In anticipation of issuing a draft 2019 Low Income Housing Tax Credit Allocation Plan in the next few months, the Pennsylvania Housing Finance Agency is seeking input from our partners on the affordable housing priorities and needs throughout the Commonwealth. Specifically, we are asking you to share your thoughts on the Allocation Plan preferences and set-asides, threshold and selection criteria and program administration. We value your feedback as part of this process and ask that you take a few minutes to complete the following survey. **Upon completion, please return the survey via email or mail to Debbie Clark (email: dclark@phfa.org; address P.O. Box 8029, Harrisburg, PA 17105) by February 23, 2018.**

**Submission Requirements**

Development Team Capacity

1. The Agency expects applications for Tax Credits to remain strong despite the impact of recent federal Tax Reform on the affordable housing industry. Over the last several years, we have seen an increase in applications from developers either new to Pennsylvania or new to the Low Income Housing Tax Credit Program. The Allocation Plan states that applicants must demonstrate Development Team experience sufficient to ensure financial capacity to complete the development and long term viability of the development. Inexperienced applicants may use an experienced housing consultant that will continue to provide services through initial occupancy to meet the requirements. Each year, a few developments face more than customary challenges and delays in meeting program criteria, including initial ranking and underwriting assumptions, and deadlines, which we attribute to either inexperience or capacity issues.
2. The Agency limits the number of applications an applicant may submit to six (6) developments. Should this be further limited? Should similar application limits be placed on other development team members including consultants, architects and contractors? Should similar award limits be imposed based on development capacity or other criteria? Why or why not?
3. Previous Allocation Plans have awarded points in the Selection Criteria for development team experience based on the number of Tax Credit developments completed and placed in service by the original tax credit award deadline. Do you think this should be reinstated? Should the Agency use other factors to determine both experience and current capacity?
4. The 2017/2018 Allocation Plan provides the Agency with the discretion to reject an application from an applicant that is delinquent, has materially defaulted or has misrepresented material information on a previous application. We have received applications from developments that are delinquent in funding obligations, have unresolved issues or have significant noncompliance or negative ranking issues. Should the Agency provide, in advance of a funding round or upon receipt of the Intent to Submit, an applicant with notice that future applications may be returned? Should the Agency have a limited appeal/cure period applicable to such notices?

Compliance Period

2. The Agency extended the compliance period to 35 years for developments seeking 2018 Tax Credits. The Agency is interested in your views as to the impact of the additional five years of affordability.

**Set-Asides, Pools and Preferences**

3. In 2013, the Agency changed its methodology in which it allocated Tax Credits between Urban and Suburban/Rural Pools among a number of preferences including general, senior 62 and above with services, preservation, supportive housing, community revitalization, areas of opportunity, strategic investment and innovation in design.

Should the criteria identified for consideration in these preferences be revised? If so, how? Are there other preferences we should consider?

**Threshold Criteria**

1. The Agency added Broadband Infrastructure and Smoke-Free Developments as a threshold criteria in the 2017/2018 Allocation Plan. Do you have any comments about their inclusion and implementation in developments?
2. The Agency believes a certain level of supportive services should be provided to all residents. Developments that meet PHFA’s minimum requirements established in the selection criteria may receive ranking points for supportive services in the 2017/2018 Allocation Plan. For 2019, we are considering making a minimum level of supportive services a threshold criteria.
   1. Should the requirements identified in the 2017/2018 Selection Criteria be considered as the minimum in the threshold criteria? If so, should the Agency make available additional points available for services above threshold? Are there other suggestions or best practices for level of services to be provided to residents?
   2. How can PHFA work with you to guarantee at least 15 years of services funding? Is the one hour per five units per week for 15 years still a good minimum for required on-site services?
   3. Are the 62+ with Services preference requirements sufficient? Do you have suggestions for expansion of this preference?

**Selection Criteria**

1. Development Characteristics
   1. For 2017/2018, the Agency expanded its Green Building Criteria by accepting Enterprise Green Communities, LEED or National Green Build Standards certifications for ranking consideration. For those who applied for any of these programs, what did you think of utilization of the different standards? Are there other standards that should be incorporated in this category?
   2. The Agency has encouraged Passive House building for the last two (2) application rounds. Now that a number of projects are beginning to place in service, we are inviting feedback on following these standards.
   3. The Agency is considering use of the HUD Utility Schedule Model as a single method for establishing utility allowances for underwriting projects not otherwise federally assisted consistent with Treasury Regulation Section 1.42-10 (b)(1), (2), (3) and 4(i). Please provide your thoughts on implementing this.
2. Resident Population and Services – Section 811 Participation

In the 2017/2018 Allocation Plan, points are available to those developments with applicants and/or management agents that agree to include Section 811 units, designated for persons with disabilities ages 18-61, in existing properties or those under development. By the end of 2017, a number of owners have entered into Agreements to Enter into a Rental Assistance Contract or Rental Assistance Contracts for properties to qualify for points under the 2017/2018 Allocation Plan.

We are seeking feedback on how we may further facilitate incorporating 811 units in developments. What assistance might PHFA or the Department of Human Services provide to ensure successful occupancy? Is there technical assistance or guidance that is needed to do this?

1. Development Process – Completeness of Application

Based on the Agency’s initial review of the 2017/2018 applications, a significant number of applications displayed inconsistencies or incomplete items such as: financing commitments failed to match Tab 2, site control missing all properties, market study did not support rental projections, self-scoring did not meet Allocation Plan minimum ranking. In previous years, the Agency either deducted points for incomplete applications or awarded points for completeness. The Agency anticipates reinstating bonus points for application completeness. What do you think?

1. Development Process - Ability to Proceed

While a number of the 2016 Tax Credit developments were faced with delays (and pricing adjustments) in anticipation of federal Tax Reform, 50% of the developments requested a Modification of Award. Modification requests were submitted for the following reasons: change in property sites (or increase in site area), number of units/bedroom counts, ownership structures, operating subsidies and financing terms and conditions. Additionally, as in past years, the Agency saw delays due to zoning, municipal and environmental approvals and third party approvals.

Should the Agency give bonus points for developments which are able to proceed within an Agency proscribed deadlines? If so, what is the appropriate timeline from award to equity closing assuming an Agency award of Tax Credits in Spring 2019?

**Other**

1. Are there any other comments you would like to provide regarding changes the Agency should consider for the 2019 Allocation Plan?
2. Are there any other aspects of the Agency's program review or processing that you would like to comment on? Do you have any suggestions for how PHFA might encourage more timely completed and accurate placed in service packages so we might improve our processing timelines? The Agency is considering returning incompletely packages, in full, in lieu of partial reviews to streamline the cost certification process. What do you think of this proposal? Would established deadlines for both receipt of and review of placed in service packages be helpful?