

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, April 9, 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, April 6, 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, April 6, 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

PENNSYLVANIA HOUSING FINANCE AGENCY

THURSDAY, APRIL 9, 2015

10:30 A.M.

A G E N D A

1. CALL TO ORDER AND ROLL CALL

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

3. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT
 - A. Volume Cap Allocation Request – Addison Terrace Phase II
 - B. Portfolio Preservation Refunding
 1. Bartlett Gardens
 2. B'nai B'rith House
 3. Char House
 - C. Other Business

4. OTHER BUSINESS

5. ADJOURNMENT

TAX EXEMPT BOND ISSUING AUTHORITY

Pennsylvania Housing Finance Agency
March 31, 2015

SUBJECT: Addison Terrace Phase 2

Request for an allocation of tax exempt bond issuing authority
Tax-Exempt Bond/Tax Credit Development: PHFA No. TC2015-101, 90 units
City of Pittsburgh, County of Allegheny, Region 5
Tax Credit Officer: William G. Bailey, Jr.

TO: Members of the Board
Pennsylvania Housing Finance Agency



FROM: Brian A. Hudson
Executive Director

Proposal Description

Addison Terrace Phase 2 is located on Bentley Drive in a mixed residential and commercial neighborhood of Pittsburgh. This proposal is for the new construction of eight two-story residential buildings and one four-story building with an elevator for general occupancy. There will be 26 one-bedroom, 47 two-bedroom, 12 three-bedroom, and five four-bedroom units. There will be 10 fully accessible units. The structural system is wood frame and masonry with masonry, brick and metal siding exterior finish. The development contains a total of 119,238 square feet, and is situated on approximately 7.7 acres of ground.

1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

Allies & Ross Management & Development Loan – primary debt	\$3,825,000
Pittsburgh Housing Authority Series A Tax-exempt bonds	15,000,000
Allies & Ross Management & Development Loan	3,100,000
PNC Bridge loan	4,300,000
Equity from proceeds of sale of tax credits	2,715,062
<u>Deferred developer fee</u>	<u>1,149,117</u>
Total Development Cost	\$30,089,917

2. Permanent Financing Plan

Permanent financing will be provided in the approximate amount of:

Allies & Ross Management & Development Loan – primary debt	\$3,825,000
Allies & Ross Management & Development Loan	18,100,000
Equity from proceeds of sale of tax credits	8,092,849
<u>Deferred developer fee</u>	<u>72,068</u>
Total Development Cost	\$30,089,917

3. Development Costs

Construction financing will be provided through tax-exempt bonds of \$15,000,000 issued by the Housing Authority of the City of Pittsburgh and collateralized by \$15,000,000 of Allies & Ross Management and Development Loan funds. The remaining \$3,100,000 will be advanced during construction. The cash collateral will be used to repay the bonds after construction completion. The PNC Bridge Loan will be repaid from the second installment of the tax credit equity proceeds. PNC Bank will purchase the Series A tax-exempt bonds, which will have an estimated interest rate of 2.41%.

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Cost	\$23,120,205	\$256,891	\$194
Replacement Cost	\$26,589,385	\$295,438	\$223
Total Replacement Costs & Reserves	\$27,466,049	\$305,178	\$230
Total Development Costs	\$30,089,917	\$334,332	\$252
Series A Tax-Exempt Bonds	\$15,000,000	\$166,667	\$126
First Mortgage	\$3,825,000	\$42,500	\$32
Acquisition Costs (ground lease)	\$105	\$1.16	\$0

4. Leveraging of Other Resources

The owner anticipates PNC Bank, National Association providing an equity contribution of \$8,092,849 from the proceeds of the syndication of Federal Low Income Housing Tax Credits, with a net pay-in of \$0.946. The development anticipates qualifying for an allocation of tax credits in the approximate amount of \$823,708. Developments financed with tax-exempt private activity bonds are generally eligible to claim a four percent credit allocation on the development's eligible basis.

5. Rental Estimates

Unit Type	No. of Units	Avg. Net Rentable Sq. Ft.	Projected Tenant Rent	Estimated Cost of Utilities	Rental Subsidy	Total Housing Expense
1 BR	4	776	\$100	\$86	\$574	\$760
1 BR	18	744	\$169	\$86	\$441	\$696
1 BR	4	744	\$750	\$86	\$0	\$836
2 BR	16	1,122	\$163	\$105	\$610	\$878
2 BR	10	1,293	\$155	\$129	\$600	\$884
2 BR	12	1,122	\$950	\$105	\$0	\$1,055
2BR	9	1,293	\$1050	\$129	\$0	\$1,179
3 BR	11	1,521	\$168	\$161	\$770	\$1,099
3 BR	1	1,533	\$1,150	\$161	\$0	\$1,311
4 BR	5	1,927	\$190	\$192	\$798	\$1,180
Total	90					

The Housing Authority of the City of Pittsburgh intends to provide Moving to Work "Step Up To Market" project based vouchers to 64 of the units. The remaining 26 units are market rate and receive no rental assistance. The Step Up To Market vouchers permit rents up to 120% of the Pittsburgh fair market rents.

6. Commercial Space

There is no commercial space in the project.

7. Relocation

Tenants who previously resided on site have been relocated and the original buildings will be demolished by the Housing Authority. Once the new units are constructed, these tenants will be given the opportunity to return to the redeveloped property. Relocation benefits will be provided to these tenants.

Development Team

1. Identification of Owner

The sponsor of this development is Keith B. Key Enterprises LLC. The ownership entity of Addison Terrace Phase 2 will be Addison Terrace Phase 2 L.P., with Addison Terrace Phase 2 General Partner, LLC as general partner. Keith B. Key Enterprises, LLC will be the majority and managing member and a to be formed affiliate of Allies & Ross Management and Development Corp., an affiliate of the Housing Authority of the City of Pittsburgh, will be the minority member.

2. Development Team Members

Applicant:	Keith B. Key Enterprises LLC Keith B. Key Columbus, OH
Co-Applicant:	Allies & Ross Management and Development Corp. Caster D. Binion Pittsburgh, PA
Owner:	Addison Terrace Phase 2 L.P. Keith B. Key Columbus, OH
Attorney:	Nixon Peabody Tom Giblin Boston, MA
Architect:	RDL Architects, Inc. Ron Lloyd Shaker Heights, OH
Contractor:	Alliance Construction Group of Ohio LLC Keith B. Key Columbus, OH
Management Agent:	Wallick Properties Midwest, Inc. Robert Daines Columbus, OH

Site Description

Addison Terrace was originally constructed in 1941 and is located in Pittsburgh's Terrace Village neighborhood, although this property is generally considered to be part of the Hill District. The neighborhood is positioned between two major employment centers in the City, Oakland and the Central Business District. A community building and leasing office was constructed in Phase 1 of the project and will be used by residents of the development.

Addison Terrace is in close proximity to a variety of neighborhood services and amenities and has good access to public transportation.

Conditions

Final allocation of volume cap 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, that all conditions and qualifications relating to 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, which may be included 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 of construction bridge financing to cover the projected funding gap.
7. 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.
8. Evidence of the satisfaction of accessibility requirements.
9. Contribution of equity in an amount sufficient to ensure the financial feasibility of the development.
10. Submission, review and approval of the final terms and conditions for the syndication of the Low Income Housing Tax Credits.
11. Evidence of all HUD approvals required to undertake the proposed development.
12. 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 the 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.
13. Opinion of Tax Counsel confirming certain infrastructure costs may be included in the eligible tax credit basis of the development.

**RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING HOUSING RELATED BOND ALLOCATION
Addison Terrace Phase 2**

WHEREAS, the Pennsylvania Housing Finance Agency (the "Agency") exists and operates by virtue of and pursuant to the Housing Finance Agency Law, (1959, Dec. 3, P.L. 1688, as amended, 35 P.S. 1680.101, et seq.) (hereinafter, "the Act"); and

WHEREAS, private activity bond volume cap ("Volume Cap") is available to the Agency for the purpose of issuing housing bonds in accordance with the Internal Revenue Code of 1986, as amended (the "Code"), and with applicable laws and regulations in the Commonwealth; and

WHEREAS, the Agency issued its Year 2015 Multifamily Housing Application that includes a Request for Proposals for Volume Cap for Tax Exempt Bond Financing ("RFP") inviting developers of residential rental facilities to seek an allocation of Volume Cap in 2015; and

WHEREAS, Applicant, Addison Terrace Phase 2 L.P., has requested an allocation of Volume Cap for the acquisition and new construction of 90 units in eight two-story residential buildings and one four-story building with an elevator for general occupancy in the City of Pittsburgh, Allegheny County; and

WHEREAS, the Agency has determined to provide a preliminary allocation of Volume Cap in an amount not to exceed \$15,500,000 for the issuance of private activity bonds by the Housing Authority of the City of Pittsburgh, subject to satisfaction of certain conditions set forth below.

NOW THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 9th day of April, 2015, as follows:

Section 1. Staff is hereby authorized to take all necessary actions to provide a conditional preliminary allocation of Year 2015 Volume Cap in an amount not to exceed \$15,500,000 (which includes a contingency amount) for the tax exempt bond financing of Addison Terrace Phase 2 subject to the following conditions: a.) submission, review and approval of all documentation necessary to secure construction and permanent loan financing of the project; b.) evidence, satisfactory to the Agency, that all conditions and qualifications relating to Section 42 of the Internal Revenue Code of 1986, as amended (the "Code") and all applicable requirements of the Agency's Tax Credit Program have been met; c.) evidence, satisfactory to the Agency, that all conditions and qualifications relating to Sections 103 and 142 (and related sections) of the Code have been met; d.) compliance with the timeframes and deadlines established by the Agency in the Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Volume Cap Request for Proposals; e.) evidence of the commitment of construction and permanent financing in amounts sufficient to ensure financial feasibility of the project; f.) evidence of the commitment of construction bridge financing to cover the projected funding gap; g.) 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; h.) evidence of the satisfaction of accessibility requirements; i.) contribution of equity in an amount sufficient to ensure the financial feasibility of the development; j.) submission, review and approval of the final terms and conditions for the syndication of the low income housing tax credits; k) evidence of all HUD approvals required to undertake the development; l.) 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; and m.) opinion of tax counsel confirming certain infrastructure costs may be included in the eligible tax credit basis of the development.

Section 2. The action taken by the Agency is hereby declared to be an affirmative official act of the Agency toward the issuance of private activity bonds to finance the above named project; provided that in no event shall this official act be construed as an acceptance of any liability on behalf of the Agency nor as an indication of final selection for financing or a commitment of Volume Cap.

Section 3. This resolution shall be effective immediately.

Subject: Bartlett Gardens

Recommendation for a Loan Commitment
PHFA No. R-605, 43 Units
Cambridge Springs, Crawford County, Region 6
Non-Participating Jurisdiction
Development Officer: Brian L. Shull

TO: Members of the Board
Pennsylvania Housing Finance Agency



FROM: Brian A. Hudson
Executive Director

Proposal Description

Bartlett Gardens was built 1978-1979 at 257 South Main Street, Cambridge Springs, Crawford County. The building is an three-story low-rise with two elevators consisting of 43 units for elderly persons and persons with disabilities. On-site amenities include a community room, common laundry and management office. The building and site have been well maintained and are in very good condition.

PHFA has been the mortgagee for this project since its construction. The existing loan has an interest rate of 8.85% and will mature January 2021.

The purpose of this proposal is to preserve the housing by lowering its annual debt service and provide capital for repairs.

Rental Rates

Type	Number	Sq. Ft.	Current HAP Rents	Estimated Cost of Utilities	Total Housing Expense
1 BR	41	540	\$786	\$0.00	\$786
2 BR	2		\$852	\$0.00	\$852

All units at Bartlett Gardens receive rental assistance via a HAP contract. The owner will be submitting a request to PHFA and HUD to renew the contract for a 20-year term. The HAP contract requires residents pay 30 percent of their monthly income as rent.

Owner

Bartlett Gardens Apartments, L.P., a Pennsylvania limited partnership, is the owner of the project. Home Leasing, LLC is the sole general partner of the Owner. Nelson Leenhouts is the Chief Executive Officer of Home Leasing, LLC.

Statement of Sources and Uses of Funds

Sources of Funds

Refinancing Loan	\$650,000
Existing Reserves and Escrows	<u>\$402,362</u>
Total Sources	\$1,052,362

Uses of Funds

Repayment of PHFA's Loan	\$609,731
Repairs	\$155,932
Funding of Reserves & Escrows	\$253,549
Other Costs and Fees	<u>\$33,150</u>
Total Uses	\$1,052,362

PHFA's refinancing loan will have an interest rate of 5.0% and term of 10 years. Credit enhancement will be provided by the Agency's Self Insurance Program.

Conditions

Staff is recommending commitment approval contingent upon the following conditions:

1. Owner agreeing to the terms and conditions of an Indenture of Restrictive Covenants requiring a 30 year extension of the existing affordability restrictions.
2. The prepayment of PHFA's outstanding primary loan balance and PHFA's economic loss and prepayment fee as of the date of closing.
3. HUD approval of the Owner's request to renew the HAP contract at rents in amounts equal to or greater than \$786 and \$852 for the one and two bedroom units, respectively.
4. The Agency's final review and approval of the necessary financing documents.

**RESOLUTION OF THE MEMBERS OF THE BOARD
OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
APPROVING A MORTGAGE REFINANCING FOR
BARTLETT GARDENS, PHFA NO. R-605**

WHEREAS, on November 5, 1979, the Agency provided financing in the amount of \$1,060,000 with an interest rate of 8.85% for the development of 43 residential rental units in Cambridge Springs, Crawford County, Pennsylvania, known as Bartlett Gardens, PHFA No. R-605 (the "Development"), owned by Bartlett Gardens Apartments, L.P., a Pennsylvania limited partnership ("Owner"); and

WHEREAS, staff has reviewed the Development's financial condition and has determined that the Development has insufficient cash flow to support the current debt structure (with a current outstanding Agency loan balance of \$609,731) and is in need of capital improvements; and

WHEREAS, staff recommends that the Agency refinance the existing mortgage loan by providing a loan in the amount of \$650,000 with an interest rate of 5.0% amortized over 10 years.

NOW, THEREFORE, be it resolved by the Members of the Board of the Pennsylvania Housing Finance Agency on this 9th day of April, 2015, as follows:

Section 1. Staff is authorized and directed to take all actions necessary to refinance the existing mortgage loan to reduce debt service and assist with necessary capital improvements by providing a loan in a principal mortgage amount not in excess of \$747,500 (which includes the loan and a 15% contingency allowance) with an interest rate of 5.0% amortized over 10 years subject to the following conditions: (a) Owner agrees to the terms and conditions of a regulatory agreement that extends the existing affordability restrictions for 30 years; (b) prepayment of the Agency's outstanding loan balance and the Agency's economic loss and prepayment fee as of the date of closing; (c) HUD approval of Owner's request to renew the Housing Assistance Payments Contract at rents in amount equal to or greater than \$786 and \$852 per month for the one and two bedroom units, respectively; and (d) the Agency's final review and approval of the necessary financing documents.

Section 2. This resolution shall take effect immediately.

Subject: B'nai B'rith House

Recommendation for a Loan Commitment
PHFA No. R-72, 171 Units
Reading, Berks County, Region 2
Participating Jurisdiction
Development Officer: Brian L. Shull

TO: Members of the Board
Pennsylvania Housing Finance Agency



FROM: Brian A. Hudson
Executive Director

Proposal Description

B'nai B'rith House was built 1976-1978 at 1026 Franklin Street, Reading, Berks County. The building is a twelve-story high-rise with two elevators consisting of 171 units for elderly persons and persons with disabilities. On-site amenities include a community room with a commercial kitchen, small grocery store, hair salon, chapel, exercise room and library. The building and site have been very well maintained and are in excellent condition.

PHFA has been the mortgagee for this project since its construction. The existing loan has an interest rate of 8.375% and will mature June 2018.

The purpose of this proposal is to preserve the housing by lowering its annual debt service, provide capital for energy efficiency improvements and adequately fund the project's Reserve for Replacements account.

Rental Rates

Type	Number	Sq. Ft.	Estimated HAP Rents	Estimated Cost of Utilities	Total Housing Expense
0 BR	81	376	\$600	\$0.00	\$600
1 BR	89	517	\$700	\$0.00	\$700
1 BR	1	517	-	-	-

B'nai B'rith House receives rental assistance pursuant to a Housing Assistance Payment ("HAP") contract for 171 units. The owner will be submitting a request to PHFA and HUD to renew the contract for a 20-year term. The HAP contract requires residents pay 30% of their monthly income as rent

Owner

B'nai B'rith House of Reading, Inc, a Pennsylvania nonprofit corporation, is the owner of the project. Donald Greth is President of B'nai B'rith House of Reading, Inc.

Statement of Sources and Uses of Funds

Sources of Funds

Refinancing Loan	\$1,773,298
PHFA Economic Loss Loan	\$288,644
Existing Reserves and Escrows	<u>\$13,044</u>
Total Sources	\$2,074,986

Uses of Funds

Repayment of Existing PHFA Loan	\$1,498,576
Repairs	\$335,366
Funding of Reserves & Escrows	\$191,044
Other Costs and Fees	<u>\$50,000</u>
Total Uses	\$2,074,986

PHFA's refinancing loan will have an interest rate of 4.625% and term of 10 years. Credit enhancement will be provided by the Agency's Self Insurance Program.

PHFA's economic loss loan will have a 0.00% interest rate and term of 20 years. Repayment will be from one-half of annual cash flow.

Conditions

Staff is recommending commitment approval contingent upon the following conditions:

1. Owner agrees to the terms and conditions of a regulatory agreement that extends the existing affordability restrictions for 30 years.
2. The prepayment of PHFA's outstanding primary loan balance and PHFA's economic loss and prepayment fee as of the date of closing.
3. HUD approval of the Owner's request to renew the HAP contract at rents in amounts equal to or greater than \$600 and \$700 for the efficiency and one bedroom units, respectively.
4. The Agency's final review and approval of the necessary financing documents.

**RESOLUTION OF THE MEMBERS OF THE BOARD
OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
APPROVING A MORTGAGE REFINANCING FOR
B'NAI B'RITH HOUSE, PHFA NO. R-72**

WHEREAS, on September 26, 1976, the Agency provided financing in the amount of \$4,910,000 with an interest rate of 8.375% to B'nai B'rith House of Reading, Inc., a Pennsylvania nonprofit corporation ("Owner"), for the development of 171 residential rental units in Reading, Berks County, Pennsylvania, known as B'nai B'rith House, PHFA No. R-72 (the "Development"); and

WHEREAS, staff has reviewed the Development's financial condition and has determined that the Development has insufficient cash flow to support the current debt structure (with a current outstanding Agency loan balance of \$1,498,576) and is in need of repairs; and

WHEREAS, staff recommends that the Agency refinance the existing mortgage loan by providing the following loans:

(a) A primary loan in the amount of \$1,773,298 with an interest rate of 4.625% amortized over 10 years; and

(b) A support loan in the amount of \$288,644 with no interest for 20 years repayable as the Development generates excess revenues over expenses in any given calendar year.

NOW, THEREFORE, be it resolved by the Members of the Board of the Pennsylvania Housing Finance Agency on this 9th day of April, 2015, as follows:

Section 1. Staff is authorized and directed to take all actions necessary to refinance the existing mortgage loan to reduce debt service and assist with necessary repairs to the Development by providing a primary loan in the amount of \$2,039,293 (which includes the loan and a 15% contingency allowance) with an interest rate of 4.625% amortized over 10 years and a support loan in the amount of \$288,644 with no interest for 20 years repayable as the Development generates excess revenues over expenses in any given calendar year subject to the following conditions: (a) Owner agrees to the terms and conditions of a regulatory agreement that extends the existing affordability restrictions for 30 years; (b) prepayment of the Agency's outstanding loan balance and the Agency's economic loss and prepayment fee as of the date of closing; (c) HUD approval of Owner's request to renew the Housing Assistance Payments Contract at rents in amount equal to or greater than \$600 and \$700 per month for the zero and one bedroom units, respectively; and (d) the Agency's final review and approval of the necessary financing documents.

Section 2. This resolution shall take effect immediately.

Subject: Char House

Recommendation for a Loan Commitment
PHFA No. R-170, 104 Units
Charleroi, Washington County, Region 5
Participating Jurisdiction
Development Officer: Brian L. Shull

TO: Members of the Board
Pennsylvania Housing Finance Agency



FROM: Brian A. Hudson
Executive Director

Proposal Description

Char House was built 1978-1979 at 251 9th Street, Charleroi, Washington County. The building is an eight-story high-rise with two elevators consisting of 104 units for elderly persons and persons with disabilities. On-site amenities include a community room, common laundry and management office. The building and site have been well maintained and are in very good condition.

PHFA has been the mortgagee for this project since its construction. The existing loan has an interest rate of 7.38% and will mature June 2019.

The purpose of this proposal is to preserve the housing by lowering its annual debt service and provide capital for repairs and energy efficiency improvements.

Rental Rates

Type	Number	Sq. Ft.	Current HAP Rents	Estimated Cost of Utilities	Total Housing Expense
1 BR	104	540	\$702	\$0.00	\$702

Char House receive rental assistance pursuant to a Housing Assistance Payment (“HAP”) contract for all units. The owner will be submitting a request to PHFA and HUD to renew the contract for a 20-year term. The HAP contract requires residents pay 30 percent of their monthly income as rent.

Owner

Char House Highrise Associates, a Pennsylvania limited partnership, is the owner of the project. WCRA Housing Corp. is the sole general partner of the Owner.

Statement of Sources and Uses of Funds

Sources of Funds

Refinancing Loan	\$1,809,500
MacArthur Foundation Energy Audit Grant	\$6,125
Existing Reserves and Escrows	<u>\$226,887</u>
Total Sources	\$2,042,512

Uses of Funds

Repayment of existing PHFA Loan	\$885,504
Repairs	\$901,655
Funding of Reserves & Escrows	\$226,888
Other Costs and Fees	<u>\$28,475</u>
Total Uses	\$2,042,512

PHFA's refinancing loan will have an interest rate of 5.0% and term of 10 years. Credit enhancement will be provided by the Agency's Self Insurance Program.

Conditions

Staff is recommending commitment approval contingent upon the following conditions:

1. Owner agrees to the terms and conditions of a regulatory agreement that extends the existing affordability restrictions for 30 years.
2. The prepayment of PHFA's outstanding primary loan balance and PHFA's economic loss and prepayment fee as of the date of closing.
3. HUD approval of the Owner's request to renew the HAP contract at rents in amounts equal to or greater than \$702 for the one bedroom units.
4. The Agency's final review and approval of the necessary financing documents.

**RESOLUTION OF THE MEMBERS OF THE BOARD
OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
APPROVING A MORTGAGE REFINANCING FOR
CHAR HOUSE, PHFA NO. R-170**

WHEREAS, on September 22, 1976, the Agency provided financing in the amount of \$3,165,000 with an interest rate of 7.38% for the development of 104 residential rental units in Charleroi, Washington County, Pennsylvania, known as Char House, PHFA No. R-170 (the "Development") owned by Char House Highrise Associates ("Owner"); and

WHEREAS, staff has reviewed the Development's financial condition and has determined that the Development has insufficient cash flow to support the current debt structure (with a current outstanding Agency loan balance of \$885,504) and is in need of energy efficient improvements as well as capital improvements; and

WHEREAS, staff recommends that the Agency refinance the existing mortgage loan by providing a loan in the amount of \$1,809,500 with an interest rate of 5.0% amortized over 10 years.

NOW, THEREFORE, be it resolved by the Members of the Board of the Pennsylvania Housing Finance Agency on this 9th day of April, 2015, as follows:

Section 1. Staff is authorized and directed to take all actions necessary to refinance the existing mortgage loan to reduce debt service and assist with necessary energy efficient improvements as well as capital improvements by providing a loan in a principal mortgage amount not in excess of \$2,080,925 (which includes the loan and a 15% contingency allowance) with an interest rate of 5.0% amortized over 10 years subject to the following conditions: (a) Owner agrees to the terms and conditions of a regulatory agreement that extends the existing affordability restrictions for 30 years; (b) prepayment of the Agency's outstanding loan balance and the Agency's economic loss and prepayment fee as of the date of closing; (c) HUD approval of Owner's request to renew the Housing Assistance Payments Contract at rents in amount equal to or greater than \$702 per month for the one bedroom units; and (d) the Agency's final review and approval of the necessary financing documents.

Section 2. This resolution shall take effect immediately.