

PUBLIC MEETING NOTICE
Pursuant to Act 84 of 1986 - Sunshine Act

The monthly meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on **Thursday, March 10, 2016 at 10:30 a.m.** at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania. The purpose of this meeting is to conduct normal Agency business and to approve the issuance of certain Agency securities. Inquiries should be directed to the Secretary.

If you are a person with a disability and wish to attend this meeting and require an auxiliary aid, service or other accommodation to participate, please contact the Secretary by Tuesday, March 8, 2016 to discuss how the Pennsylvania Housing Finance Agency may best accommodate your needs.

Anyone wishing to be recognized by the Chair to address the Members of the Board at this meeting must contact the Secretary no later than Tuesday, March 8, 2016 either in writing or by telephone and detail the nature of their presentation.

Carrie M. Barnes
Secretary
Phone: 717.780.3911
TTY: 717.780.1869

PENNSYLVANIA HOUSING FINANCE AGENCY

THURSDAY, MARCH 10, 2016

10:30 A.M.

A G E N D A

1. CALL TO ORDER AND ROLL CALL
2. APPROVAL OF THE MINUTES FROM THE FEBRUARY 11, 2016 BOARD MEETING
3. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT
 - A. Request for an Allocation of Tax Exempt Issuing Authority
 1. NewCourtland Apartments at St. Bartholomew's Phase I, Philadelphia, Philadelphia County
 - B. Other Business
4. HOUSING TRUST FUND/MARCELLUS SHALE 2016 FINAL PLAN APPROVAL
5. OTHER BUSINESS
6. ADJOURNMENT

**Pennsylvania Housing Finance Agency
Meeting of the Board
February 11, 2016**

Members Present:

- *Robin Wiessmann, Chair
- *Thomas B. Hagen, Vice Chair
- *Craig H. Alexander
- *Maria F. Coutts
- *Ronald F. Croushore
- *(Joanne Glover (serving in the stead of
Ted Dallas, Secretary, Department
of Human Services)
- *Joseph Meade (serving in the stead of
Dennis Davin, Secretary of Department
of Community and Economic Development)
- *Lisa R. Gaffney
- *Ross Nese
- *John Paone
- *Keith Welks (serving in the stead of
Timothy Reese, State Treasurer)
- *Mark Schwartz

*On Telephone conference call

Members Absent:

Noel Eisenstat

Others Present:

- Brian A. Hudson, Executive Director
- Rebecca L. Peace, Chief Counsel
- William Fogarty, Director of Government Affairs
- Carl Dudeck, Director of Housing Management
- Holly Glauser, Director of Development
- Bryce Maretzki, Director of Strategic Policy & Planning
- Kate Newton, Director of Homeownership Programs
- Scott Elliott, Director of Communications
- John Zapotocky, Director of Accounting
- JoLynn Stoy, Associate Counsel
- Jada Greenhowe, Assistant Counsel
- Lauren Starlings, Assistant Counsel
- Clay Lambert, Business Policy Officer
- Thomas Brzana, Director of Loan Servicing
- Joseph Knopic, Director of Finance
- Steve O'Neill, Assistant Counsel
- David Doray, Manager of Multifamily Underwriting
- Stan Salwocki, Manager of Architecture and Engineering
- *Lisa Watson, Department of Human Services
- *Barbara Stephens, Public Affairs Officer
- *Carla Falkenstein, Director of Western Region

Charlotte Folmer, Sr. Asset and Compliance Officer
Lori Toia, Director of HEMAP
Cindy Daley, Housing Alliance
*Joseph Ouellette, Carson Towers
William Bailey, Senior Development Officer
Maggie Strawser, Assistant Secretary
Charlotte L. Nelson, Assistant Secretary
Carrie M. Barnes, Secretary

A meeting of the Members of the Board of the Pennsylvania Housing Finance Agency was held on Thursday, February 11, 2016 at 10:30 a.m. at the offices of the Pennsylvania Housing Finance Agency, 211 North Front Street, Harrisburg, Pennsylvania.

In compliance with the provisions of the Sunshine Act, notification of this meeting appeared in the Legal Notices Section of *The Patriot News* in Harrisburg, Dauphin County on January 31, 2016.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Wiessmann at 10:30 a.m. The roll was called and a quorum was present.

2. ELECTION OF VICE CHAIRMAN OF THE BOARD

Mr. Schwartz nominated Thomas Hagen as Vice Chairman of the Board. This nomination was seconded. There were no other nominations and the nominations were closed.

By unanimous vote, Thomas Hagen was elected Vice Chairman of the Pennsylvania Housing Finance Agency Board for calendar year 2016.

Chair Wiessmann stated that Mr. Hagen has performed admirably on the Board and she congratulated him on his election. Mr. Hagen thanked his fellow Board members.

2. APPROVAL OF THE MINUTES FROM THE DECEMBER 10, 2015 BOARD MEETING

There were no additions or corrections to the minutes.

Mr. Schwartz made a motion that the minutes from the December 10, 2015 Board meeting be approved as submitted. This motion was seconded and was unanimously approved.

3. PROGRAM DEVELOPMENT AND REVIEW COMMITTEE REPORT

Ms. Gaffney, as Chair of the Program and Development Review Committee, reported that the Committee met prior to the Board meeting regarding the following items.

A. Request for an Allocation of Tax-Exempt Issuing Authority

1. Carson Towers Apartments, Pittsburgh, Allegheny County

Mr. Bailey reported that the owner is requesting tax-exempt bond financing in an amount not to exceed \$18,500,000 for the acquisition and moderate rehabilitation of this mixed residential/commercial development. He briefly reviewed the project specifics noting that this development is currently in the Agency's portfolio. It has a high occupancy rate over the past 15 years and has a waiting list for the units. Mr. Bailey noted that all units are covered by a Housing Assistance Payments contract with HUD which will be extended. Staff recommends approval of this request.

Ms. Gaffney reported that the Program and Development Review Committee concurs with staff's recommendation.

Ms. Gaffney made the motion that the Board approve the resolution authorizing the issuance of \$18,500,000 maximum aggregate principal amount of Special Limited Obligation Multifamily Housing Development Notes for Carson Towers Apartments. This motion was seconded and was unanimously approved. (See Appendix 1 of these Minutes.)

Mr. Ouellette representing the sponsor thanked the Board for their approval of this request.

B. Other Business

Ms. Gaffney reported that the Committee approved the request for transfer of general partnership interest for the Freedom Village project located in Philadelphia, Philadelphia County. (See Appendix 2 of these Minutes.)

5. APPROVAL OF SINGLE FAMILY MORTGAGE REVENUE BOND ISSUES – SERIES 2016-119 AND SERIES 2016-120

Mr. Hudson reported that staff is requesting the Board's approval for the sale of two single family bond issues, Series 2016-119 and Series 2016-120, each in an amount not to exceed \$300,000,000. These issues are being proposed because of current favorable market conditions. Each issue will assist the agency in restructuring outstanding debt and will provide new mortgage funding at an attractive rate for the Agency's homeownership program.

Mr. Hudson stated that there are two resolutions for the Board's consideration and both of the resolutions delegate the final approval to the Finance Committee.

Staff requests the Board's approval of these bond sales.

A motion was made that the Board approve the resolution authorizing the issuance of Single Family Mortgage Revenue Bonds, Series 2016-119 delegating final approval to the Finance Committee. This motion was seconded and was unanimously approved. (See Appendix 3 of these Minutes.)

A motion was made that the Board approve the resolution authorizing the issuance of Single Family Mortgage Revenue Bonds, Series 2016-120 delegating final approval to the Finance Committee. This motion was seconded and was unanimously approved. (See Appendix 4 of these Minutes.)

Mr. Schwartz asked how much variable rate debt remains in the Agency's portfolio. Mr. Hudson replied that approximately \$500,000,000 remains and that it depends on the individual bond issue structure as to how much variable rate debt can be included in the issuance. He noted that this variable rate debt is down from \$1,500,000,000. Mr. Schwartz congratulated staff on their efforts to reduce this variable rate debt.

Mr. Hudson expressed appreciation to Mr. Knopic and Ms. Peace for their efforts in reducing this debt.

6. Other Business

A. Update on PHFA's Building Expansion

Mr. Hudson reported that Reynolds Construction has been chosen as the construction manager for the Agency's building expansion project. He noted that Reynolds Construction erected the Agency's current building. A Request for Proposals is being prepared to select a general contractor and Mr. Hudson expects one to be added to the team shortly.

It is anticipated that the construction will begin this coming summer and take about a year to complete. Mr. Hudson explained that the Agency is seeking to get the expansion project certified as a Platinum LEED building which is the highest energy efficiency rated building certification. The Agency is also exploring Passive House certification for this project. Passive House certification is encouraged in the Agency's tax credit program.

7. ADJOURNMENT

There being no further business to be discussed, a motion was made and seconded that the meeting be adjourned. The motion was unanimously approved. Chair Wiessmann adjourned the meeting of the Board at 10:50 a.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, March 10, 2016 at 10:30 a.m. at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carrie M. Barnes".

Carrie M. Barnes
Secretary

TAX-EXEMPT CONDUIT BOND ISSUANCE

Pennsylvania Housing Finance Agency
March 8, 2016

SUBJECT: NewCourtland Apartments at St Bartholomew's Phase 1

Request for Tax-Exempt Conduit Bond Issuance
Tax Exempt Bond/Tax Credit Development: TC2016-102, 42 units
City of Philadelphia, Philadelphia County, Region 1
Development Officer: Douglas Haughton

TO: Members of the Board
Pennsylvania Housing Finance Agency

FROM: Brian A. Hudson
Executive Director



Proposal Description

NewCourtland Apartments at St. Bartholomew's Phase 1 is located at 5364 Jackson Street in the Frankford neighborhood of the City of Philadelphia. This proposal is for the first, 42 unit phase of a three phase senior (62 and above) campus planned to offer a total of 138 affordable rental units. Phase 1 will share its building with a new Living Independence for the Elderly (LIFE) center. The new construction building will be a structural concrete system with metal panel siding and a brick masonry exterior. The development contains a total of 42,637 square feet with 2,400 square feet of community space.

1. Financing Plan

Construction financing will be provided in the approximate amounts of:

Tax-Exempt Conduit Bond – Wells Fargo Private Placement	\$6,500,000
NewCourtland Elder Services (NCES) Sponsor Loan	3,222,272
Developer's Fee	481,293
Equity from the Sale of Tax Credits	<u>3,065,630</u>
Total Development Cost	\$13,268,858

Permanent financing will be provided in the approximate amounts of:

Community Lenders loan	\$1,500,000
NCES Sponsor Loan	\$6,200,000
Reinvested Developer's Fee	481,293
Equity from the Sale of Tax Credits	<u>5,087,565</u>
Total Development Cost	\$13,268,858

2. Development Costs

Construction financing will be provided by limited obligation tax-exempt conduit bonds issued by PHFA and privately placed with Wells Fargo Bank, N.A. The bonds will be secured during construction by the tax credit equity proceeds and the NCES sponsor loan.

	Total	Per Unit	Per Sq. Ft.
Construction Costs	\$ 10,409,076	\$ 247,835	\$ 244
Replacement Costs	\$ 11,760,566	\$ 280,013	\$ 276
Total Replacement Costs & Reserves	\$ 12,088,758	\$ 287,828	\$ 284
Total Development Costs	\$ 13,268,858	\$ 315,925	\$ 311
Tax Exempt Bonds-Construction Loan	\$ 6,500 000	\$ 154,762	\$ 152
Acquisition Costs	\$ 9,570	\$ 228	\$ 0.22

3. Leveraging of Other Resources

The owner anticipates that Enterprise Community Investment, Inc. will provide an equity contribution of \$5,087,565 from the proceeds of the syndication of federal Low Income Housing Tax Credits, with a gross pay-in of \$1.05. The development anticipates qualifying for an allocation of tax credits in the approximate amount of \$484,530. Developments financed with tax-exempt private activity bonds are generally eligible to claim a four percent credit allocation on the development's eligible basis.

4. Rental Estimates

Unit Type	No. of Units	Avg. Net Rentable Sq. Ft.	Projected Tenant Rent	Estimated Cost of Utilities	Rental Subsidy	Total Housing Expense
1BR	6	628	\$304	0	\$721	\$1025
1BR	36	628	\$320	0	\$705	\$1025
Total	42					

The applicant has requested that the entire development be selected to receive a 20 year rental subsidy from the Philadelphia Housing Authority's Rental Assistance Demonstration (RAD) program. The rent for all residents will be capped at 30% of their annual income. All of the units will be adaptable units, enabling residents to age in place without extensive modifications to their units. Five units will be set aside for residents requiring an accessible unit.

5. Commercial Space

The LIFE Center space will be under separate ownership and is not included in this development.

6. Relocation

This project is new construction; therefore, this does not apply.

7. Supportive Services

Philadelphia Senior Center will be the service provider for this age 62 and above community. There is also a LIFE Center located on the property, providing daily care and services. There are several program goals, among those being to improve a senior resident's ability to meet his/her lease obligations throughout the aging process, improve access to healthcare and other services and to enhance the quality of life through community buildings, socialization and other programs.

Development Team

1. Identification of Owner

The owner of this development is NewCourtland Apartments at St. Bartholomew LP, a Pennsylvania limited partnership, with Apartments at St. Bartholomew, Inc, as its general partner.

2. Development Team Members

Sponsor:	NewCourtland Elder Services R. Max Kent Philadelphia, PA
Owner:	NewCourtland Apartments at St. Bartholomew LP R. Max Kent Philadelphia, PA
Attorney:	Commonwealth Housing Legal Services Dina Schlossberg Glensdale, PA
Architect:	Blackney Hayes Architects John Hayes Philadelphia, PA
Contractor:	TN Ward Steve Quintiliani Ardmore, PA
Management Agent:	NewCourtland Elder Services Sebrina Robinson Philadelphia, PA

Site Description

Site control is in the form of an Agreement of Sale between the representative of the Archbishop of Philadelphia and New Courtland Properties. The parcel will be subdivided and three condominium units will be created; one condo unit will be set aside for the LIFE Center and two condo units will be set aside for two affordable housing phases, including NewCourtland Apartments at St. Bartholomew's Phase 1.

Conditions

Final bond issuance will be conditioned upon receipt of the following:

1. Submission, review and approval of all documentation necessary to secure construction and permanent loan financing of the project.
2. Evidence, satisfactory to the Agency, that all conditions and qualifications relating to Section 42 of the Internal Revenue Code of 1986, as amended, and all applicable requirement of the Agency's Year 2015 Tax Credit Program have been met.
3. Evidence, satisfactory to the Agency and bond counsel, that all conditions and qualifications relating to tax exempt bond qualification in Sections 103 and 142 (and related sections) of the Internal Revenue Code of 1986, as amended have been met.
4. Compliance with the timeframes and deadlines established by the Agency in the 2015 Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Volume Cap Request for Proposals.
5. Evidence of the commitment of construction and permanent financing in an amount sufficient to ensure financial feasibility of the project.
6. Evidence of the commitment to serve low income tenants for a period of not less than 30 years, which will be included in the Restrictive Covenant Agreement.
7. Evidence of the satisfaction of accessibility requirements.
8. Evidence, satisfactory to the Agency, of the award of a 20 year rental subsidy from the Philadelphia Housing Authority's Rental Assistance Demonstration (RAD) Program.
9. Submission of two sets of complete full size architectural plans and specifications at least 60 days prior to the construction/bond closing to allow sufficient time for Agency review and approval. Civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable. Agency comments and recommendations made during its review must be addressed and approved prior to the construction/bond closing.

PENNSYLVANIA HOUSING FINANCE AGENCY

RESOLUTION

**Authorizing the Issuance of \$7,000,000
Maximum Aggregate Principal Amount of
Special Limited Obligation Multifamily Housing Development Bonds
(NewCourtland Apartments at St Bartholomew's Phase 1)**

Adopted: March 10, 2016

**A RESOLUTION AUTHORIZING THE ISSUANCE OF
\$7,000,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT
SPECIAL LIMITED OBLIGATION
MULTIFAMILY HOUSING DEVELOPMENT BONDS
(NewCourtland Apartments at St Bartholomew's Phase 1)**

WHEREAS, the Housing Finance Agency Law, Act of December 3, 1959, P.L. 1688, as amended (35 P.S. Section 1680.101 *et seq.*) (the "**Act**"), determines and declares that the welfare of the Commonwealth of Pennsylvania (the "**Commonwealth**") is threatened by an inadequate supply of housing for persons and families of low and moderate income and the elderly; that the housing need for persons and families of low and moderate income and the elderly has not had economic expression in a market demand sufficient to encourage greater production of such housing by private industry due to high construction costs, a scarcity of financing and increased interest rates; that necessary governmental activities in urban renewal programs and under regulatory laws protecting health and safety face serious curtailment or interruption unless it becomes economically feasible for persons and families to acquire housing in place of the dwellings being eliminated by such activities; that the Commonwealth has a strong moral responsibility to assist in providing opportunity for the rental of relocation housing by persons and families displaced by necessary governmental activities and a general responsibility to eliminate conditions which prevent private industry from supplying housing to relieve the general shortage of housing; that private industry alone is unable to provide financing necessary for housing for persons and families of low and moderate income at a cost which such persons and families can afford; that the financing provided for in the Act will encourage greater expenditure of private capital for housing; and that there is a clear relationship between the provision of adequate, safe and sanitary housing and the advancement of public health and morals and the prevention of fire, accident and crime; and

WHEREAS, the Act empowers the Pennsylvania Housing Finance Agency (the "**Agency**") to make loans to eligible borrowers to provide for the construction, rehabilitation or permanent financing of such residential housing developments as in the judgment of the Agency have promise of supplying well planned, well designed apartment units which will provide housing for low and moderate income persons or families or the elderly and others in locations where there is a need for such housing and to purchase, service and sell such loans and to accept grants and subsidies from and to enter into agreements or other transactions with any federal agency or agency of the Commonwealth or other entity and to do all things necessary or convenient to carry out the powers granted by the Act; and

WHEREAS, the Agency is further authorized to issue and sell, subject to written approval by the Governor, bonds or notes in such principal amounts as, in the opinion of the Agency, are necessary to provide sufficient funds for achieving its corporate purposes; and

WHEREAS, the Agency has the power to invest any funds held in reserve or sinking funds and any funds not required for immediate disbursement in such investments as may be lawful for fiduciaries under any law of the Commonwealth, and the Agency may pledge reserve funds to the holders of bonds or notes which are issued pursuant to the Act and proceeds of loans created therefor by the Agency, all or any part of the assets acquired by the Agency pursuant to the Act, and any other lawfully available money to secure the payment of such bonds or notes; and

WHEREAS, the Act provides that bonds or notes issued by the Agency may be secured by a trust agreement by and between it and a trustee and that the resolution providing for the issuance of such bonds or notes or such trust agreement may contain such provisions for protecting and enforcing the rights and remedies of the bondholders or noteholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the Agency in relation to the custody, safeguarding and application of all moneys, may set forth the rights and remedies of the bondholders or noteholders and of the trustee, and may contain such other provisions as the Agency may deem reasonable and proper for the security of the bondholders or noteholders; and

WHEREAS, the Agency has determined to issue and secure the bonds in one or more series or subseries, in accordance with, pursuant to and under this Resolution, a Bond Purchase and Loan Agreement and/or similar loan or financing agreements (such operative documents shall be referred to hereinafter collectively as the "**Agreement**"); and

WHEREAS, NewCourtland Apartments at St. Bartholomew LP, a Pennsylvania limited partnership (the "**Borrower**") sponsored by NewCourtland Elder Services, a Pennsylvania non-profit corporation, has requested financing from the Agency in an amount not to exceed \$7,000,000 (the "**Bonds**") to fund a portion of a multifamily residential rental housing project known as "NewCourtland Apartments at St. Bartholomew's Phase 1", located at 5364 Jackson Street, Philadelphia, in Philadelphia County, Pennsylvania (the "**Project**"); and

WHEREAS, the Agency will lend the proceeds of the Bonds to the Borrower pursuant to the Agreement; and

WHEREAS, the Agency may use a portion of the proceeds of the Bonds to reimburse itself or the Borrower for original expenditures paid prior to the date of issuance of the Bonds; and

WHEREAS, this Resolution is intended, *inter alia*, to constitute a statement of "Official Intent" pursuant to Treasury Regulations §1.150-2, T.D. 8476 (the "**Treasury Regulations**"); and

WHEREAS, Wells Fargo Bank, N.A. (the "**Purchaser**"), or such successor entity as may be approved by the Agency, will purchase the Bonds from the Agency to provide funding for the Project and certain documents to evidence the transaction, including financing documentation relating to the Project will be prepared.

NOW THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF THE PENNSYLVANIA HOUSING FINANCE AGENCY AS FOLLOWS:

**ARTICLE I
AUTHORITY AND DEFINITIONS**

Section 101. Authority for Resolution. This Resolution (hereinafter referred to as the "**Resolution**") is adopted pursuant to the authority granted to the Agency in the Act.

Section 102. Definitions. All terms which are used but not defined herein shall have the meanings ascribed to them in the Agreement.

**ARTICLE II
AUTHORIZATION OF BONDS**

Section 201. Principal Amount and Designation. The Bonds are hereby authorized to be issued, in one or more series or subseries, in an aggregate principal amount not to exceed \$7,000,000. The Bonds shall be designated as the Agency's "Special Limited Obligation Multifamily Housing Development Bonds (New Courtland Apartments at St. Bartholomew's Phase 1)", and shall carry the designation set forth in the Bonds and the Agreement. The Bonds shall be issued pursuant in all respects to the terms of this Resolution.

Section 202. Purposes. The Bonds are being issued as special and limited obligations of the Agency, payable solely out of the moneys derived pursuant to the Agreement and the notes evidencing the certain loan or loans to the Borrower. Proceeds of the Bonds shall be used for the payment of qualified costs associated with the acquisition, construction, equipping and/or improvement of the Project, and may be applied to certain costs of issuance; and which Project is in every respect intended to qualify as a "residential rental facility" under the exempt facility provisions of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code").

Section 203. Conditions. This financing is subject to the fulfillment of all of the following conditions to the satisfaction of the Agency: (a) submission, review, and approval of all documentation necessary to secure construction and permanent loan financing; (b) satisfactory evidence that all conditions and qualifications relating to Section 42 of the Code and all applicable requirements of the Tax Credit Program have been met; (c) satisfactory evidence and bond counsel approval that all qualifications relating to Sections 103 and 142 (and related sections) of the Code have been met; (d) compliance with all timeframes and deadlines established by the Agency; (e) evidence of the commitment of construction and permanent financing in amounts sufficient to ensure financial feasibility of the Project and to provide appropriate security for the Bonds; (f) evidence of the commitment to serve low income tenants for a period of not less than thirty (30) years, which will be included in the Restrictive Covenant Agreement; (g) evidence of the satisfaction of accessibility requirements; (h) evidence, satisfactory to the Agency, of the award of a 20 year rental subsidy from the Philadelphia Housing Authority's Rental Assistance Demonstration (RAD) Program; and (i) submission of two sets of complete full size architectural plans and specifications at least 60 days prior to the commencement of construction to allow sufficient time for Agency review and approval. Civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable. Agency comments and recommendations made during its review must be addressed and approved prior to the loan closing.

Section 204. Date, Principal Amount, Maturity and Interest Rate. The Bonds shall be dated the date of their issuance, except as may be otherwise provided in the Agreement or the Bonds. The maturity dates, interest rate or rates (which may be fixed or variable), interest payment dates, place of payment and other terms of the Bonds shall be as provided in the Agreement as finally executed; provided, however, that the maximum aggregate principal amount of the Bonds shall not exceed \$7,500,000; the interest rate on the Bonds shall not exceed the lesser of eight percent (8%) per annum or such rate supported by the final underwriting; and the final maturity of the Bonds shall be no later than 36 months or such date supported by the final underwriting (whichever is shorter).

Section 205. Payments. The Bonds shall bear interest from their dated date and shall be payable as set forth in the Bonds and the Agreement, until the date of maturity of the Bonds or redemption prior to maturity, as provided in the Agreement. All principal shall be due at maturity or redemption prior to maturity, as provided in the Agreement.

Section 206. Denominations, Numbers, Letters and Forms. The Bonds shall be issued as registered Bonds in \$5,000 minimum denominations and any multiple of \$1.00 in excess thereof, provided that for purposes of redeeming Bonds, the authorized denomination shall mean \$1.00. The Bonds shall be numbered consecutively, as appropriate. The Bonds shall be in substantially the form and tenor prescribed in the Agreement.

Section 207. Execution of Bonds. The Bonds shall be executed by the manual or facsimile signature of the Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance and the seal of the Agency or a facsimile thereof shall be imprinted, impressed or otherwise reproduced on the Bonds and attested by the manual or facsimile signature of the Executive Director, Deputy Executive Director and Chief Counsel, Director of Finance or Secretary of the Agency. The Bonds shall be delivered to or on behalf of the Purchaser.

Section 208. Place of Payment. The principal payments, including payments upon redemption, of the Bonds shall be payable as provided in the Agreement.

Section 209. Redemption. The Bonds shall be subject to optional redemption, extraordinary optional redemption and mandatory redemption as provided in the Agreement.

Section 210. Execution of Agreement. Any of the Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance of the Agency is hereby authorized to execute, for and on behalf of and in the name of the Agency, the Bonds and the Agreement, with such final terms and provisions as counsel may deem advisable, provided that the Bonds shall contain such substantive terms and provisions materially consistent with this Resolution.

ARTICLE III BOND PROCEEDS AND PAYMENTS OF COSTS

Section 301. Bond Proceeds. Pursuant to the Agreement, upon receipt of the proceeds of sale of the Bonds from the purchase thereof such proceeds shall be advanced to the Borrower.

Section 302. Payments of Costs. At closing, the Borrower shall pay the costs, expenses and professional fees associated with the issuance of the Bonds.

ARTICLE IV SECURITY FOR THE BONDS

Section 401. Limited Obligation. The Bonds shall be special and limited obligations of the Agency, and shall be payable only from funds paid by or on behalf of Borrower for such purposes. The Bonds shall be secured by the collateral described in the Agreement as security for the Purchaser. The Bonds shall contain a statement therein to the effect that the obligations of the Agency on the Bonds are expressly limited to and are payable solely from the sources described in the Agreement.

Section 402. Credit of Commonwealth Not Pledged. All Bonds shall contain therein a statement to the effect that the Bonds shall be special and limited obligations of the Agency payable only from the sources provided in the Agreement, that neither the Commonwealth nor any political subdivision thereof shall be liable on the Bonds and that neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds. Neither the members of the Board nor the officers of the Agency nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

**ARTICLE V
MISCELLANEOUS**

Section 501. Authorization of Officers. The Chairperson, Vice Chairperson, Executive Director, Director of Finance, Deputy Executive Director and Chief Counsel, Secretary and any Assistant Secretary of the Agency, and any other authorized officer of the Agency, are, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution, the Bonds and the Agreement as shall, with the advice of Counsel, be advisable.

Section 502. Covenant to Comply with Federal Tax Requirements. The Agency hereby covenants to comply, and to take appropriate steps to ensure that the Borrower complies, with all applicable requirements of the Code so that interest on the Bonds will be excluded from gross income of the holders thereof for federal income tax purposes, including all applicable requirements of the Code regarding the provision of funds for qualified residential rental properties, investment of proceeds, treatment of fund investment earnings, repayments or unused proceeds, restriction of earnings on reserve funds, and rebate and yield restrictions set forth in Section 148 of the Code. The Agency also covenants to make any required payment imposed by the United States to maintain compliance with said requirements from time to time as required by Section 148 of the Code (or by applicable subsequent Treasury Regulation.) The Agency shall require that Borrower contract for and fund the retention of qualified computation advisers to perform all applicable disclosure and federal tax compliance requirements.

Section 503. Official Intent. In accordance with Treasury Reg. §1.150-2, the Agency hereby confirms its intentions that a portion of the proceeds of the Bonds may be used to reimburse itself or the Borrower for qualifying expenditures paid prior to the date of issuance of the Bonds. All original expenditures to be reimbursed will be capital expenditures (as defined in Treas. Reg. Sec. 1.150-1(b)) and other amounts permitted to be reimbursed pursuant to Treas. Reg. Sec. 1.150-2(d)(3) and (f).

Section 504. Effective Date and Validity. This Resolution shall take effect immediately and shall remain in effect until specifically repealed.

Pennsylvania Housing Finance Agency
Memorandum

March 11, 2016

To: Members of the Board
Pennsylvania Housing Finance Agency

From: Brian A. Hudson, Sr. 
Executive Director

Re: Housing Trust Fund/Marcellus Shale
Final Plan Approval

In November 2010, the Pennsylvania Housing Affordability and Rehabilitation Enhancement Program ("PHARE") was established (Act 105 of 2010), establishing a housing trust fund. The fund can be used for a variety of purposes, including: providing dwellings for rent or purchase to low and moderate-income individuals or families; increasing the availability or quality of housing for elderly persons and accessible housing for persons with disabilities; preventing and reducing homelessness; development and rehabilitation of distressed neighborhoods; mortgage or rental assistance including housing counseling, foreclosure prevention and refinancing products; or providing loans or grants to low and moderate income owner occupants for repairs or improvements of their homes.

Funding allocated to projects may be used for predevelopment activities, acquisition of property, site preparation and construction, reconstruction and repair of existing structures, improvements and infrastructure. Funds may be used as a set aside for matching funds for counties that have established optional county affordable housing funds under 53 Pa. C.S. Ch. 60 (known as "local trust funds"). PHARE funds may not supplant existing resources dedicated to affordable housing activities, but they may be used to support, expand and enhance other programs administered by PHFA.

Under PHARE, PHFA may give preference to projects that meet specific goals, consider geographical distribution of program funds to ensure that all areas of the Commonwealth may participate, and make 30% of funds available for housing programs benefitting households with income less than 50% of the median area income.

PHARE requires PHFA to adopt a plan establishing priorities each year and describing the method in which program funds will be distributed. The plan must be adopted and published after a 45 day comment period.

Act 13 of 2012 provides for impact fees relating to activity in the Marcellus Shale region of the Commonwealth. The "Impact Fee" Act includes funding for PHARE. Funding in the amount of \$2,500,000 for 2011 and \$5 million annually thereafter are specified for deposit in the PHARE fund at Treasury. The Impact Fee Act has restrictions on which counties may receive funding. Under the legislation, not less than 50% of the funds must be used in 5th, 6th, 7th and 8th class counties. All interest and other earnings remain in the fund.

Staff is proposing the attached Final Plan for the Marcellus Shale/PHARE Fund for your review and presentation. The only revision is adding homeless veterans as a preference in Section 2 (Address Greatest Need). Once the Plan has been approved staff will complete and release the 2016 RFP.

Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund/Marcellus Shale Impact Fee (Act 13 of 2012)

Principles and Elements of Plan

Background

Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE)

The PHARE Fund was established by Act 105 of 2010 (the "PHARE Act") to provide the mechanism by which certain allocated state or federal funds, as well as funds from other outside sources, would be used to assist with the creation, rehabilitation and support of affordable housing throughout the Commonwealth.

The PHARE Act did not allocate any funding but did outline specific requirements that include preferences, considerations, match funding options and obligations to utilize a percentage of the funds to assist households below 50% of the median area income. The PHARE Act provides a fairly broad canvas regarding the types of programs and the specific uses of any funding to allow flexibility in working with other state and federal acts and programs.

Marcellus Shale Impact Fee

The Marcellus Shale impact fee legislation, Act 13 of 2012, (the "Impact Fee Act") specifically allocates certain amounts from the impact fee into the PHARE Fund to address the following needs, including;

- support for projects that increase the availability of affordable housing for low and moderate income persons and families, persons with disabilities and elderly persons in counties where unconventional gas wells have been drilled (regardless of production levels),
- provide rental assistance, in counties where unconventional gas wells have been drilled, for persons or families whose household income does not exceed the area median income, and
- Specifies that no less than 50% of the funds are to be used in fifth, sixth, seventh and eighth class counties.

Direct Allocation-PHARE Fund will receive a direct yearly allocation from the portion of funds set aside for local distribution. The direct allocation is as follows: \$5.0 million each fiscal year beginning in 2012 and thereafter.

Windfall/Spillover Funds-Additional funds may become available because the Impact Fee Act limits amounts allocated to qualifying municipalities (as defined in the Impact Fee Act) and provides that any money remaining, after all allocations have been made to qualified municipalities, would also be deposited into the PHARE Fund.

Purpose

The PHARE Act provides the mechanism to address the housing needs in impacted counties/communities of the Marcellus Shale region.

Principles

In accordance with the PHARE Act and the Impact Fee Act, the monies will be used to address significant housing needs in impacted counties and communities with the following additional criteria:

- 50% of the funds must be spent in 5th through 8th class counties;
- 30% of the funds must benefit persons/families below 50% of the median area income.

#1) Maximize resource leveraging – to the greatest extent possible, the resources allocated will be used as leverage for other public and private resources. Additionally, local non-financial assets should be identified and leveraged where possible – including transportation, schools, recreation, employment, health, community and economic development support and other amenities. Preference: Applications that also include Optional Affordable Housing funds (under 53 PaCS, Ch.60) and/or local share portions of the impact fee.

- a) The agency encourages applicants to address the issue of long term affordability based on the local housing market conditions. To the greatest extent possible, programs and projects should be designed in ways to both maintain the investment made in the housing stock and to continue affordability after initial assistance. This could include revolving loan programs, shared equity homeownership and other strategies for addressing this objective.

#2) Address greatest need – the monies will be allocated in communities where the greatest housing needs are identified based on housing needs studies and assessments, interviews, real estate price factors, housing stock analysis, market studies and consideration of the extent of gas wells drilled and related activity. The limited resources available should be used to meet the most significant and pressing housing needs but may also be used to address longer term housing needs. Preference: Projects/programs that: 1. Assist with the rehabilitation of blighted, abandoned or otherwise at risk housing and the reuse of vacant land where housing was once located; 2. Provide funding for owner-occupied rehabilitation, first time homebuyers, and rental assistance; or 3. Address ongoing needs for homeless families and individuals including veterans.

#3) Foster partnerships – the funds should be used to maximize sustainable partnerships that will be committed to addressing the housing needs in these communities over a significant period of time. While the funds are to be used to directly support housing to meet the needs in the impacted communities, the projects should also help establish capacity to address those needs over the long term. Preference: Projects/programs that incorporate social service entities that offer additional services to the residents within the community where the project/program is taking place.

#4) Effective and efficient – ensure that the resources are used effectively and efficiently to meet the housing needs of the impacted communities. Given the expectation that demand for many types of housing will greatly exceed the funds available, it will be critical to maximize the effectiveness and efficiency for housing investments by the PHARE Fund. Preference: Projects/programs that assist the residents with the greatest need in that particular region.

#5) Equitable and transparent – create a plan and allocation process that will equitably meet the housing needs in impacted communities and establish a process that provides transparency to all stakeholders. Funding decisions and reporting will be done in accordance with the legislative requirements.

Elements of the Plan

Analysis of Need – one of the most critical components of the plan is to continually assess housing need in these communities. From both a quantitative and qualitative perspective the requirement to have accurate, reliable data from which funding decisions can be made is imperative.

It is important to recognize that this data will need to be municipality-specific to capture the unique and likely different housing needs in the various communities. In addition, the housing/real estate markets are diverse across the impacted communities and the analysis of need will require an understanding (qualitative and quantitative) of individual markets to make appropriate resource allocation decisions.

Building upon analysis already undertaken by the Agency and the Commonwealth, additional analysis may be performed to assess specific housing issues in the impacted communities and to identify housing needs (persons with special needs, elderly, larger households, physical disabilities, homeless, etc.) to appropriately target PHARE Fund resources to those in greatest need of housing, especially due to the impact of the Marcellus Shale development. In addition to types of housing analysis, PHFA will consider different income levels, nature of housing stock and the housing needs of those across a broad spectrum (homeless, near homeless, very low income, low income, temporary and seasonal workers, and permanent work force, etc.)

Understanding of real estate market dynamics – the plan for the utilization of these resources has been developed to address and continuously reevaluate the specific housing real estate markets in each community. The “micro” markets could be significantly different in the impacted communities and the plan is sufficiently flexible to address those differences.

The housing and real estate development “capacity” will also have significant impact on the ability of these funds to be used effectively and efficiently to meet the needs of the communities. The most recently completed analysis of the impact of Marcellus natural gas development on housing performed by The Center for the Study of Community and Economy at Lycoming College will soon be available and should be used by counties and municipalities when assessing their local housing needs.

There will be need for ongoing analysis of capacity (private, non-profit, public) as part of the plan. Some communities may not have had a significant housing market in decades while in others there may be a robust market addressing a significant portion of housing needs. The plan will help determine where additional housing development may be necessary, or where other strategies may be implemented for meeting the housing needs in those communities.

Allocation and use – The funding vehicle’s allocation process, created by the plan, must also be supportive of and responsive to the needs of the housing and real estate development market and should foster coordinated local trust fund plans and resources. Funds may be used to support predevelopment, site acquisition and infrastructure development, planning and preconstruction activity in addition to direct support of development and operation of projects and housing programs including employee assisted housing programs. Funds may be provided in various forms designed to best support the particular activity including grants; market rate, amortizing, balloon, bridge or soft loans; capital contributions; capital financing subsidy support; operating and supportive service reserve funding; rental or homeowner assistance. Funds may be specifically allocated to address timing issues presented in the development of affordable housing projects, when other financing is available, construction season, local zoning or other approvals. In addition, funding may be directed for administration by the Agency for certain projects approved for low income housing tax credits or other PHFA resources. Preliminary allocations may be made for projects/programs awaiting approval of additional resources. Projects/programs that do not commence within 1 year may have the preliminary allocation withdrawn.

High quality design and construction – a vital element of the plan will be the development of housing that is both of good quality design and construction and will be sustainable over a long period of time.

The opportunity to meet the growing housing needs in these communities will necessitate that this housing be available as an asset for the community for many generations. In order to meet that objective it will require that projects funded with these resources meet the highest design and construction quality standards available and that all projects ensure sustainability to the long term (both financial and physical). Funds may be specifically allocated to support green and renewable energy sources and as leverage to consumer programs available through utility companies or other business partners.

Targeting of resources – It is likely that the funds in this program will not be sufficient to meet all the housing needs and mitigate every housing impact created by the shale gas development; therefore investment decisions will target the limited funds to projects that meet the principles outlined above and most comprehensively address the elements of the plan.

Where possible these funds will be targeted and stay focused on mitigating the very specific housing impacts created by the shale development in the impacted and designated communities. This element will likely result in the determination that while there may be worthy housing projects that could be funded with these resources, the focus of development will be on most comprehensively addressing the direct and tangible housing impacts. Priority may be given to target resources in tandem with

approved county housing trust fund plans and/or plans for the utilization of local share impact fee funds.

Stakeholder input – the plan for allocation of resources will provide for broad stakeholder input concerning the principles and elements of the plan.

There are many diverse interests that are concerned about the anticipated housing impact and therefore how these resources will be allocated to address the need. To the greatest extent possible opportunities should be created for relevant and legitimate stakeholders to comment and advise the plan. This element will need to be managed for practicality and efficiency in order to maximize input. Preference: Applicants who provide a process where members of the community and other stakeholders may provide input on the application prior to submission.

Application/Allocation Process

Based on both the legislative requirements of the PHARE Act and the Impact Fee Act, PHFA has developed an application/RFP for eligible applicants interested in applying for the funds.

Eligible applicants include counties that have adopted impact fees as well as municipalities who have further contributed to PHARE via windfall/spill over funds from the impact fee. While only eligible applicants may apply, nonprofit and for profit organizations may be part of the application process.

The elements of the application and allocation process include;

- Adoption of “plan” for managing the anticipated funds by PHFA.
- Announcement of application and possible training/information session concerning the elements of the application.
- Applications accepted and reviewed by PHFA staff based on the application and plan requirements.
- Project recommendations reviewed by PHFA.
- Announcement of preliminary funding approval.
- PHFA will establish an annual application process that will allow the agency to address housing needs in the impacted communities.
- PHFA may amend the plan, application and the allocation process at any time, upon written publication of such amendments.
- PHFA, as part of the RFP process, will require all applicants to target a minimum of 30% of their funding to support households with incomes below 50% of median area income.
- PHFA will require applicants to include information on how the county is using its Act 137 (Local Housing Trust Fund) monies to address housing needs in the community. This will be included as part of the Comprehensive Plan section of the RFP.

Preliminary approval and funding of applications is contingent upon receipt of funds under Act 13 of 2012.

NOTE: PHFA anticipates that new, additional funding sources may become available to the PHARE program in 2016. If and when this occurs, a supplement to the Plan will be published for public comment and final adoption by the PHFA Board.