

Regional Housing Legal Services (RHLS) is a nonprofit law firm working to increase opportunities to create and sustain affordable rental housing, preserve low-income homeownership, and revitalize declining communities.

The primary source of financing for the development or rehabilitation of low-income rental properties is the Low-Income Housing Tax Credit (LIHTC). LIHTCs are federal tax credits that are allocated to the states. In Pennsylvania, the Pennsylvania Housing Finance Agency (PHFA) administers the LIHTC program. The program is highly competitive, with \$3-4 worth of requests for every \$1 that is available.

Each year PHFA issues a Qualified Allocation Plan (QAP), which details how applications for LIHTCs will be evaluated. The QAP includes a variety of requirements and incentives that are designed to help address particular needs. For example, in 2007 RHLS was part of a coalition that advocated for a change to the QAP that created affordable, accessible units in all LIHTC developments in Pennsylvania. To date more than 1,400 such units have been created in projects throughout the state.

In 2011-2012, RHLS worked with ACTION-Housing (Pittsburgh), Project HOME and foundation partners including the Jon Bon Jovi Soul Foundation, the Connelly Foundation, The Heinz Endowments, the Middleton Partnership, and The Pittsburgh Foundation to advocate for changes to the QAP that would incentivize development of affordable rental projects targeted vulnerable populations who need supportive services in addition to affordable housing.

LIHTC projects are difficult enough to put together in their own right – often requiring multiple sources of funding to make a project work. When the project also includes a supportive housing element the financials and the logistics get even harder. But, for many of our nonprofit clients the work is worth it – especially when trying to respond to the needs of “Vulnerable Populations”.

While there is no set definition of Vulnerable Populations, they are generally understood be persons who face special challenges to stable, affordable housing other than just income, including:

- homeless or formerly homeless individuals;
- people with mental health or substance abuse problems;
- persons with disabilities; and
- youth aging out of foster care.

Some people may fall into more than one category of Vulnerable Population or maybe a member of a group like veterans that has a higher than average representation among Vulnerable Populations.

Because of the special challenges these individuals face, many have extremely low income. Having extremely low income makes it very difficult for these populations to be able to afford housing in Pennsylvania.

In 2010, about 85% of Pennsylvania's Extremely Low-Income (ELI) renter households spent more than 30% of their income on housing and 69% spent more than 50%! Just as startling, there are 426,410 ELI households in the state that live on an income of less than \$20,391 (for a family of four). In the 2013 state housing profile, the National Low-Income Housing Coalition found an absolute shortage of 275,466 affordable units for extremely low-income renters in Pennsylvania.

In addition to the hardships that face extremely low-income households due to income, vulnerable populations have additional challenges, often needing additional support services in order to thrive. Housing with the needed support services is in even greater demand. So at RHLS we are redoubling our efforts to help vulnerable populations and very low-income households in Pennsylvania.

The work of RHLS and its partners to increase awareness of the needs of Vulnerable Populations and the solutions needed to make it work paid off. The 2013 QAP included a number of changes that made it easier to create affordable, supportive housing. Compared to the 2012 baseline year (before the change), the number supportive housing units funded went from 139 in 2012 (just before the change) to an average of 330 (average of units funded in 2013 and 2014). The amount of LIHTCs reserved for the projects increased from \$2,069,428 in 2012 to an average of just over \$7 million (average of 2013 and 2014 awards).

This work is typical of our program and policy advocacy. We frequently work with allies to advocate for improvements to local, state, and national programs and policies that affect affordable housing and sustainable communities. And, once that advocacy is successful, we provide direct legal representation to nonprofit organizations seeking to take advantage of the new or expanded opportunities.

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Case in point: Jon Bon Jovi Soul Homes (“JBJ Soul Homes”) celebrated its grand opening in April. Built by Project HOME together with many partners, it is a four-story mixed-use development that includes retail, offices, and 55 units of affordable housing. It got a lot of attention because of the presence of its namesake - Jon Bon Jovi who was in town for the celebration. But, the project is important for many reasons. It allowed for the development of a major piece of property along the revitalizing North Broad Street Corridor at the intersection of Broad, Ridge, and Fairmount.

The fact that we are a nonprofit allows us to spend more time and provide more services than many of projects sponsored by nonprofit organizations could afford if they had to pay hourly fees for our services. This flexibility allows us to work with smaller nonprofits moving into development for the first time and with larger, experienced nonprofits taking on complicated or novel projects.

RHLS provided legal services to Project HOME for the LIHTC transaction that helped fund the JBJ Soul Homes. Our work included drafting and/or negotiating all the legal documents necessary for the construction, financing, development and management of the JBJ Soul Homes development, negotiating a ground lease with a nonprofit owner of the property and a long term lease back of the to be developed retail space to an affiliate of the owner and the long term lease of office space in the to be constructed building to Project HOME.

The final result is a beautiful new building on a key lot in a developing area on North Broad Street at the edge of the Fairmount and Francisville neighborhoods in Philadelphia. JBJ Soul Homes provides critical affordable housing and supports to individuals who are homeless, have a serious mental illness, or a history of substance use disorder. The JBJ Soul Homes also has designated several units for young adults who were homeless or aged out of foster care.

It was the genius and determination of Project HOME, the Middleton Partnership, Jon Bon Jovi Soul Foundation, Greater Exodus Baptist Church, and other partners that made the JBJ Soul Homes a reality. Those partners had the vision and the determination to see the project through. But, like we do for dozens of clients across the state, RHLS helped Project HOME navigate hurdles that could have limited the scope of the project or prevented it from being built. With RHLS in their corner, our clients and allies know they can dig deeper and reach higher than they could without us.

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In our work we are truly partners with our clients – working toward safe, decent, and affordable shelter for all Pennsylvanians.

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