



Supportive Housing Implications of Pennsylvania's Qualified Allocation Plan

Thursday, June 20th, 2024

This Session Will Be Recorded for Dissemination to
Supportive Housing Partners Across Pennsylvania Upon
Request



Representation of nonprofit affordable housing developers and managers.

Policy and systems change on behalf of low-income Pennsylvanians and the organizations that serve them.



Training and technical assistance for community service providers.

Convener and connector between affordable housing and legal services providers.

What We Do

CSH takes action through our three lines of business

Policy & Advocacy

We promote concrete policies and strategies that advance more supportive housing development.



Community Investment

We are a CDFI and invest resources to increase availability and sustainability of quality, affordable housing aligned with services.

Strengthening the Field

We provide training, technical assistance and thought leadership to the housing and services sectors.

PA Supportive Housing Platform



Supportive Housing 101 Solutions Resources About Us CSH Summit 2023

Supportive Housing Policy Platform for Pennsylvania

CSH, in partnership with Regional Housing Legal Services (RHLS), conducted numerous listening sessions to engage partners during a year-long planning grant to develop a supportive housing policy platform for Pennsylvania. This platform seeks to raise awareness of key policy issues that prevent communities throughout Pennsylvania from creating the supportive housing needed for marginalized members of their communities. Through several listening sessions, CSH and RHLS identified more than a dozen recommendations for policy changes in Pennsylvania and kept track of the most commonly occurring recommendations. A Core Review Coalition was consulted to further identify the policy changes that would have the highest impact on the creation and sustainability of supportive housing in PA, highlighted below. The hope for this platform is to guide statewide policymakers, housing developers, service providers, and housing advocates in the collective goal to end homelessness and create communities that thrive in the commonwealth.

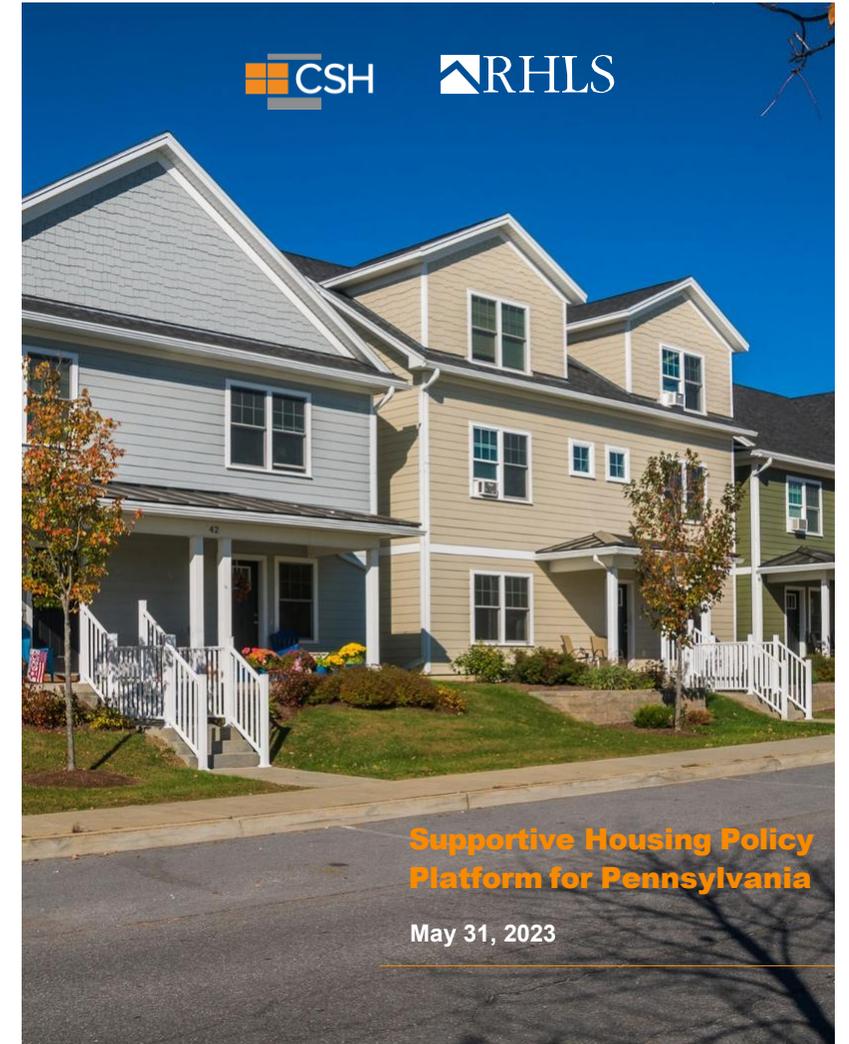
[View the Executive Summary](#)

LEARN MORE



<https://www.csh.org/resources/supportive-housing-policy-platform-pennsylvania/>

<https://www.rhls.org/2023/11/platform-raises-awareness-of-key-policy-issues-that-prevent-communities-from-creating-supportive-housing/>



SH Platform Workgroup Breakdown

1

Supportive Services

Enhance Support Services Funding

The current state of supportive services funding is inadequate to meet the needs in communities across PA. There is a need for increased and stable services funds as well as a need to align those resources with affordable housing capital and operating funds.

2

Affordable Housing

Address Affordable Housing Needs

There is no supportive housing without affordable housing. Supportive housing champions must align policy recommendations with existing efforts to enhance affordable housing stock across the commonwealth.

3

NIMBYism

Challenge Resistance to Affordable and Supportive Housing

Supportive housing cannot thrive in the same environment community resistance can. Stakeholders must challenge resistance while enhancing relationships with existing landlords.

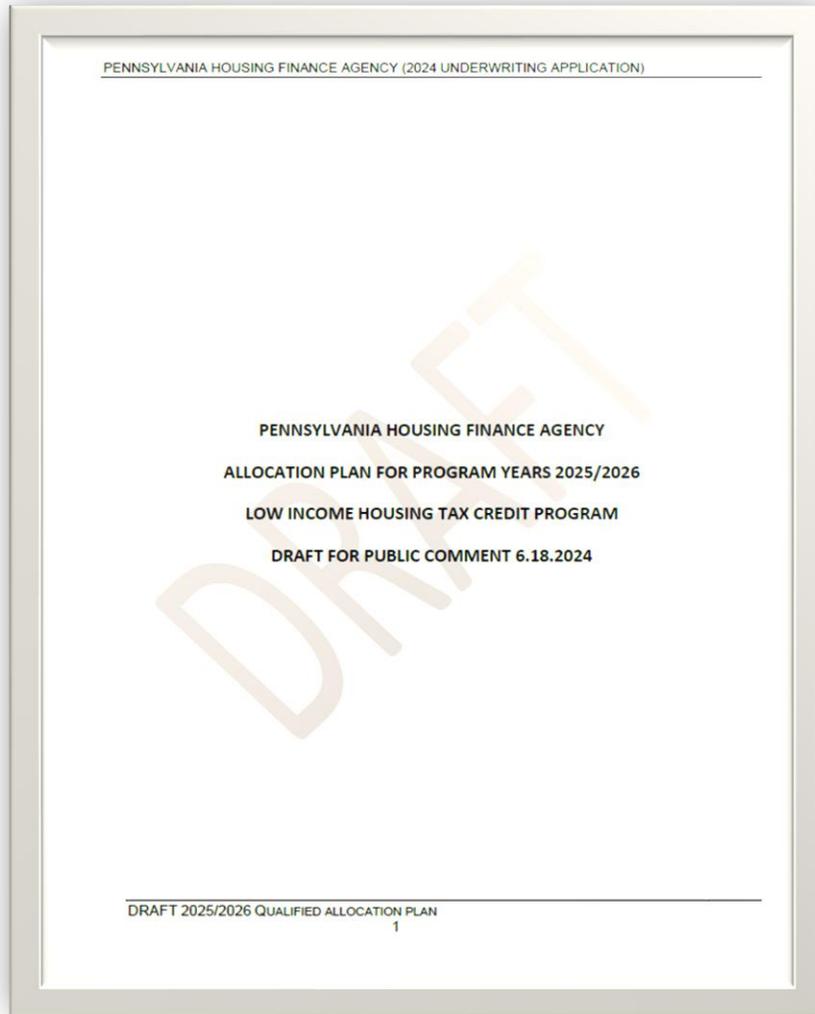
4

Interagency Council

Establish a Statewide Interagency Council and Plan to Address Homelessness

Pennsylvania needs a statewide plan to address homelessness that is vitalized by the leadership of an interagency council accountable to the Governor's office.

Next QAP Conversation – AH Workgroup



- Affordable Housing Workgroup Scheduled for 6/27/24 from 3:00-4:30.
 - Register Here: <https://csh-org.zoom.us/meeting/register/tZcqf-mqrzstH9Yu4S9MCBInoRcVptF3ZKvo>
- Will focus on draft released on 6/18/24 (after this content was created) and will inform CSH's participation in the comment period.



The Low-Income Housing Tax Credit and Qualified Allocation Plans

A (very) short overview!

A Brief History of LIHTC

- A federal tax credit created in 1986 and made permanent in 1993.
- Reduction of federal support for public housing solutions in favor of public-private partnerships.
- Developed in the wake of strong anti-public housing narrative.
- Received and maintains bipartisan support.
- **Administered by the IRS (not HUD or USDA)**
 - Often Layered with HUD or USDA funds
 - Ex. CoC, ESG, RD, etc.
- State Level Control – Qualified Allocation Plan (QAP)

Understanding QAP's role in LIHTC

- ❑ Section 42 of the Internal Revenue Code
- ❑ State Priorities and Control
- ❑ Qualified Allocation Plan (QAP)
- ❑ Thresholds, Set Asides, and Points, OH MY!
 - ❑ Geographic
 - ❑ Substantive

Understanding LIHTC: Other Sources of Funding

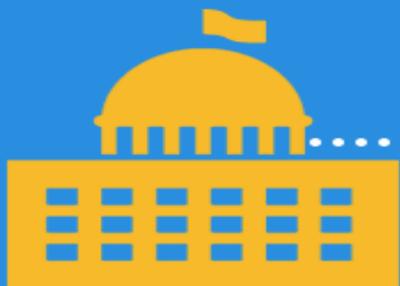
LIHTC is *the* primary mechanism for the creation of affordable housing but does not ‘do’ development alone:

- Construction Loan
- “Soft money”
- HOME or Housing Trust Fund allocations
- Operating Funds
- Rent Subsidies (LIHTC Rent Calculations)

All these sources come with their own requirements, preferences and standards.

1

IRS allocates tax credits to each state based on population.



2

The allocating agency adopts a Qualified Allocation Plan (QAP) which reflects the state's priorities for housing development.



3

Developers submit proposals to the allocating agency.



4



Allocating agency awards tax credits to some developers, in accordance with priorities set in the QAP.

The Basic Structure of a Low-Income Housing Tax Credit Deal



www.rhls.org

7



The developer submits compliance reports to the allocating agency.

6

Developer builds and operates the housing.



5



Investors purchase a share in the development, providing the equity needed to fund the project.

PENNSYLVANIA HOUSING FINANCE AGENCY
ALLOCATION PLAN FOR PROGRAM YEAR 2024
LOW INCOME HOUSING TAX CREDIT PROGRAM
BOARD APPROVED – SEPTEMBER 14, 2023

PA QAP and Supportive Housing

Analysis of the current finalized (PA 2024)
QAP supportive housing language

SH language in QAP

The image shows a screenshot of a PDF document viewer. The browser's address bar shows the document title "2024 Qualified Allocati...". The PDF title is "PENNSYLVANIA HOUSING FINANCE AGENCY (2024 UNDERWRITING APPLICATION)". The document content includes a section header "2.4 MAXIMUM COMPETITIVE 9% TAX CREDIT AWARD" and a paragraph stating "The Agency imposes the following per project maximums on Competitive (9%) Tax Credit awards:". Below this are three numbered list items. The word "supportive" is highlighted in blue in the second item. The viewer interface includes a left sidebar with navigation tools, a top toolbar with search, share, and AI Assistant options, and a right sidebar with a table of contents and navigation icons.

Menu Home 2024 Qualified Allocati... x + Create

All tools Edit Convert E-Sign

Search Save Print Share AI Assistant

PENNSYLVANIA HOUSING FINANCE AGENCY (2024 UNDERWRITING APPLICATION)

supportive 1/31 < > ... x

2.4 MAXIMUM COMPETITIVE 9% TAX CREDIT AWARD

The Agency imposes the following per project maximums on Competitive (9%) Tax Credit awards:

- 1) \$1,537,000 for projects with 60 or more affordable units if the development demonstrates a mix of unit sizes with at least 51% of units two bedroom or larger; or
- 2) \$1,590,000 for projects which promote **supportive** housing opportunities to targeted populations including persons who are homeless; non-homeless households requiring **supportive** services including those with mental, physical, sensory, or developmental disabilities; persons with substance abuse disorders; persons diagnosed with HIV/AIDs and related diseases; persons being released from incarceration, and other special populations approved by the Agency on a case-by-case basis (which may include consideration for the specialized needs associated with affordable housing for veteran households). A minimum of twenty five percent (25%) of the units must be set aside to qualify for this preference. Designated units must be rented only to the target population (subject to fair housing laws). Developments must provide evidence that residents meeting the **supportive** housing preference pay no more than thirty percent (30%) of their income to their total housing expenses; or
- 3) \$1,431,000 for projects which do not meet the criteria outlined in (1) and (2), above.

The Agency reserves the right to reduce the project maximums listed above based upon market conditions. Based upon the demand for Competitive 9% Tax Credits and development rankings, the amount of

13 63 ^ v ↺ ↻ 🔍 🔍

Pennsylvania QAP and Supportive Housing – Threshold Criteria 3.2.16

• 3.2.16 Supportive Services

- All developments must confirm that a minimum level of supportive services appropriate to the proposed resident population is available at the property. Applications must provide evidence, satisfactory to the Agency, that funds are dedicated to cover service delivery. Developments that provide delivery of specific services may qualify for ranking consideration under the Selection Criteria. See Exhibit SC2024 for specific criteria.

Pennsylvania QAP and Supportive Housing – Threshold Criteria 3.5

- In addition to the maximum base developer fee, Applicants may request an additional five percent (5%) developer fee to fund a supportive services escrow for the provision of social supportive services for the benefit of the residents
- Consideration for the additional developer fee is available to 9% Tax Credit Applications only. The Applicant must commit to providing to the development the entire amount of the equity raised for the additional developer's fee to fund the escrow and the equity raised cannot be structured as a loan The five percent (5%) is determined exclusive of acquisition costs.
- 15-year compliance period

Pennsylvania QAP and Supportive Housing - Preferences - 4.2.2.4

- Supportive Housing is defined as follows:
 - (1) Housing that is made available to members of a targeted population; and
 - (2) Housing that has services targeted specifically to members of that population.
- The Agency will reserve Competitive 9% Tax Credits to, at a minimum, two (2) developments in each Pool which promote supportive housing opportunities to targeted populations including persons who
 - are homeless;
 - non-homeless households requiring supportive services including those with mental, physical, sensory, or developmental disabilities; persons with substance abuse disorders; persons diagnosed with HIV/AIDs and related diseases; persons being released from incarceration, persons aging out of the foster care system,
 - and other special populations approved by the Agency on a case-by-case basis (which may include consideration for the specialized needs associated with affordable housing for veteran households).
- A minimum of twenty-five(25%) of the units must be set aside to qualify for this preference.
- Developments must provide evidence that residents meeting the supportive housing preference pay no more than thirty percent (30%) of their income to their total housing expenses.

Pennsylvania QAP and Supportive Housing –B.2 Designated Populations & Supportive Services

- To receive the maximum twelve (12) points in this category, the development will provide evidence that appropriate services will be provided for the entire resident population for the duration of the compliance period. Evidence consists of a supportive services plan that:
 - is specific to the development and effectively addresses the anticipated service needs of the target resident population.
 - General occupancy developments should deliver or coordinate services that: improve building and unit maintenance; stabilize occupancy by improving residents' ability to uphold their lease obligations; and enhance quality of life through increased self-sufficiency and programs that improve life skills, employment, education, income/asset building, child and youth development, community building, and access to services.
 - Senior occupancy developments should deliver or coordinate services that: stabilize occupancy by improving residents' ability to uphold their lease obligations throughout the aging process and enhance quality of life through improved access to services and benefits, health promotion, community building, and socialization.

Pennsylvania QAP and Supportive Housing – B.2.

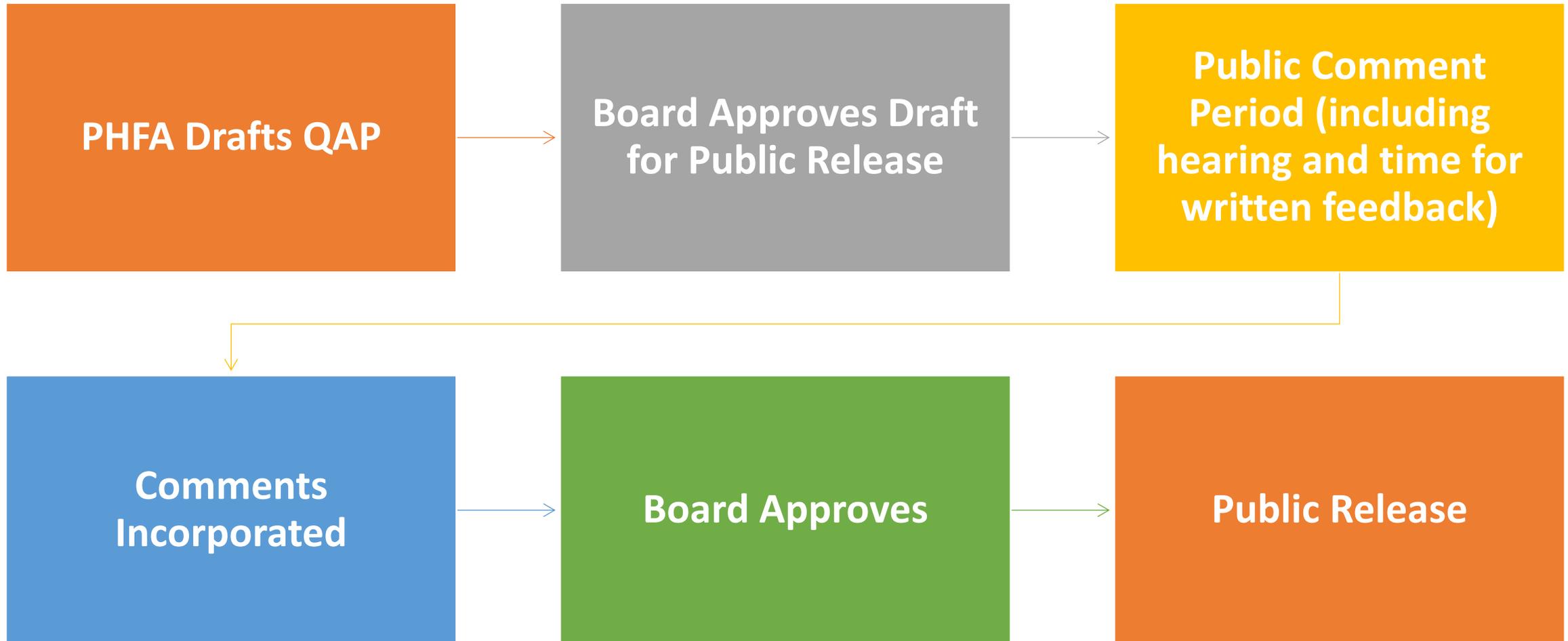
7 points – Satisfactory Completion of Four Factors:

- Developments for populations with special needs should deliver or coordinate services that stabilize occupancy by improving residents' ability to uphold their lease obligations and enhance quality of life through improved access to services that support the needs of the targeted population.
- Includes sufficient funds to implement the described plan of services. It is recommended that this funding be set aside in a supportive services escrow account. If a supportive services escrow account is being used for funding, it is required that the Agency hold the escrow.
- Utilizes a service provider/coordinator with the capacity to implement a described plan of services. The recommended minimum is **one hour of on-site dedicated** staffing per week for **every five units**
- Must include a statement of commitment to continued professional development in core areas related to supportive services for all supportive services staff.

5 points – Sufficient Funding

- Demonstrated commitment of sufficient funds for at least 15 years and meeting the required minimum on-site staffing may result in an additional five (5) points.
- Confirmation from the service provider regarding the availability of applicable services at initial occupancy of the development will be required prior to issuing the IRS Form 8609. To ensure the continued provision of supportive services, the Restrictive Covenant Agreement will reflect such commitment.

QAP Process



Screenshot of the Hearing announcement

PHFA Notice of Public Hearing - 2024 LIHTC Allocation Plan



Clark, Debra <dclark@phfa.org>
To

You forwarded this message on 7/18/2023 4:33 PM.



Tue 7/18/2023 4:28 PM

Good afternoon,

The Pennsylvania Housing Finance Agency has released its draft 2024 Qualified Allocation Plan for Low Income Housing Tax Credits which is available at [Draft 2024 Qualified Allocation Plan for Low Income Housing Tax Credits \(Board Approved\) \(phfa.org\)](#). A public hearing is scheduled for Thursday, July 27th at 11:00 AM. The meeting will be held via a TEAMS platform. Persons who would like to attend the meeting are required to RSVP at <https://events.gcc.teams.microsoft.com/event/eb08b7b3-1a09-4ce2-8ceb-9196fd17b208@02ec4d4e-57f5-47dd-86d6-65521d722416>. The public notice can be accessed at www.phfa.org/news under the heading "Public & Legal Notices." Public comment will be accepted in writing up to the deadline of August 17, 2023 at 4:00 PM.

Thank you.

Jessica Perry
Director of Development



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Celebrating 50 years leading affordable housing in PA.

Screenshot of PHFA newsletter signup

phfa.org/news/newsletter.aspx

PHFA PA Housing Finance Agency

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PA Housing Newsletters

If you have difficulty opening a newsletter, or need a copy of an archived edition not found on this page, please contact Renae at 717.780.4016. To open a newsletter, your device must have the **current version** of the **Free Adobe® Acrobat® Reader™** or another compatible PDF Reader installed.

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<https://www.phfa.org/news/newsletter.aspx>

Leveraging QAPs and LIHTC from the Field

Examples of SH Impact from QAPs

Ohio Service Enriched LIHTC Set Aside

Interagency Council PSH Framework

- Collaborative approach with sister agencies including governor's Office and SH stakeholders (**including CoC**)
- Defined the need, unit goals, target populations, and definition of SH
 - Income
 - Age
 - Disability
 - HH with SPMI who are homeless/at risk
 - HH at risk due to institutionalization due to disability/disabling condition
 - HH with I/DD

Set Aside – linked directly to PSH Framework

- [Microsoft Word - PSH Framework Final.doc \(csh.org\)](#)



Kentucky PSH Set Aside: HOME-ARP



[This Photo](#) by Unknown Author is licensed under [CC BY-SA](#)

Tax Credit SH

- PSH LIHTC Set Aside created in 2022
- \$650K in credits= \$6.5 Million
- Gap financing with HOME-ARP (\$18M total- \$9M per project)
- 1 project awarded- 2022
- 2 additional projects submitted in 2023 (1 project will be funded)

Non-Tax Credits SH

- NOFO for HOME-ARP for non-credit capital
- \$19.5M available (max request \$6.5M per project)
- Up to \$500k in services over three years
- Applications due Jan 2024



Indiana: Supportive Housing Institute at work



Partnership between CHS and the Indiana Housing and Community Development Authority (IHCDA)

- ❑ Must go through the Institute to be able to apply for IHCDA Housing First Set Aside
- ❑ Teams made up of developers, supportive services provider, and property manager (at min) go through training/ receive TA on developing a project concept including a detailed service delivery plan.
- ❑ Can also access necessary predevelopment loans from CSH upon completion.

PA Supportive Housing Recommendations

**Recommendations for the PA QAP to strengthen
supportive housing incentives**

PA QAP - CSH Recommendations



Clarify Supportive
Housing Definition and
Ensure Quality Standards



Develop Key
Performance Indicators



Increase Supportive
Housing Set-Aside

CSH Recommendations – Clarify Supportive Housing Definition and Ensure Quality Standards

Establish a clear definition of supportive housing including quality standards.

SH Quality Endorsement

Quality Checklist

Adapt language from states with robust QAP SH Language (i.e. [Indiana](#) and [Ohio](#)) – including removal or clarification of language on criminal background checks

CSH Recommendations – Develop Key Performance Indicators

- Project number of supportive housing units projected and actualized from the LIHTC allocation
- Establish clear desired outputs and outcomes in supportive housing
- Review data annually on both implementation and unit production plans

Output – what a program does or produces

- Number of individuals/households served
- Length of stay
- Occupancy rate

Outcomes – what is gained or changed as a result of the output

- Housing situation at program exit
- Return to homelessness or institutionalization
- Income changes during tenancy
- Interaction with public systems
- Self-sufficiency measures

CSH Recommendations – Increase SH Set Aside

- PA SH Need = **38,789 Units**
- Increase SH set-aside to 40% and the number of reserved units to at least 35%.
- Result based on 2022 allocation of \$35,952,902 would lead to approximately 429 units of sh units (subject to development costs) with a minimum of 128 of those reserved for special needs tenants annually.
- Establish public reporting of SH financed through LIHTC annually

The screenshot shows the CSH Supportive Housing Calculator interface. The browser address bar displays 'csh.org/qap/'. The page title is 'Supportive Housing Calculator'. The calculator displays the following information:

- LIHTC Credit Allocation:** \$ 35952902
- Supportive Housing Set Aside:** A slider is positioned at 40%.
- Supportive Housing Credit Allocation Over 10 Year Period:** \$ 143811608
- Average Per Unit Development Costs:** \$ 335000
- Number of Supportive Housing Units:** 429
- Formula:** $(\text{LIHTC Credit Allocation} \times \% \text{ SH set aside} \times 10 \text{ years}) / \text{Average Development Cost} = \# \text{ of SH Units}$

Additional text on the right side of the calculator states: 'HFAs and anyone advocating for their state's QAP can use our Supportive Housing Calculator to determine the number of supportive housing units that can be developed with a dedicated supportive housing set-aside. The calculator also adjusts for per-unit development cost adjustments.'

Next Steps – Join a Workgroup!

Affordable Housing – 6/27/24, 3:00-4:30pm

- Registration - <https://csh-org.zoom.us/meeting/register/tZcqf-mqrzstH9Yu4S9MCBInoRcVptF3ZKvo>

Challenging Community Resistance - 7/17/24, 11:00am-12:30pm

- Registration - <https://csh-org.zoom.us/meeting/register/tZEucO6hqz0rHNCKTwdxe4JBBJWdTHc1CyMs>

Interagency Collaboration – 7/31/24, 2:00-3:30pm

- Registration - <https://csh-org.zoom.us/meeting/register/tZcuf--upzkrGNeD9d4W3j2mFotJcq3SoLvy>

Supportive Services – 9/10/24, 1:00-2:30pm

- Registration: <https://csh-org.zoom.us/meeting/register/tZUvduGgrzktGtZzFJWkpfMeixWGjPQ-joQ5>

Next Coalition meeting August 7th, 1:00-3:00

Resources

State LIHTC Program Descriptions by Novogradac

- <https://www.novoco.com/resource-centers/affordable-housing-tax-credits/application-allocation/state-lihtc-program-descriptions>

CSH QAP Landing Page

- <https://www.csh.org/qap/>

Examples of robust QAP SH definitions

- [Indiana](#)
- [Ohio](#)

CSH QAP Policy Brief

- www.csh.org/wp-content/uploads/2020/11/CSH_PolicyBrief_QAP2020.pdf

PHFA QAP