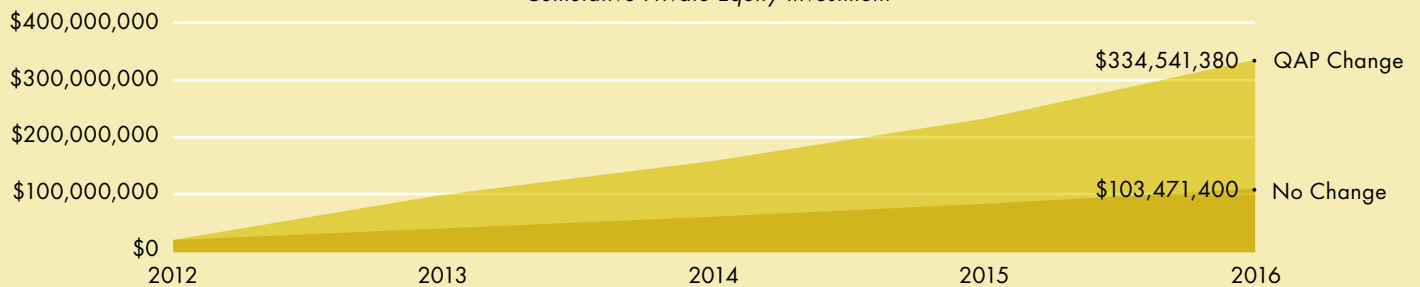


RHLS Advocacy for Supportive Housing for Vulnerable Populations



Increase in Private Equity for LIHTC Supportive Housing

Cumulative Private Equity Investment



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, who have significant needs that traditional housing models cannot address. Vulnerable populations need additional services and have low or extremely 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 rarely the only financing they are usually one of the largest pieces of the financial puzzle.

Photo: James Widener Ray Homes, a 53-unit, permanent supportive housing residence for adults in Philadelphia.

In the United States, households with extremely low incomes (ELI) face a shortage of safe, decent, affordable housing. For those needing additional support the need is even more dire. RHLS has acted as a leader by working to increase supportive funding for 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, the Middleton Partnership, 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 is helping to increase the development of supportive 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.

RHLS-Led Advocacy Results in Tripling Annual LIHTC Awards for Vulnerable Populations

Year	Units Funded through QAP	LIHTC Reserved	Percentage of All LIHTCs	Approximate Equity Amount
2012	139	\$2,069,428	7%	\$20,694,280
2013	384	\$7,908,735	22%	\$79,087,350
2014	276	\$6,278,265	17%	\$62,782,650
2015	333	\$7,219,612	20%	\$72,196,120
2016	446	\$9,782,449	24%	\$99,780,380 ¹

28%
of rental households
in PA are ELI²

\$20,389
maximum income
for a family of four in PA²

The Critical Need for Supportive Housing

Certain vulnerable populations with special needs are likely to be identified as ELI, including:

- Youth aging out of foster homes;
- Chronically homeless individuals with substance and mental health problems.

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 2012, about 83% of ELI renter households spent more than 30% of their income on housing and 71% spent more than 50%. 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 should seriously examine the new opportunities created by the recent changes to the QAP.

To learn more about how to apply for LIHTC for your next development, please visit 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 RHLS at www.rhls.org/request-services

RHLS's work on this initiative was possible due to the generous support of the Oak Foundation, Connelly Foundation, the Pittsburgh Foundation, the Independence Foundation, the Philadelphia Foundation, and United Way of Greater Philadelphia and Southern New Jersey.

1. The estimated equity amount in 2016 was calculated using a slightly higher rate, which reflects a change in the market for LIHTCs.
2. National Low Income Housing Coalition, 2014 State Housing Profile, <http://nlihc.org/sites/default/files/2014-SHP-PA.pdf>



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.

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