
PENNSYLVANIA DEPARTMENT OF THE **AUDITOR GENERAL** FACT SHEET



Pennsylvania Housing Finance Agency PennHOMES Program Performance Audit

Background

The Pennsylvania Housing Finance Agency (PHFA) is a state-affiliated agency providing financing to develop housing for low-income and moderate-income families and affordable homeownership and rental opportunities for older adults and people with special housing needs. It also creates and administers various homeownership programs and multifamily rental housing development programs.

One of PHFA's programs is PennHOMES, offering 0% interest, deferred payment loans to developers to build lower income rental housing. This funding comes from PHFA's unrestricted reserves and federal HOME Investment Partnerships Program funds.

What did the audit look at?

The audit had **two objectives**. **First** assess whether PHFA's process for reviewing developers' applications and awarding funds complied with laws, regulations, contracts, policies and procedures. **Second** assess PHFA's process for monitoring housing with PennHOMES funding to ensure they complied with guidelines, policies and procedures regarding rent restrictions and income qualifications.

What did the audit find?

The auditors have two findings for this audit. **First**, they found PHFA did not always have the correct documentation to support the review and award process for applicants. **Secondly**, they found that PHFA did not consistently perform, review and document monitoring of PennHOMES-funded properties.

How can PHFA fix these issues?

The auditors made 24 recommendations for PHFA, including implementing and revising its policies and procedures when it comes to document retention, record keeping and the application review process. Auditors also recommended implementing supervisory reviews of all monitoring procedures performed by PHFA staff to help ensure all work is being performed properly and accurately and is being documented.

What is a performance audit?

A [performance audit](#) looks at whether state-funded programs and activities are meeting their goals and objectives, and if tax dollars are being spent efficiently and effectively.

Where can I find more information?

Learn more about this audit and the types of audits we perform on the [Be Audit Smart](#) section of our website.