



Preservation through Smart Rehab **Term Sheet**

Purpose:

The goal of the ***Preservation through Smart Rehab Program*** is to preserve Pennsylvania's affordable rental housing by financing energy efficient improvements that result in measurable operating cost savings and long term financial stabilization.

Eligibility:

1. The development must be located within the Commonwealth of Pennsylvania.
2. The development must currently have 50 percent of the units occupied by residents having incomes at or below 60 percent of median income for the area.
3. Consideration will be given to rehabilitation and improvement work having a payback period of ten years or less.
4. The applicant must be incorporated in the Commonwealth of Pennsylvania or a registered Pennsylvania limited partnership/limited liability company.
5. The applicant must be in good standing with PHFA and other entities (e.g. HUD, USDA Rural Development, etc.) when applicable, is a financially stable entity, and have strong property management.
6. The applicant and other development team members must have a demonstrated ability to successfully complete the proposed rehabilitation and improvements.
7. Owner and existing lenders must be willing to allow the recording of a mortgage in a subordinate position to any existing debt.
8. Applicants with letters of intent from other sources of funds may be given priority.
9. The owner must agree to an extended use of the property as affordable housing for the term of the ***Preservation through Smart Rehab Program*** loan.

Loan Terms and Conditions

1. The loan amount will be determined upon review of an energy audit. Applicants requesting a loan in excess of \$500,000 will be considered on a case by case basis.
2. The loan term may not exceed ten years.
3. The loan interest rate will be fixed and determined on a case by case basis.

Eligible Uses

Eligible uses of *Preservation through Smart Rehab Program* funds may include the following or other reasonable expenses approved at the sole discretion of PHFA:

1. Rehabilitation and Improvement Costs
2. Building permits
3. Contractor Overhead and Profit.
4. Architectural/Engineering Costs
5. Energy Audit
6. Legal Fees directly related to the closing of the loan
7. Project costs incurred to:
 - a. Coordinate the rehab work with the contractor and tenants,
 - b. Educate tenants in the proper operation of any new equipment or other energy efficient measures,
 - c. Address the needs of tenants while work in completed in their unit,
 - d. Train on-site staff in the proper operation and maintenance of new equipment.

Program Quick Facts:

1. All loan applications will be submitted to PHFA.
2. Questions may be forwarded to:

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