

# RHLS Leads Successful Effort to Increase Housing for Vulnerable Populations



## LOW INCOME HOUSING TAX CREDITS (LIHTCs)

are a federal tax credit subject to rules created at both the federal and state levels. The state-level provisions are embodied in the Qualified Allocation Plan (“QAP”), developed annually by the Pennsylvania Housing Finance Agency (“PHFA”). The QAP reflects the state’s funding priorities and also include provisions concerning how LIHTC-funded properties must be operated.

LIHTCs are essential to the creation and preservation of housing for vulnerable populations. These populations have significant needs that traditional housing models cannot address. Vulnerable populations need additional services and have low or very low incomes—making significant long-term subsidy essential. LIHTCs have become the primary financing mechanism for affordable housing in the United States. Although LIHTCs are never the only financing they are usually one of the largest pieces of the financial puzzle.

## RHLS-LED ADVOCACY RESULTS IN OVER \$55 MILLION OF ADDITIONAL FUNDING FOR VULNERABLE POPULATIONS

Households with extremely low incomes (ELI) face a shortage of safe, decent, affordable housing across the country. **RHLS has acted as a leader in making strides toward increasing supportive housing in Pennsylvania.**

RHLS coordinated the efforts of ACTION-Housing, Project HOME and foundation partners, including the Jon Bon Jovi Soul Foundation, the Connelly Foundation, The Heinz Endowments, and The Pittsburgh Foundation to advocate for changes to the Low Income Housing Tax Credits (LIHTCs) allocation process. The effort was successful. Pennsylvania made a number of key changes to its Qualified Allocation Plan (QAP) that will help to facilitate the development of supporting housing for vulnerable populations, including:

- There is no longer a cap on the number of residents in a development that can receive supportive services;
- There is no longer a cap on the LIHTC allocation that can be made to supportive housing developments;
- There is now a preference for supportive housing which has tripled the number of supportive housing developments funded each year (from 1 -2 per year to 7 per year); and
- There is now a 130% basis boost for supportive housing developments, which could mean up to \$3 million additional in investor contributions per development, which further eases the financial challenges associated with developing supportive housing.

## RESULTS:

Year	Units Funded through QAP	LIHTC Reserved	% of All LIHTCs	Approx Equity Amt.
2012	139	\$2,069,428	7%	\$20,694,280
2013	384	\$7,908,735	22%	\$79,087,350

RHLS’S WORK ON THIS INITIATIVE WAS POSSIBLE DUE TO THE GENEROUS SUPPORT OF THE OAK FOUNDATION, CONNELLY FOUNDATION, THE PITTSBURGH FOUNDATION, INDEPENDENCE FOUNDATION, THE PHILADELPHIA FOUNDATION, AND UNITED WAY OF GREATER PHILADELPHIA AND SOUTHERN NEW JERSEY.

## EXTREMELY LOW INCOME (ELI) IN PENNSYLVANIA

Extremely Low Income definition =  
0-30% of Area Median Income

Maximum state level income for an  
extremely low income family of four =  
\$20,391

Renter households that are extremely low  
income = 426,410 or 28%

Shortage of units that are affordable and  
available for extremely low income renters  
= 275,466

(SOURCE: NATIONAL LOW INCOME HOUSING COALITION, 2013  
STATE HOUSING PROFILE, <http://nlihc.org/sites/default/files/SHP-PA.pdf>)

## THE CRITICAL NEED FOR SUPPORTING HOUSING

Given the extremely low incomes typical of vulnerable populations with special needs, housing targeted at these populations must be affordable at 30% of AMI or less. Unfortunately, most of the affordable housing being built in the United States is not affordable to these households.

In Pennsylvania in 2010, **about 85 percent of ELI renter households spent more than 30 percent of their income on housing and 69 percent spent more than 50 percent.** There are, however, emerging models for combining federal programs designed to fund construction with federal rental subsidies in a way that increases housing opportunities for vulnerable populations with special needs.

## DEVELOPERS SHOULD TAKE ADVANTAGE OF THE CHANGES IN THE QAP

The changes to Pennsylvania's QAP make it easier for affordable housing developers to build projects that are affordable to ELI households and contain supportive services, which many of them need. Developers who are interested in providing housing for ELI households or vulnerable populations should seriously examine the new opportunities created by the recent changes to the QAP.

**You can learn more about how to apply for LIHTC for your next development:**  
<http://www.phfa.org/developers/developer/lihtc.aspx>

If you are a nonprofit organization looking for legal assistance for your affordable housing project focused on ELI households and/or on creating supportive housing, you can contact Regional Housing Legal Services at <http://www.rhls.org/contact-us/request-assistance/>

### **CERTAIN VULNERABLE POPULATIONS WITH SPECIAL NEEDS ARE LIKELY TO BE IDENTIFIED AS ELI, INCLUDING:**

- youth aging out of foster homes
- chronically homeless veterans with substance abuse problems
- ex-offenders with substance and mental health problems



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. RHLS provides innovative project and policy solutions that help

create sustainable communities offering decent, safe and affordable housing for lower-income Pennsylvanians. RHLS uses its decades of experience in affordable housing, community development, and utility issues to ensure the continued development of high quality affordable housing that is responsive to critical needs.