

**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, June 11, 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, June 8, 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, June 8, 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, JUNE 11, 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 MAY 14, 2015 BOARD MEETING
3. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT
  - A. Portfolio Preservation Refinancings – Broadwood Towers, Franklin Arbors and Wade D. Mertz Towers
  - B. Request for an Allocation of Tax Exempt Issuing Authority - Bond 2 LP
  - C. ReCLAIM Program – Hazelwood Project
  - D. Other Business
4. JOINT HEMAP AND FINANCE COMMITTEES REPORT
  - A. HEMAP Budget for Fiscal Year Ending June 30, 2016
  - B. PHFA Budget for Fiscal Year Ending June 30, 2016
5. JOINT HEMAP AND AUDIT COMMITTEES REPORT
  - A. HEMAP Audit Report
  - B. PHFA Audit Report
6. APPROVAL OF SINGLE FAMILY MORTGAGE REVENUE BONDS, SERIES 2015-117
7. OTHER BUSINESS
8. EXECUTIVE SESSION
9. PERSONNEL COMMITTEE REPORT
10. ADJOURNMENT

**Pennsylvania Housing Finance Agency  
Meeting of the Board  
May 14, 2015**

**Members Present:**

Robin Wiessmann, Chair  
Thomas B. Hagen, Vice Chair  
Craig H. Alexander  
Maria F. Coutts  
Dennis Davin  
Noel E. Eisenstat  
Keith Welks (serving in the stead of  
Christopher Craig, Executive Deputy  
State Treasurer)  
Joanne Glover (serving in the stead of  
Ted Dallas, Acting Secretary,  
Department of Human Services)  
Ross Nese  
John Paone  
Mark Schwartz

\*On Telephone conference call

**Members Absent:**

K. Scott Baker  
Ronald F. Croushore  
Lisa R. Gaffney

**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  
Lisa Case, Manager of Project Operations  
Brian Shull, Manager of Preservation Programs  
Clay Lambert, Business Policy Officer  
Michael Kosick, Director of Technical Services  
John Zapotocky, Manager of Finance and Accounting  
Thomas Brzana, Director of Loan Servicing  
Kelly Wilson, Development Officer

Sherry Daniels, Development Officer  
La’Kisha Thomas, Development Officer  
Lynette Davenport, MAP Officer  
Joseph Knopic, Director of Finance  
Douglas Haughton, Development Officer  
Linda Newport, Manager of Contract Administration  
Stan Salwocki, Manager of Architecture and Engineering  
Ann Mermelstein, Senior Development Officer  
Christine Gerbig, Senior Development Officer  
Renaë Hodges, Communications Officer  
Michael Kosick, Director of Technical Services  
Sue Belles, Manager of Loan Programs  
Charlotte Folmer, Senior Asset and Compliance Officer  
Beth Silvick, Senior Development Officer  
William Bailey, Senior Development Officer  
Diane Hoffman, Manager of Accounting  
Barbara Stephens, Public Affairs Officer  
Carla Falkenstein, Director of Western Region  
Steven Chopek, Manager of Housing Services  
Mary Kate Poole, Janney Montgomery Scott  
Ralph Vartan, Vartan Group  
Lisa Yaffe, Community Development Strategy  
Ralph Jones, US Bank  
Carlos Montoya, Bank of America  
James Eby, Community Builders  
Bobby Ribic, PA Senate  
Mike Mebic, Development Council  
Alan Jaffe, JP Morgan  
Michael Baumrin, RBC  
Cindy Daley, Housing Alliance  
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, May 14, 2015 at 11:00 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 April 30, 2015.

**1. CALL TO ORDER AND ROLL CALL**

The meeting was called to order by Chair Wiessmann at 11:05 a.m. The roll was called and a quorum was present.

2. **APPROVAL OF THE MINUTES FROM THE APRIL 9, 2015 BOARD MEETING**

There were no additions or corrections to the minutes.

**Mr. Hagen made a motion that the minutes from the April 9, 2015 Board meeting be approved as submitted. This motion was seconded by Mr. Nese and was unanimously approved.**

3. **PROGRAM DEVELOPMENT AND REVIEW COMMITTEE REPORT**

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

A. **Low Income Housing Tax Credit Program – Allocation of Resources**

Mr. Welks reported that staff reviewed Agency's processing of the projects which have been submitted for consideration of Federal Low Income Housing Tax Credits.

Ms. Glauser noted that 103 proposals were received for tax credits requesting an amount in excess of \$103,000,000 and \$21,800,000 in PennHOMES funds. The Agency's federal tax credit authority for the current year is \$29,410,580 less forward commitments of \$15,631,000. She stated that 44 of the proposals were in urban areas and 59 were in suburban areas.

Each application was reviewed thoroughly by staff and senior management and all proposals were ranked according to the selection criteria as approved by the Board. Certain adjustments and modifications were recommended to the Allocation Plan including minimum ranking and preferences to achieve geographic distribution.

Following the review criteria as established, it has been determined that 39 projects are eligible for funding at this time.

Ms. Glauser thanked the Agency's staff for their work in this process which took approximately four months.

Mr. Welks noted that the Program and Development Review Committee also received an overview of the entire tax credit allocation process from staff during its meeting.

**Mr. Welks made the motion that the Board approve the resolution approving the year 2015 Federal Low Income Rental Housing Tax Credit allocation process and authorizing certain Agency actions regarding program funding. This motion was seconded by Mr. Eisenstat and was unanimously approved. (See Appendix 1 of these Minutes.)**

**B. Portfolio Preservation Refinancing – Marion Terrace and Tyrone Family**

Mr. Dudeck reported that the owners of the Marion Terrace and Tyrone Family projects have requested permission to prepay their mortgages.

Mr. Dudeck stated that to permit prepayment requests, staff must be assured that the development will remain in Pennsylvania's affordable housing stock for at least an additional 30 years; the Agency must not incur any economic losses due to the refinancing; and the HUD's Housing Assistance Payments contract must be renewed for an additional 20 years.

After reviewing each of the projects, Mr. Dudeck stated that all of the conditions have been addressed and staff recommends the approval of both prepayment requests.

Mr. Welks reported that the Program and Development Review Committee concurs with staff's recommendation.

**Mr. Welks made the resolution authorizing the portfolio preservation refinancing for Marion Terrace. This motion was seconded by Mr. Nese and was unanimously approved. (See Appendix 2 of these Minutes).**

**Mr. Welks made the resolution authorizing the portfolio preservation refinancing for Tyrone Family. This motion was seconded and was unanimously approved. (See Appendix 3 of these Minutes).**

**C. Other Business**

Mr. Welks reported that the Committee also approved the reallocation of 2014 tax credits to 2015 tax credits for the St. Michael's on the Hill project located in Jessup, Lackawanna County. No Board action is required on this issue.

**4. INVESTMENT BANKER REPORT**

Mr. Baumrin, representing RBC Capital Markets, distributed an Economic and Interest Rate Outlook booklet.

He noted that the economy stalled in the first quarter but it is anticipated that it will rebound in the second quarter of this year. The severe weather likely caused the previous weak performance. He reported that inflation appears to be under control as new jobs are created and unemployment decreases.

It is possible that the first rate increase by the Federal Reserve may be announced this coming September.

Mr. Baumrin stated that homeownership continues to decline and the percentage of delinquencies and foreclosures is still above normal levels. Renting remains the main market for housing and the spread between the cost of owning a home and renting will continue to expand. RBC expects the demand for homeownership to increase because of the lack of supply of affordable rental units.

Generally speaking, Mr. Baumrin expects interest rates to increase very slowly and housing starts to strengthen.

There were no comments or questions from the Board.

**5. DEVELOPMENT STATUS REPORT**

There were no comments or questions from the Board on this report.

**6. PHFA INVESTMENT REPORT**

There were no comments or questions from the Board on this report.

**7. OTHER BUSINESS**

**A. Sale of Historic Homes on Locust Street**

Mr. Hudson reported that the Agency has agreed to sell the historic homes it owns on Locust Street and he is requesting the Board's approval to complete the sale.

He reported on the difficulties the Agency has been encountering regarding the proposed expansion of the Agency's headquarters. The Agency will continue to evaluate ways to accommodate its increased need for space.

**A motion was made that the Board approve the resolution authorizing certain matters relating to the sale of certain PHFA owned structures on Locust Street. The motion was seconded by Mr. Paone and was unanimously approved. (See Appendix 4 of these Minutes.)**

**B. PHFA's Housing Forum**

Mr. Hudson reported that there was overwhelming attendance at the Agency's Housing Forum held at the Harrisburg Hilton on May 7 and 8. This forum is held every two years and was a huge success this year.

Mr. Hudson thanked Scott Elliott and his staff for an excellent job of planning the entire event.

**C. Tax Credit Allocation Plan**

Ms. Glauser and Mr. Hudson thanked the PHFA staff members involved in evaluating and assisting in the rankings of the proposals submitted for funding. It was an enormous task and they complimented all those staff persons involved for a job well done.

**D. Real People, Real Results**

Mr. Hudson thanked PHFA's Bryce Maretzki and the Housing Alliance of Pennsylvania for their efforts in preparing a brochure entitled "Real People, Real Results". This brochure discusses the State Housing Trust Fund and explains the program. Mr. Hudson also thanked PNC Bank for their involvement in funding and printing the brochure.

Mr. Hudson explained that the Agency has been the administrator of this program, the Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE), since its inception three years ago.

**8. 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 11:35 a.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, June 11, 2015 at 10:30 a.m. at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania.

Respectfully submitted,



Carrie M. Barnes  
Secretary

PENNSYLVANIA HOUSING FINANCE AGENCY

**Date:** May 29, 2015  
**Subject:** Portfolio Preservation Refinancing:  
Broadwood Towers  
Franklin Arbors  
Wade D. Mertz Towers  
**To:** Members of the Board  
Pennsylvania Housing Finance Agency  
**From:** Brian A. Hudson  
Executive Director

The Agency has once again been approached by the owners of developments in our Section 8 portfolio to allow the prepayment of our mortgages. To allow such a request, we have determined that certain fundamental goals must be met:

1. The refinancing must demonstrate a preservation strategy for the development, including entering into an extended use agreement to ensure that the facility is not lost from the affordable housing stock in Pennsylvania for at least a thirty year period.
2. The Agency must not incur any economic loss due to the refinancing. This will include the economic loss from bond proceeds as well as the economic loss from the elimination of the sharing of residual receipts of the development, when applicable.
3. The refinancing will not create an economic hardship for the development.

**Development Information**

We have been approached by Andrew Delman, President of Urban Innovations, Ltd., to allow refinancing of Broadwood Towers, Franklin Arbors, and Wade D. Mertz Towers. The specifics of the developments are as follows:

Project Name and Number:	<b>Broadwood Towers, R-449</b>
Location:	New Bethlehem, Clarion County
Owner:	Urban Broadwood Towers LLC, a Pennsylvania limited liability company, whose Manager is Urban Pennsylvania Manager LLC, a Delaware limited liability company, Andrew Delman, Co-President
Occupancy:	65 units for elderly occupancy; occupied February 1979
First Mortgage Balance:	Original: \$ 1,920,000; Current: \$ 884,618
Terms:	Interest of 7.5% through June 2027
Economic Loss Payment:	\$157,593

## Portfolio Preservation Restructuring

May 29, 2015

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Project Name and Number:	<b>Franklin Arbors, R-383</b>
Location:	Franklin, Venango County
Owner:	Urban Franklin Towers LLC, a Pennsylvania limited liability company, whose Manager is Urban Pennsylvania Manager LLC, a Delaware limited liability company, Andrew Delman, Co-President
Occupancy:	87 units for elderly occupancy; occupied May 1978
First Mortgage Balance:	Original: \$ 2,365,000; Current: \$ 1,075,954
Terms:	Interest of 7.85% through June 2027
Economic Loss Payment:	\$123,920

Project Name and Number:	<b>Wade D. Mertz Towers, R-488</b>
Location:	Sharpsville, Mercer County
Owner:	Urban Wade D. Mertz LLC, a Pennsylvania limited liability company, whose Manager is Urban Pennsylvania Manager LLC, a Delaware limited liability company, Andrew Delman, Co-President
Occupancy:	102 units for elderly occupancy; occupied July 1979
First Mortgage Balance:	Original: \$ 3,095,000; Current: \$ 1,451,550
Terms:	Interest of 7.43% through June 2027
Economic Loss Payment:	\$164,472

In accordance with the fundamental goals listed previously, the new owner will enter into an extended use agreement to ensure that each facility is not lost from the affordable housing stock in Pennsylvania. These agreements, in the form of regulatory agreements, will require continued occupancy by qualified low income residents, continued maintenance of solid physical property standards, and continued renewal of the Section 8 contract for each facility. We will have the ongoing right to monitor and inspect and to enforce the occupancy standards through a deed restriction that will run on each project for thirty years.

Staff is requesting Board approval for the prepayment of the mortgages on Broadwood Towers, Franklin Arbors, and Wade D. Mertz Towers.

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY  
AUTHORIZING PORTFOLIO PRESERVATION RESTRUCTURING  
FOR BROADWOOD TOWERS, FRANKLIN ARBORS AND WADE. D. MERTZ  
TOWERS**

WHEREAS, Broadwood Towers, Franklin Arbors and Wade D. Mertz Towers located in Clarion, Venango and Mercer Counties, Pennsylvania (the "Projects") were originally financed in 1977 and 1978 through mortgage loans provided by Agency; and

WHEREAS, the current owner of the Projects has requested that the Agency allow the sale of the Projects and prepayment of the outstanding Agency mortgage loans on the Projects; and

WHEREAS, the Agency has reviewed the Projects, the remaining Section 8 contract terms and rent levels, the proposed new debt structures, and has calculated the economic losses which will be incurred by the Agency if the Projects are sold and refinanced; and

WHEREAS, the Agency has determined that it is willing to allow the sale and refinancings if the new owners are willing to undertake long term affordability strategies for the Projects, agree to pay all of the lost revenues to the Agency which are associated with the bond financings and existing regulatory structures and agree to extend participation under the Section 8 program to the maximum extent possible and if the new Project financings do not create economic hardships on the Projects; and

WHEREAS, based on its review and through its negotiations with the Owners, the Agency has determined that these conditions will be met.

NOW THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 11th day of June, 2015, as follows:

Section 1. Staff is authorized to take the following actions regarding the Project and to do all things necessary to effect the referenced mortgage refinancings, subject to the Agency accepting prepayment of the Agency's mortgage loans and additional payments for lost economic value, as follows:

- a. Broadwood Towers, R-449 – \$1,920,000 (\$884,618 outstanding principal + an economic loss payment of \$157,593)
- b. Franklin Arbors, R-383 – \$2,365,000 (\$1,075,954 outstanding principal + an economic loss payment of \$123,920)
- c. Wade D. Mertz Towers, R-488 – \$3,095,000 (\$1,451,550 outstanding principal + an economic loss payment of \$164,472)

Section 2. As a condition of the restructurings, the owners must comply with all of the Agency's prepayment and restructuring requirements and must agree to enter into extended use agreements, to retain the Project in the Section 8 portfolio to the maximum extent possible and to extend the affordability periods for the Projects for thirty years.

Section 3. Staff is further directed to ensure owner's receipt of all necessary HUD approvals of the transaction.

Section 4. This resolution shall take effect immediately.

## TAX EXEMPT BOND ISSUING AUTHORITY

Pennsylvania Housing Finance Agency  
June 3, 2015

### SUBJECT: Bond 2 LP

Request for an allocation of tax exempt bond issuing authority  
Tax-Exempt Bond/Tax Credit Development: PHFA No. TC2015-103, 137 units  
Development Officer: William G. Bailey, Jr.

TO: Members of the Board  
Pennsylvania Housing Finance Agency

FROM: Brian A. Hudson  
Executive Director



### Project Identification

Market House Apartments, Elizabethtown, Lancaster County, Region 3, 51 units, elderly 62+ occupancy  
Parkesburg School Apartments, Parkesburg, Chester County, Region 1, 35 units, elderly 55+ occupancy  
Plum Tree Apartments, Lancaster, Lancaster County, Region 3, 14 units, general occupancy  
Whistlestop View Apartments, Elizabethtown, Lancaster County, Region 3, 37 units, elderly 55+ occupancy

### Proposal Description

This proposal is for the acquisition and moderate rehabilitation of four existing projects developed by the Housing Development Corporation of Lancaster County. Two are tax credit developments which are now beyond the initial 15-year tax credit compliance period and two are developments which have HUD Section 8 Rental Subsidy contracts. They are located in three municipalities over two counties. Two of the developments are for elderly occupancy, ages 55 and over, one development is elderly occupancy, ages 62 and over, and the remaining development is for general occupancy. Three of the properties are low-rise elevator buildings and Plum Tree Apartments is a two-story walk-up building. There are 115 one-bedroom, 15 two-bedroom, and seven three-bedroom units. The structural systems for the buildings vary between wood frame and masonry with masonry exterior finish. The development contains a total of 125,265 square feet, and is located on a total of approximately 3.86 acres of ground.

#### 1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

Tax-exempt bond – Lancaster County RDA – Series A	\$4,584,000
Tax-exempt bond – Lancaster County RDA – Series B	4,616,000
Lancaster County New CDBG Loan	900,000
Assumed and Restructured Municipal Loans	1,265,000
Seller Loans	3,414,496
Existing Reserves	296,500
Interim Income	176,114
Deferred Developer Fee	983,755
Equity from the Proceeds of Sale of Tax Credits	<u>727,254</u>
Total Development Cost	\$16,963,119

## 2. Permanent Financing Plan

Permanent financing will be provided in the approximate amounts of:

Fulton Bank Tax Exempt Series A First Mortgage Loan	\$4,584,000
Assumed, Restructured and Reissued Municipal Loans	2,686,050
Lancaster County New CDBG Loan	900,000
Seller Loans	3,414,496
General Partner Loan	800,000
Existing Reserves	296,500
Interim Income	176,114
Equity from the Proceeds of Sale of the Tax Credits	<u>4,105,959</u>
Total Development Cost	\$16,963,119

## 3. Development Costs

Construction and permanent financing will be provided by the Redevelopment Authority of the County of Lancaster through the issuance of tax-exempt bonds. The bonds will be privately placed with Lancaster County-based Fulton Bank. Several existing municipal loans will be assumed, while other loans, including the PennHOMES loan of \$496,050 to the Parkesburg School Apartments, will be restructured and reissued to the new owner.

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Cost	\$4,459,194	\$32,549	\$36
Replacement Cost	\$14,436,846	\$105,378	\$115
Total Replacement Costs & Reserves	\$15,155,381	\$110,623	\$121
Total Development Costs	\$16,963,119	\$123,818	\$135
Series A Tax-Exempt Bond (Constr/Perm)	\$4,584,000	\$33,460	\$37
Series B Tax-Exempt Bond (Construction)	\$4,616,000	\$33,693	\$37
PennHOMES Restructured & Reissued	\$496,050	\$3,621	\$4
Acquisition Costs	\$8,523,721	\$62,217	\$68

## 3. Leveraging of Other Resources

The owner anticipates Delaware Community Investment Corporation providing an equity contribution of \$4,105,959 from the proceeds of the syndication of Federal Low Income Housing Tax Credits, with a net pay-in of \$0.975. The development anticipates qualifying for an allocation of tax credits in the approximate amount of \$410,596. 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

Project Name	BR size	No. of units	Avg. Sq. Ft.	Tenant Rent	Utility Allow.	Total tenant rent	Rental Assistance	Total Rent
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Market House	1	26	542	284	44	328	604	932
	1	24	542	284	44	328	604	932
Employee Unit	1	1	669	0	0	0	0	0
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Parkesburg School	1	18	649	311	44	355	475	830
	1	17	649	311	44	355	475	830
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Plum Tree	2	7	739	242	96	338	562	900
	3	7	858	282	133	415	657	1,072
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Whistlestop View	1	29	652	535	49	584	0	584
	2	8	707	661	59	720	0	720
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Total units		137						
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Of the 137 total units, 99 Apartments receive project based Section 8 rental assistance. All units will be occupied and affordable to tenants at 50% and 60% of area median income.

5. Commercial Space

None.

6. Relocation

Tenants who occupy the eight accessible units will be temporarily relocated within the development while upgrades are made to their units. For the remaining tenants rehab work will be completed while they continue to occupy their units. The relocation plan provides for hospitality services for the tenants during the daily work period.

7. Supportive Services

The array of services currently provided to the tenants will continue after the rehabilitation activities are complete.

## Development Team

### 1. Identification of Owner

The sponsor of this development is Housing Development Corporation MidAtlantic, a Pennsylvania non-profit corporation. The ownership entity will be Bond 2 LP, a Pennsylvania limited partnership, with Bond 2 GP LLC as its general partner.

### 2. Development Team Members

Sponsor: Housing Development Corporation MidAtlantic  
Michael Carper, President  
4-6 West King Street, Suite 4  
Lancaster, PA

Owner: Bond 2 LP  
Michael Carper, President  
4-6 West King Street, Suite 4  
Lancaster, PA

Attorney: Nikolaus & Hohenadel LLP  
Wanda Whare  
212 N Queen Street  
Lancaster, PA

Architect: Architectural Concepts PC  
Bruce Weinstein  
626 West Lincoln Highway  
Exton, PA

Contractor: Caldwell, Heckles and Egan, Inc.  
Pete Egan  
1270 Grofftown Road,  
Lancaster, PA

Management Agent: Housing Development Corporation MidAtlantic  
Angela Werneke  
4-6 West King Street  
Lancaster, PA

## Site Description

Market House Apartments and Whistlestop View Apartments are located in mixed residential/commercial neighborhoods in the Borough of Elizabethtown. Both have good access to a variety of services. Parkesburg School Apartments is located in a residential area of the Borough of Parkesburg. A variety of services are located within a mile and a half from the site. Plum Tree Apartments are located in a residential area of the City of Lancaster. Most services can be assessed within a half mile of the site. Site control is in the form of Agreements of Sale with the current owner partnerships which are related parties to the new owner.

## 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 requirements 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 in the 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 the 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 of the contribution of equity in an amount sufficient to ensure the financial feasibility of the development.
9. Final underwriting of the application for tax-exempt bond financing and low income housing tax credits.
10. Evidence of all requisite HUD approvals and/or consents, including but not limited to approval of the assignment of the existing HAP Contracts for Market House and Plum Tree projects to the new owner.
11. Evidence of final approval by the Housing Authority of Chester County to the assignment of the Project Based Section 8 Housing Subsidy Contract to the new owner.
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 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.

**RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE AGENCY  
AUTHORIZING HOUSING RELATED BOND ALLOCATION  
Bond 2 LP**

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, Bond 2 LP, has requested an allocation of Volume Cap for the acquisition and rehabilitation of four existing projects with one hundred thirty-seven units of housing for elderly 55 and older, elderly 62 and older and general occupancy in the Borough of Elizabethtown and the City of Lancaster, Lancaster County and the Borough of Parkesburg, Chester County; and

WHEREAS, the Agency has determined to provide a preliminary allocation of Volume Cap in an amount not to exceed \$9,600,000 for the issuance of private activity bonds by the Redevelopment Authority of the County of Lancaster, 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 11th day of June, 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 \$9,600,000 (which includes a contingency amount) for the tax exempt bond financing of Bond 2 LP 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 (which may include restructuring of existing debt); f.) 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; g.) evidence of the satisfaction of accessibility requirements; h.) evidence of the contribution of equity in an amount sufficient to ensure the financial feasibility of the development; i.) final underwriting of the application for tax-exempt bond financing and low income housing tax credits; j.) evidence of all requisite HUD approvals and/or consents, including but not limited to approval of the assignment of the existing HAP Contracts for the Market House and Plum Tree projects to the new owner; k.) evidence of final approval by the Housing Authority of Chester County to the assignment of the Project Based Section 8 Housing Subsidy Contract to the new owner; and 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.

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.

**PENNSYLVANIA HOUSING FINANCE AGENCY  
MEMORANDUM**

**To:** Members of the Board

**From:** Brian A. Hudson  
Executive Director & CEO



**Date:** June 11, 2015

**Re:** Revised Community Leveraging Assistance Initiative (ReCLAIM) Hazelwood Project

PHFA, in partnership with The Heinz Endowments, Richard King Mellon Foundation, Pittsburgh Urban Redevelopment Authority and others, has funded a new program modeled on the past success of the Mixed Use Facility Financing Initiative ("MUFFI"). This group of partners has identified and committed to making a large and long-term investment in several critical neighborhoods in Pittsburgh and Allegheny County. These organizations believe that with PHFA involvement (and commitment of funding), they would be able to leverage other resources for the creation and implementation of this new pilot program; the Revised Community Leveraging Assistance Initiative (ReCLAIM) program. Like the prior MUFFI program, ReCLAIM will address a combination of adaptive re-uses of existing buildings, as well as new construction to marry housing and commercial properties which will support community revitalization efforts already underway in these neighborhoods. The ReCLAIM Program will be initially offered as a pilot program in targeted Pittsburgh neighborhoods, seeking applications for debt financing for projects that are part of a comprehensive strategy for redevelopment, which can leverage significant other resources to fully complete the project.

In July 2014, the PHFA Board authorized the set aside of \$1.5 million for the program with both The Heinz Endowments and RK Mellon Foundation providing matching funds for the program.

The Agency has received the initial project application for the program from ACTION-Housing, Inc. for a mixed-use (commercial/residential) development in the Hazelwood neighborhood of the City of Pittsburgh. The project would redevelop two vacant historic buildings and four vacant lots on Second Avenue in Hazelwood. Second Avenue is the neighborhood's main commercial district and serves as the heart of the neighborhood. When completed in 2016, the vacant Dimperio's market located at 5011-5013 Second Avenue will be home to La Gourmandine Bakery, as both a production facility and eatery and two units of housing on the 2<sup>nd</sup> floor. Two blocks away at 4847 Second Avenue, the revitalized Spahr building, will be home to a center for non-profits, a community art, music, recording and digital education center along on the upper floors and a community café and kitchen with a strong job training program on the first floor.

ACTION-Housing is requesting \$900,000 from the ReCLAIM Program as part of an overall \$4.59 million project. An outline of the sources and uses for the project include;

**SOURCES:**

Heinz Endowment (grant) - \$1,499,500  
Mortgage (lender TBD) - \$700,000  
Hillman Foundation (loan and grant) - \$500,000  
Urban Redevelopment Authority Grant - \$113,000  
Bridgeway Capital (grant) - \$30,000  
Historic Tax Credits (10%) - \$353,466  
Allegheny County Dept of Development - \$185,000  
PHFA ReCLAIM - \$900,000  
Gap Financing or Equity - \$312,976  
**TOTAL SOURCES: \$4,593,942**

**USES:**

Hard Costs – \$4,017,446  
Soft Costs – \$182,500  
Other – \$393,996  
**TOTAL USES: \$4,593,942**

A commercial food enterprise (bakery) will occupy the site of the former Dimperios Market, a family-run enterprise that operated for generations before closing in 2008. The renovated historic building will provide 6500 sq. ft. of first floor retail space for a food business (8-10 jobs) and two newly renovated one-bedroom affordable housing units. Staffing of local residents is a priority.

The Spahr building, built in 1911 by the independent Order of Oddfellows, is a 19,000 SF, 4-story brick building vacant for decades. The redevelopment of the Spahr building is a critical piece of a city-wide effort to revitalize a vacant stretch of Second Avenue. The building's top two floors will be prepped for future build out for a future tenant or redeveloped into space for a non-profit organization.

Pittsburgh Community Kitchen will occupy the first floor with a community restaurant that offers daily lunch and dinner, a shared community kitchen for use by regional food entrepreneurs and possibly Meals on Wheels, and a flexible event space. The restaurant will offer a job training program for low-income and under-employed individuals, focusing on job training in the food industry and helping connect new hires to good jobs in the region.

The existing real estate market in Hazelwood is challenged, mainly because of the population loss that has occurred in the neighborhood. Many of the commercial buildings along Second Avenue have been demolished, and some of those that remain standing are now vacant. The only viable office market seems to be for non-profits and social service organizations operating in Hazelwood, while most new retail businesses would have to be able to attract customers from outside of the neighborhood in order to be viable. That said, because of Pittsburgh's recent population growth and Hazelwood's close proximity to many neighborhoods that are thriving, there is a great deal of potential for creative, unique businesses, such as what is

proposed for the Spahr Building and La Gourmandine, to thrive on Second Avenue under the right conditions.

The proposed timeline for the project is to begin construction in mid to late Summer, with the La Gourmandine Bakery expected to open in six months (late Spring, 2016) and a 12-month construction period for the Spahr Building with it expected to open in late Summer, 2016.

Staff is recommending a loan of \$900,000, from the ReCLAIM Program, be provided to ACTION-Housing for this project contingent on all other funding being secured and the funding gap addressed to the satisfaction of the Agency. The board resolution is attached.

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY  
AUTHORIZING RESERVATION OF FUNDING FOR PILOT  
REVISED COMMUNITY LEVERAGING ASSISTANCE INITIATIVE PROPOSAL-  
HAZELWOOD- SECOND AVENUE**

WHEREAS, the Pennsylvania Housing Finance Agency (the "Agency") exists and operates pursuant to the Housing Finance Agency Law (35 P.S. Section 1680.101 *et seq.*) for the purposes ". . . of alleviating hardship which results from insufficient production of private homes and of rental housing for persons and families of low and moderate income, including the elderly . . the deleterious effect of inadequate housing upon the general welfare of the Commonwealth . . . by broadening the market for private homes and for housing for persons and families of low and moderate income, through the provision of specialized financing secured by mortgages to corporations, individuals, joint ventures, partnerships, limited partnerships, trusts, cooperatives and condominiums... thus improving and stimulating the distribution of capital for housing and neighborhood revitalization projects ... " and

WHEREAS, the Agency has set aside funds for a pilot program to stimulate the production of housing, to increase economic development in commercial corridors and urban areas and to prevent and eliminate blight in selected parts of the Commonwealth where other sources of funding have been made available and has issued an invitation for applications from qualified entities; and

WHEREAS, ACTION-Housing, Inc. has applied for the financing of Hazelwood Second Avenue, which is comprised of mixed use facilities at 5011-5013 Second Avenue and 4847 Second Avenue, Allegheny County, seeking a loan in the amount of \$900,000 for use in the acquisition, renovation and operation of two historic buildings and four vacant lots; and

WHEREAS, the Agency has determined that this application may meet the program goals and criteria and has determined to authorize staff to provide a conditional reservation of loan funding for the development, subject to satisfaction of all program funding requirements.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 11th day of June, 2015, as follows:

Section 1. The Agency hereby approves a loan in an amount not to exceed \$900,000 to ACTION-Housing, Inc. (and associated entities) for the Hazelwood Second Avenue development proposal, subject to satisfaction of program funding requirements set forth below.

Section 2. Funding is contingent upon a.) submission and approval of all funding sources and related documents to secure the financial feasibility of the proposed development; b.) submission and approval of all necessary documentation for financially qualified ownership entity (or entities) for the development; c.) documentation establishing title to the real estate, subject only to encumbrances acceptable to the Agency; d.) recording of a mortgage and submission of such other forms of security as acceptable to the Agency to secure the repayment of the Agency's loan; e.) reimbursement of Agency expenses and costs; f.) submission of all necessary plans, construction contracts and local approvals to support the rehabilitation of the

properties in accordance with the program proposal; g.) commitment in the form of a restrictive covenant agreement to operate the development in accordance with Agency requirements for the term of the loan; and h.) such satisfaction of such other loan closing requirements as deemed necessary by the Agency.

Section 3. This funding reservation is subject to recapture and withdrawal if substantial progress has not been made towards the finalization of all closing requirements within six months from the date hereof.

Section 4. Staff is hereby authorized and directed to take all actions as deemed necessary and appropriate to effectuate this resolution.

Section 5. This resolution shall take effect immediately.

June 5, 2015

To: Members of the Board  
Pennsylvania Housing Finance Agency

From: Brian A. Hudson  
Executive Director & CEO 

Re: Authorization for Single Family Mortgage Revenue Bonds, Series 2015-117

We are seeking your authorization to commence work on our next series of Single Family Mortgage Revenue Bonds.

We continue to analyze opportunities to restructure the Agency's outstanding debt. As a result, we would like to begin structuring our next bond issue, Series 2015-117, which will involve converting some of our variable rate debt into fixed rate debt. The structure may also allow the Agency to offer an attractive mortgage rate under our Mortgage Revenue Bond (MRB) Program.

A resolution delegating final terms and conditions to the Finance Committee is attached for your review and approval.

RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING  
FINANCE AGENCY AUTHORIZING THE ISSUANCE OF  
SINGLE FAMILY MORTGAGE REVENUE BONDS,  
SERIES 2015-117

WHEREAS, pursuant to the Housing Finance Agency Law, 35 P.S. Section 1680.101 et seq., "the Agency has the power...as authorized from time to time by resolution of the members and subject to the written approval of the Governor to issue its negotiable bonds...and notes in such principal amount as... shall be necessary to provide sufficient funds for achieving its corporate purposes...at such price or prices as the Agency shall determine..."; and

WHEREAS, the Agency has determined to issue its Single Family Mortgage Revenue Bonds, Series 2015-117 in accordance with a Series Resolution to be attached hereto and made a part hereof; and

WHEREAS, pursuant to a resolution of the Agency adopted June 13, 1991 and entitled "RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY DELEGATING TO THE FINANCE COMMITTEE CERTAIN SPECIFIC AUTHORITY RELATING TO AGENCY BOND ISSUES," the Agency has determined to delegate to the Finance Committee of the Board of the Agency, within the perimeters established herein, the authorization to negotiate the final terms of such series of bonds.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 11th day of June, 2015 as follows:

Section 1. Adoption of the Series 2013-117 Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 2015-117 (the "Bonds") is hereby incorporated herein by reference and is adopted by the Agency.

Section 2. Delegation of Authorization to Negotiate Final Terms. (a) Subject to the provisions of this Section 2, the Finance Committee is hereby authorized and directed to negotiate, prepare or accept, execute, deliver and distribute, for and on behalf of the Agency and in the name thereof, a contract of purchase and/or agreement and memorandum of understanding, which outlines terms of final pricing, interest rates, tender and redemption provisions, bond maturities, payment of associated costs of issuance appropriate for the financing (including reasonable compensation for applicable structuring and fees related thereto), and such documents as may be necessary for the transaction, including offering and disclosure documents, an indenture and all other documents relating to the issuance of and investment mechanisms relating to the Bonds and related securities, which may include taxable, variable rate or fixed rate notes. At the time such final terms have been negotiated on behalf of the Agency, such final terms shall be incorporated into the Series 2015-117 Resolution, which, with such final terms so incorporated, shall constitute the Series Resolution of the Agency authorizing the issuance of the Bonds.

(b) The final terms of the Series 2015-117 Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 2015-117 Bonds shall not exceed \$125,000,000, (ii) the final maturity of the Series 2015-117 Bonds shall be no later than 2047, and (iii) the initial interest rate or rates on the Series 2015-117 Bonds shall be a rate or rates resulting in a net interest cost no higher than 8% per annum.

Section 3. The Executive Director or Director of Finance is authorized to enter into one or more guaranteed investment contracts, escrow deposit agreements or other investment instruments relating to the Bonds, to take all necessary actions and to make any necessary and appropriate amendments or adjustments to all or a relevant portion of any bonds issued under the Indenture and to secure substitute facilities and remarketing agreements for any of the Agency's outstanding variable rate demand obligations.

Section 4. This Resolution shall take effect immediately.