging developers**, with a portion of the enhanced fee directed to the emerging partner. This would complement PHFA's existing developer capacity-building initiatives and help expand the pool of experienced affordable housing developers across Pennsylvania.

8. Program Consistency and Transparency

RHLS would like to thank PHFA for its continued efforts to improve transparency and stakeholder engagement in its housing programs. In particular, we appreciate PHFA's recent practice of publishing comments received during the AHTC guideline process. This simple but meaningful step enhances public participation and allows stakeholders to better understand the perspectives and policy considerations informing Agency decisions.

Similarly, RHLS recognizes and appreciates PHFA's longstanding commitment to public engagement throughout the LIHTC allocation process, including conducting public hearings, soliciting written comments, and maintaining an open dialogue with applicants, advocates, residents, and community stakeholders. These efforts help ensure that the QAP reflects diverse perspectives and strengthens confidence in the integrity of the allocation process.

At the same time, opportunities remain to improve the consistency, predictability, and transparency of the LIHTC program. These principles benefit applicants, residents, and PHFA alike**. A more predictable process allows developers to better manage project timelines, reduce transaction and predevelopment costs, and enables applicants to make more informed investment decisions. Increased transparency also helps broaden participation by new and emerging developers, including nonprofit and BIPOC-led organizations**, while ensuring that residents and community stakeholders have meaningful opportunities to understand and engage with decisions that affect their communities.

The Governor's Housing Action Plan expressly recognizes the benefit of retooling programs to increase transparency and program accessibility.

"We will reengineer state government to create efficient, accessible, and integrated housing programs and delivery systems across the Commonwealth's executive departments, state-affiliated agencies, counties, and municipalities."[3]

RHLS supports this vision and believes PHFA has an opportunity to advance these goals through several modest but meaningful improvements to the QAP process.

Recommendations: To further these goals, RHLS encourages PHFA to consider several modest but impactful improvements:

a. **Establish a consistent annual schedule** for QAP release, application availability, submission deadlines, and award announcements to provide greater certainty for applicants and financing partners.
b. **Publish all comments received on proposed QAPs**, consistent with PHFA's recent practice in the AHTC program, to promote transparency and inform future stakeholder participation.
c. **Provide redline versions of QAP revisions** that clearly identify changes from prior rounds, allowing applicants and stakeholders to more easily understand policy shifts and program modifications.
d. **Enhance award announcement disclosures** by publishing scoring information for all applications, applicant and developer names, total LIHTC requested, and final award amounts. Providing this information would improve understanding of the competitive process and assist applicants in preparing stronger future submissions.

These measures would promote a more transparent, predictable, and accessible allocation process. They would help community members, residents, advocates, and developers better understand PHFA's decision-making, provide meaningful opportunities for feedback, and strengthen confidence in the administration of one of the Commonwealth's most important affordable housing programs.

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[3] *Housing Action Plan*, at p. 34.

9. Appreciation for Positive Changes in the Draft QAP

RHLS would also like to recognize and commend PHFA for several positive changes reflected in the draft QAP. While our comments above focus on areas where we believe revisions would further strengthen the program, we appreciate the Agency's continued willingness to adapt the LIHTC program to changing market conditions and emerging housing needs.

First, RHLS strongly supports PHFA's decision to increase the maximum Competitive 9% LIHTC award amounts. Rising construction costs, insurance premiums, financing expenses, and operating costs have made affordable housing development increasingly difficult throughout Pennsylvania. Increasing the maximum credit award available to developments acknowledges these realities and should improve the feasibility of many projects that might otherwise struggle to move forward. The enhanced award level for larger family developments and supportive housing developments is particularly welcome given the acute need for both housing types across the Commonwealth.

Second, RHLS appreciates PHFA's decision to eliminate maximum basis limitations. The prior requirement could arbitrarily limit available LIHTC and often created additional complexity and uncertainty in transactions that are already subject to extensive underwriting, investor review, lender scrutiny, and Agency oversight. Removing this requirement should reduce transaction costs, simplify the development process, and create greater predictability for applicants while still allowing PHFA to maintain appropriate oversight of development costs through its existing underwriting tools.

Third, RHLS also appreciates PHFA's responsiveness to our prior feedback regarding supportive housing requirements. In prior comments, RHLS recommended that applicants be permitted to commit at the time of application to ensuring supportive housing residents pay no more than 30% of their income toward housing costs, while allowing the specific operating subsidy or funding source supporting that commitment to be finalized after award. The draft QAP adopts a practical version of this approach by permitting applicants to commit to meeting the requirement at application and conditioning any award on subsequently presenting a mechanism acceptable to the Agency. This change appropriately balances PHFA's interest in ensuring long-term affordability with the realities of assembling operating subsidies and service funding sources that often cannot be fully secured before a LIHTC award is made. RHLS appreciates PHFA's willingness to provide this additional flexibility for supportive housing developments

Finally, RHLS appreciates PHFA's efforts to address our concerns articulated in the prior proposed QAP regarding the treatment of unclosed 4% LIHTC developments under the application cap. While RHLS had encouraged the Agency to reconsider counting unclosed developments against application limits altogether, the QAP's waiver process for developments delayed by circumstances beyond the developer's control represents a meaningful improvement. This added flexibility helps prevent applicants from being unduly penalized for delays that are common in complex 4% transactions and frequently arise from factors outside their control.

Conclusion

RHLS appreciates PHFA's continued leadership in administering the LIHTC program and its willingness to engage thoughtfully with stakeholders throughout the QAP development process. The draft QAP contains a number of important positive changes, particularly with respect to supportive housing, accountability for long-term affordability protections, transparency, and program modernization. At the same time, several of the proposed changes discussed above represent significant policy shifts that warrant reconsideration or refinement to ensure they do not unintentionally create barriers to affordable housing production, preservation, and nonprofit participation.

Pennsylvania continues to face significant housing needs across urban, suburban, and rural communities. The QAP is more than an allocation document; it is a statement of the Commonwealth's housing priorities and reflects whose needs are elevated, whose barriers are addressed, and whose voices are heard in the development of affordable housing policy. The decisions made in this QAP will help shape whether scarce housing resources are used to expand opportunity, preserve existing affordable homes, strengthen nonprofit and community-based development capacity, and serve those Pennsylvanians with the greatest housing needs.

RHLS respectfully urges PHFA to consider the recommendations outlined in this letter as it finalizes the 2027/2028 QAP. We appreciate the opportunity to provide comments and welcome continued dialogue with the Agency on these and other affordable housing policy issues.

Respectfully submitted,

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