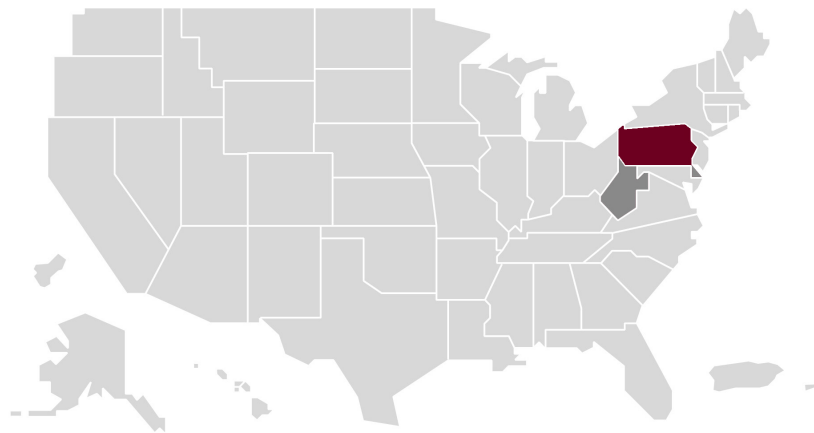


# ENHANCING LIVES, IMPACTING COMMUNITIES: THE FEDERAL HOME LOAN BANK SYSTEM



**PENNSYLVANIA**  
STATE REPORT

# PENNSYLVANIA STATE REPORT

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Since its creation in 1989, the Federal Home Loan Bank System’s Affordable Housing Program (AHP) has been a substantial and valuable source of real estate equity for the financing of affordable housing in the United States. From 1990 through 2016, the 11 Federal Home Loan Banks (FHLBanks) collectively contributed more than \$4.1 billion (\$5.4 billion in inflation-adjusted dollars) in AHP real estate finance equity for rental, home construction and rehabilitation activities. This equity was combined with \$65.7 billion (\$83.9 billion in inflation-adjusted dollars) in leveraged dollars from other private and public sources, enabling \$69.9 billion (\$89.3 billion in inflation-adjusted dollars) in total development funding for more than 601,000 housing units. From 1995 through 2016, the FHLBanks also collectively contributed approximately \$1.0 billion (\$1.2 billion in inflation-adjusted dollars) in AHP equity for down payment assistance and mortgage principal reduction, assisting more than 183,000 home purchase activities. Each FHLBank allocates at least 10 percent of its annual net earnings to fund its AHP. As such, the continued operating and mission success of the FHLBanks has directly enhanced the development and purchase of affordable housing throughout the country and has had a positive impact on local and state economies and on the national economy. The state of Pennsylvania is in the Pittsburgh district. This report details the economic impact of housing within Pennsylvania that has been enhanced by AHP funding from 1990 through 2016.\*

\* Note: some projects within Pennsylvania may have received AHP funding from a Federal Home Loan Bank other than FHLBank Pittsburgh. For further detail on the economic impact study methodology, please see: Study Methodology and Appendices Report.

# PENNSYLVANIA Rental, Home Construction and Rehabilitation Activities

## Economic Basis



**\$190.61** MILLION

### TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

**\$251.45** MILLION

### TOTAL AHP SUBSIDY INFLATION-ADJUSTED



**\$2.89** BILLION

### DEVELOPMENT COST

Development Cost refers to the cost of acquiring land or pre-existing housing units, demolition and/or relocation costs and any costs incurred while constructing, rehabilitating or redeveloping housing.

**\$3.63** BILLION

### DEVELOPMENT COST INFLATION-ADJUSTED

 **896**

### PROJECTS

Projects refers to the distinct use of AHP funding for a specific acquisition, construction or rehabilitation of building(s) or housing unit(s).

 **27,696**

### TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

**Inflation-Adjusted** refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

# PENNSYLVANIA Home Purchase Activities

## Economic Basis



**\$44.37** MILLION

### TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

**\$54.84** MILLION

### TOTAL AHP SUBSIDY INFLATION-ADJUSTED



**\$788.10** MILLION

### FIRST MORTGAGES

First Mortgages refers to the volume and value of first-lien position mortgages financed by lenders in a home purchase activity.

**\$952.58** MILLION

### FIRST MORTGAGES INFLATION-ADJUSTED



**10,007**

### TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

**Inflation-Adjusted** refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

# PENNSYLVANIA Rental, Home Construction and Rehabilitation Activities

## Economic Impact



**\$7.17** BILLION

### TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with rental, home construction and rehabilitation enhanced by AHP funding.



**48,728** JOBS

### JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced rental, home construction and rehabilitation activities.



**\$2.77** BILLION

### LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

**1.98**

### MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home construction and rehabilitation of affordable rental and housing units.

**\$235.17** MILLION

### TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

All dollars are in inflation-adjusted dollars.

# PENNSYLVANIA Home Purchase Activities

## Economic Impact



**\$2.02** BILLION

### TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with home purchases, enhanced by AHP funding.



**11,389** JOBS

### JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced home purchase activities.



**\$484.82** MILLION

### LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

**1.96**

### MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home purchases of affordable housing units.

**\$95.07** MILLION

### TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

# Helping a First-Time Homebuyer



## First Front Door Program

Karen Martinowski was a lifelong renter who had dreams of owning her own home. Her steady job as a hair stylist gave her sufficient income to afford a modest mortgage payment, but down payment and closing costs put homeownership out of reach. Although Karen took a second job waiting tables, she wasn't able to save enough to afford all of the costs associated with buying a home of her own.

Karen's loan officer, Carol Tlumack of Standard Bank in Monroeville, Pennsylvania knew about FHLBank Pittsburgh's program for first-time homebuyers, First Front Door (FFD). FFD is a set-aside from AHP that allocates 20 percent of the total AHP commitment to offer grants for down payment and closing cost assistance. Member financial institutions who enroll in FFD can register their qualified homebuyers during an open funding round in which funds are granted on a first-come, first-served basis until the funds are exhausted.

Qualified homebuyers can receive three dollars for every one dollar they've saved, up to \$5,000. These grants can make a big difference in bridging the gap between the funds the homebuyer has saved and the all-in costs of purchasing a home.

"I'm so fortunate to have this house!" says Karen. "Carol introduced me to the First Front Door program and that grant allowed me to realize my dream." Today Karen owns a home in Greensburg, Pennsylvania with the front porch and small yard she always imagined. "I'm so grateful and couldn't be happier," she adds.

FFD helps the homebuyers, but it is also a competitive advantage for member financial institutions because there are very few resources available for down payment and closing costs. Also, with the help of the FFD grant, members such as Standard Bank are able to secure mortgage relationships with grateful customers like Karen.

**Greensburg  
Pennsylvania**

# PENNSYLVANIA

## Project Profile: Home Purchase Activity



### Hope Village

With AHP help from FHLBank Pittsburgh, and support from Customers Bank, Habitat for Humanity Philadelphia (HFHP) was able to build Hope Village, which includes five new homes on a previously long-term vacant, blighted street in the Sharswood neighborhood of Philadelphia. Hope Village homes have three bedrooms, 1.5 baths and a yard; they were built using HFHP’s standard sustainable construction methods that align with LEED Gold standards or higher. The homes have been matched to hard-working, low-income families in HFHP’s homeownership program. Each partner family is required to provide 350 hours of “sweat equity,” have a demonstrated need for housing and have the financial stability to repay a zero-percent-interest, 30-year mortgage.

<b>SOURCES</b>		
AHP Grant	\$	325,000
Mortgages	\$	229,718
Haines Foundation	\$	100,000
Asheville HH	\$	60,000.
Volunteer Labor	\$	50,375
HH Income	\$	39,528
In-Kind Materials	\$	35,573
St John Church	\$	5,000
<b>Total</b>	<b>\$</b>	<b>845,194</b>



# Goodrich House

Veteran Debbie Carr was one of the first seven women to enlist in the Coast Guard back in 1976, and she drove the boat on a search-and-rescue team. Coming from a family of fishermen, being on the water was natural and easy for Debbie. Being a woman in a man's domain was not. She had to prove herself every day, and this included "drinking with the boys." By the time she left the service in 1982, she was an alcoholic. In time, she lost everything. She returned to her hometown of Erie, newly sober but homeless.

The Veterans Administration (VA) and Erie Homeless Care Team referred Debbie to the Housing and Neighborhood Development Service (HANDS), and she was fortunate to become the first resident of Goodrich House. Today, she volunteers three days a week at the VA, focusing on women with addictions.

The Goodrich House was made possible when HANDS partnered with PNC Bank to secure an AHP grant of nearly \$500,000, which has been instrumental in helping others like Debbie work their way back into society.

"I'm so appreciative of my safe, beautiful apartment and to be in a position to help others," Debbie says. "I don't know much about FHLBank Pittsburgh or AHP, but I do know this: I plan to spend the rest of my life searching for ways to give back. I'm in a wonderful place thanks to HANDS."

**Erie  
Pennsylvania**

# PENNSYLVANIA

## Project Profile: Rental Activity



### Uptown Lofts on Fifth

The Uptown neighborhood of Pittsburgh, Pennsylvania is home to Uptown Lofts on Fifth. The property provides low-income housing for young adults who have recently left the foster care system and are homeless, as well as families at or below 60 percent of the area median income. The supportive housing for young adults represents the first program of its kind in Pennsylvania and is one of only a few such programs in the country. The total development cost for the project was approximately \$13 million, financed in part by an AHP grant of \$250,000 through FHLBank Pittsburgh member Northwest Bank. The project received the first Pennsylvania Housing Finance Agency’s Low-Income-Housing Tax Credit Innovation in Design Award for excellence in design and use of energy-efficient technologies. The project was also awarded PHIUS+ Certified Passive House Certification from the Passive House Institute of the United States. This was one of the first multi- family projects in the country to qualify for this particular certification.

<b>SOURCES</b>		
LIHTC	\$	11,919,608
URA Pittsburgh	\$	752,000
Keystone Community Fund	\$	300,000
AHP Grant	\$	250,000
Deferred Developer’s Fee	\$	158,854
GP Contribution	\$	100
<b>Total</b>	<b>\$</b>	<b>13,380,562</b>