LISC PHILLY

THE PRESERVATION NETWORK

Protecting affordable rental housing in Philadelphia.

Summary: $100 Million for Housing Options Grant Program: *A Housing Options Grant Program will be established and administered by the Pennsylvania Housing Finance Agency. Grants will be made to private and non-profit developers' projects that meet the requirements for an award under Federal Low Income Housing Tax Credit. Grant recipients must agree to provide matching funds of at least 25% of the amount to be awarded. All grants shall be awarded no later than December 31, 2024.*

Recommendation: PHFA should consider prioritizing up to fifty percent ($50,000,000) of the Housing Option Grant Funds to preserve properties with fewer than 50 units. Higher priority should be given to properties with 25 units or less, which are unlikely to be awarded 4% and 9% LIHTC credits based on current PHFA guidelines. Doing so will preserve neighborhood assets and promote growth, while supporting long-term residents and community needs for affordable, and equitable housing options. For example, according to PHFA, in Philadelphia alone, there are 86 projects with fewer than 25 units, which could place 1,300 units at-risk in this category.

The Housing Options Grant Program is an opportunity to begin to address the need to permanently preserve affordable rental housing in Pennsylvania. To this end, LISC Philadelphia and The Preservation Network support the following:

- **Open & Actionable Data should inform an equitable preservation strategy** that will help to create a transparent, predictable, and equitable process for identifying at-risk properties, and will be a powerful tool for ensuring safe, decent, affordable housing for Philadelphians that are most vulnerable to displacement, particularly in communities of color.

- **Coordination between local municipalities' and PHFA's preservation funding processes to enable local funding to** meet PHFA's 25% match. In instances where a local match is not available, the matching requirement should be reduced, waived, or modified particularly for non-profit building owners.

        - For non-profits, when feasible, the value of “in-kind” investments should be factored into grant applications as part of the match. In-kind-investments may include documented non-capital investments that can be attributed to the on-going affordability of the property. These investments could include financial systems upgrades, and pay equity initiatives.
        - In addition, the value of documented investments, on the part of the non-profit property owner, or the local municipality within 1-2 blocks of the project site, should also be also be factored into grant application matching requirement. Examples of these investments are ones that enhance livability, community equity, and neighborhood cohesion.

    - **Grants that are flexible enough to directly support preservation hard costs, or feasibility and predevelopment:**
        - Predevelopment grant funds, are necessary to lift the financial barriers that developers face when preserving properties. For example, predevelopment, which generally includes capital needs assessments, appraisals, market studies, architectural design, and environmental reports can cost more than $250,000 per property.
        - Grant funds will not only be an opportunity to upgrade outdated major systems such as central air conditioning, roofs, plumbing, electric upgrades, and new windows; the funds will help introduce green retrofits that will ensure residents’ health and well-being while shielding against the environmental impact of climate change.
        - Grants for construction related hard costs should be awarded to the grantee prior to construction finance closing, for use during the construction period.

- **Grants that will ensure longer-term affordability** on projects that are nearing the end of the 40 year restrictive covenant. For example, all projects awarded grant funds should have additional years added to the restrictive covenant based on the grant award amount.