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 12, 2015 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 Monday, March 9, 2015 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 Monday, March 9, 2015 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
1. CALL TO ORDER AND ROLL CALL

2. APPROVAL OF THE MINUTES FROM THE FEBRUARY 12, 2015 BOARD MEETING

3. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT

4. POLICY COMMITTEE REPORT
   A. Housing Trust Fund/Marcellus Shale - Approval of the 2015 Final Plan

5. TRI STATE CAPITAL BANK FINANCING NOTE

6. OTHER BUSINESS

7. ADJOURNMENT
Pennsylvania Housing Finance Agency
Meeting of the Board
February 12, 2015

**Members Present:**
Robin Wiessmann, Chair
*Thomas B. Hagen, Vice Chair
*Maria F. Coutts
Dennis Davin
*Noel E. Eisenstat
*Lisa R. Gaffney
Keith Welks (serving in the stead of
  Christopher Craig, Executive Deputy
  State Treasurer)
Brandon Danz (serving in the stead of
  Ted Dallas, Acting Secretary,
  Department of Human Services)
*John Paone
Mark Schwartz

*On Telephone conference call

**Others Present:**
Brian A. Hudson, Executive Director
Rebecca L. Peace, Chief Counsel
Carl Dudeck, Director of Housing Management
Scott Elliott, Director of Communications
Holly Glauser, Director of Development
Bryce Maretzki, Director of Strategic Policy & Planning
Kate Newton, Director of Homeownership Programs
Bill Fogarty, Director of Government Affairs
Kim Boal, Director of Information Technology
Melissa Raffensperger, Policy Associate
Michael O’Neill, Assistant Counsel
JoLynn Story, Associate Counsel
Jada Greenhowe, Assistant Counsel
Lauren Starlings, Assistant Counsel
Lori Toia, Director of HEMAP
Maggie Strawser, Legal Executive Assistant
Chris Anderson, Communications Officer
Brian Shull, Manager of Preservation Programs
Michael Kosick, Director of Technical Services
John Zapotocky, Manager of Finance and Accounting
Thomas Brzana, Director of Loan Servicing
Charlotte Folmer, Senior Asset & Compliance Officer
*Barbara Stephens, Public Affairs Officer
Carla Falkenstein, Director of Western Region

**Members Absent:**
Craig H. Alexander
K. Scott Baker
Ronald F. Croushore
Ross Nese
A meeting of the Members of the Board of the Pennsylvania Housing Finance Agency was held on Thursday, February 12, 2015 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 29, 2015.

1. CALL TO ORDER AND ROLL CALL

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

The Board welcomed its new Chair, Robin Wiessmann, Acting Secretary of Banking and Securities. Secretary Wiessmann stated that she welcomes the opportunity to lead the Board and looks forward to the work of the Agency and its Board.

Secretary Wiessmann introduced Dennis Davin, also a new member to the Board. Mr. Davin is the Acting Secretary of the Department of Community and Economic Development.

2. ELECTION OF VICE CHAIR OF THE BOARD

Mr. Schwartz made the motion that Thomas B. Hagen be reappointed Vice Chair of the PHFA Board for the coming year. This motion was seconded by Mr. Davin. There were no additional nominations and the motion was unanimously approved.

Secretary Wiessmann thanked Mr. Hagen for his willingness to accept this position and also expressed her appreciation for Mr. Hagen’s efforts on behalf of the Agency and its Board.

Mr. Hagen stated that he is happy to accept this role on the Board.

3. APPROVAL OF THE MINUTES FROM THE DECEMBER 11, 2014 BOARD MEETING

There were no additions or corrections to the minutes.

A motion was made by Mr. Schwartz that the minutes from the December 11, 2014 Board meeting be approved as submitted. This motion was seconded by Mr. Hagen. Secretary Wiessmann and Mr. Davin abstained because they were not familiar with the December proceedings. The motion carried.
4. **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.

A. **Reallocation of Volume Cap – Perrysville Plaza Apartments**
   Mr. Bailey reviewed the project and its financing plan. He reported that the project previously had been allocated 2014 volume cap but due to circumstances beyond the developer’s control, they were unable to close prior to the end of the 2014 calendar year. Staff is recommending the Board’s approval of a preliminary allocation of 2015 volume cap to Perrysville Plaza Apartments when the allocation becomes available to the Agency. It is expected that the project will be able to close within 60 days.

   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 a 2015 housing related bond allocation to Perrysville Plaza Apartments in an amount not to exceed $5,600,000. This motion was seconded by Mr. Schwartz and was unanimously approved. (See Appendix 1 of these Minutes.)

5. **OTHER BUSINESS**

A. **Welcome to New Board Members**
   Mr. Schwartz welcomed Secretary Wiessmann and Secretary Davin on behalf of the PHFA Board and hopes that they will enjoy their tenure as board members.

B. **Brian Hudson’s 40th Anniversary**
   Mr. Schwartz informed the Board that Mr. Hudson has just celebrated his 40th anniversary with the Agency.

   He noted that Mr. Hudson is one of the most respected housing finance agency executive directors in the country. The Board congratulated Mr. Hudson. Secretary Wiessmann requested that staff appropriately memorialize the celebration of Mr. Hudson’s service.

   Mr. Hudson stated that he looks forward to working with the current board to continue with PHFA’s mission of providing safe and affordable housing.
6. **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. Secretary Wiessmann adjourned the meeting of the Board at 10:45 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 12, 2015 at 10:30 a.m. at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania.

Respectfully submitted,

Carrie M. Barnes
Secretary
To: Members of the Board  
Pennsylvania Housing Finance Agency

From: Brain A. Hudson  
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 major change from last year is the addition of language encouraging long term affordability in programs funded through the Plan and removal of the Estimate of PHARE Allocation by County. Once the Plan has been approved staff will complete and release the 2015 RFP.
2015 Final Plan

Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE)

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. 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, if feasible. 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; or 2. Provide funding for owner-occupied rehabilitation, first time homebuyers, and rental assistance.

**#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 longer
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. Based on the preliminary finding from the Lycoming College research [http://www.phfa.org/forms/housing_study/2011/marcellus_report.pdf](http://www.phfa.org/forms/housing_study/2011/marcellus_report.pdf), PHFA has some insight into the existing housing development capacity in some of the impacted communities. This will serve as a
foundation for investment in increasing the capacity. There will be need for ongoing analysis of capacity (private, non-profit, public) as part of the plan. In some of these communities there has been no significant housing market in decades while in others there is a robust market that may be addressing some part of the housing needs. The plan will help determine where additional housing development capacity 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.*
Date: March 4, 2014

Subject: TriState Capital Bank Financing Note

To: Members of the Board
Pennsylvania Housing Finance Agency

From: Brian A. Hudson
Executive Director

In 2013, the Agency borrowed funds from TriState Bank to replenish amounts it had committed to finance loans for qualified homeowners to renovate and repair existing owner-occupied homes throughout the Commonwealth. The TriState Bank loan to the Agency for its "Renovate and Repair Program" loan program provided the Agency with a funding source to continue to offer its below-market financing of affordable fixed rate loans to homeowners with incomes at or below the greater of 150% of area or statewide median income.

TriState has recently approached us with a similar offer to provide additional flexible capital for Agency programs. We are interested in pursuing a similar financing with TriState to fund additional seasoned loans currently held in the Agency's general fund (and not associated with or pledged to any outstanding bond issue or other capital source.)

The financing will be a direct loan placement with TriState, with the money being used to replenish funds in the Agency's general fund. As a result of this financing, the Agency will free up funds to continue to fund loans in its various funding programs.

Staff is recommending Board approval authorizing a loan not to exceed $10,000,000, for a term of ten years, at an interest rate not to exceed 3.6% (payable semiannually). The terms and documentation will be similar to the transaction completed previously.

A resolution is attached for your consideration.
PENNSYLVANIA HOUSING FINANCE AGENCY RESOLUTION AUTHORIZING
A $10,000,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT
LOAN FROM TRISTATE CAPITAL BANK

WHEREAS, pursuant to 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"), the Agency has the power and authority, inter alia, to provide financing for loans for the renovation, repair and improvement of owner-occupied single family residences, for the acquisition of single family homes, for the acquisition construction, renovation and rehabilitation of residential rental facilities, for specialized affordable housing financing programs; and for related and ancillary facilities; and

WHEREAS, the Agency originates and services loans for its various affordable housing financing program and funds such loans through its issuance of bonds, notes, capital sources and through the amounts available and not otherwise restricted in its general fund; and

WHEREAS, TriState Capital Bank has agreed to provide funds to replenish certain amounts currently committed to provide financing for loans through a loan in an amount not to exceed $10,000,000, with the Agency retaining loan servicing; and

WHEREAS, the total commitment shall not exceed $10,000,000, shall be on terms negotiated in accordance with the provisions set forth herein and shall provide additional liquidity and flexibility to the Agency in continuing its financing programs.

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

Section 1. The Agency hereby approves and authorizes a loan in an aggregate principal amount not to exceed $10,000,000 from TriState Capital Bank at an interest rate not to exceed 3.6% for a term not to exceed 10 years.

Section 2. Staff is hereby authorized and directed to take all actions necessary to effectuate the above authorized borrowing and to prepare, negotiate and execute all documentation related thereto.

Section 3. This resolution shall take effect immediately.