

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, July 13, 2017 at 10:30 a.m.** at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania. The purpose of this meeting is to conduct normal Agency business and to approve the issuance of certain Agency securities. Inquiries should be directed to the Secretary.

If you are a person with a disability and wish to attend this meeting and require an auxiliary aid, service or other accommodation to participate, please contact the Secretary by Tuesday, July 11, 2017 to discuss how the Pennsylvania Housing Finance Agency may best accommodate your needs.

Anyone wishing to be recognized by the Chair to address the Members of the Board at this meeting must contact the Secretary no later than Tuesday, July 11, 2017 either in writing or by telephone and detail the nature of their presentation.

Carrie M. Barnes
Secretary
Phone: 717.780.3911
TTY (in Pennsylvania): 711

PENNSYLVANIA HOUSING FINANCE AGENCY

THURSDAY, JULY 13, 2017

10:30 A.M.

A G E N D A

1. CALL TO ORDER AND ROLL CALL

2. APPROVAL OF THE MINUTES FROM THE JUNE 8, 2017 BOARD MEETING

3. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT
 - A. Loan Commitment – Berkshire Manor, Williamsport, Lycoming County
 - B. Tax Exempt Financing Requests
 1. Blumberg Senior Apartments, Philadelphia, Philadelphia County
 2. 1315 North Eighth Street, Philadelphia, Philadelphia County
 - C. Other Business

4. TAX CREDIT PROGRAM UPDATE

5. OTHER BUSINESS

6. ADJOURNMENT

**Pennsylvania Housing Finance Agency
Meeting of the Board
June 8, 2017**

Members Present:

Robin Wiessmann, Chair
Thomas B. Hagen, Vice Chair
*Maria F. Coutts
*Ronald F. Croushore
Ben Laudermilch (serving in the stead of
Ted Dallas, Secretary, Human Services)
Kathy Possinger (serving in the stead of
Dennis Davin, Secretary of Department
of Community and Economic Development)
Noel Eisenstat
*Ross Nese
John Paone
Mark Schwartz
*Keith Welks (serving in the stead of
Joseph Torsella, State Treasurer)

*On Telephone conference call

Members Absent:

Craig Alexander
Robert Loughery

Others Present:

Brian A. Hudson, Executive Director
Rebecca L. Peace, Deputy Executive Director/Chief Counsel
Holly Glauser, Director of Development
Bryce Maretzki, Director of Strategic Policy & Planning
Kim Boal, Director of Information Technology
Kate Newton, Director of Loan Servicing
William Fogarty, Director of Government Affairs
Scott Elliott, Director of Communications
Steve O'Neill, Assistant Counsel
Chris Anderson, Communications Officer
Carl Dudeck, Director of Housing Management
David Doray, Manager of Multifamily Underwriting
Clay Lambert, Business Policy Officer
Jordan Laird, Manager of Investments
Coleen Baumert, Director of Homeownership
Joseph Knopic, Director of Finance
John Zapotocky, Director of Accounting
JoLynn Stoy, Associate Counsel
Stan Salwocki, Manager of Architecture & Engineers
Nancy Twyman, Director of Eastern Region
Carla Falkenstein, Director of Western Region
Lisa Case, Manager of Project Operations
Charlotte Folmer, Executive Director of CCG

Lori Toia, Director of HEMAP
Jada Greenhowe, Assistant Counsel
Lauren Starlings, Assistant Counsel
Linda Demmi, Manager of Contract Administration
Diane Hoffman, Manager of Accounting
David Notkin, Bank of America Merrill Lynch
Phyllis Chamberlin, Housing Alliance
Robert Foggio, Jefferies
Greg Brunner, M & T Securities
Joe Tait, Raymond James
Michael Baumrin, RBC
Mitch Gallo, RBC
Maggie Strawser, Assistant Secretary
Charlotte L. Nelson, Assistant Secretary
Carrie M. Barnes, Secretary

A meeting of the Members of the Board of the Pennsylvania Housing Finance Agency was held on Thursday, June 8, 2017 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 May 30, 2017.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Wiessmann at 10:40 a.m. The roll was called and a quorum was present.

2. APPROVAL OF THE MINUTES FROM THE APRIL 13, 2017 BOARD MEETING

There were no additions or corrections to the minutes.

Mr. Hagen made the motion that the minutes from the April 13, 2017 Board meeting be approved as submitted. This motion was seconded by Ms. Possinger and was unanimously approved.

3. JOINT HEMAP AND FINANCE COMMITTEE REPORTS

A. HEMAP Budget for Fiscal Year Ending June 30, 2018

Mr. Paone reported that the HEMAP Committee met to review the HEMAP budget for the upcoming fiscal year.

Mr. Hudson stated that the budget reflects a 2.6 percent decrease with no new positions requested. Currently there are 20 employees in the HEMAP Division. The current cash balance of the program is \$16,000,000 which should be sufficient to

continue the program for the next several years primarily because the number of applications for assistance has decreased and repayments continue.

Mr. Hudson reported that an issue has been noted regarding assisting homeowners, primarily the elderly, who own their homes but have gotten behind in paying their taxes. They are now being foreclosed on for nonpayment. Currently this is not a permitted use of assistance under the HEMAP. The enabling legislation for the HEMAP would need to be revised to permit this use. He did note that based on the criteria that HEMAP applicants need to have a reasonable prospect of repaying the loan, this might be more difficult to work out. He did note that this issue is not a new one, it has been raised in the past.

Chair Wiessmann added that she believes this is a situation which warrants being looked into. Mr. Paone reported that the City Council in Philadelphia has raised some concern about this problem noting that the foreclosure rate in the City has increased primarily because of this situation.

Mr. Hudson will report any activity on this issue to the Board.

Mr. Hudson reported that staff recommends approval of the proposed HEMAP budget.

Chair Wiessmann made a motion that the Board approve the HEMAP budget for fiscal year ending June 30, 2018 as submitted. This motion was seconded by Mr. Hagen and was unanimously approved. (See Appendix 1 of these Minutes.)

B. PHFA Budget for Fiscal Year Ending June 30, 2018

Ms. Possinger stated that the Finance Committee met to review the Agency's budget for the upcoming fiscal year.

Mr. Hudson reported that the Agency's budget reflects an increase of 2.35 percent with no new staff positions requested. He noted that the cost of employee benefits has increased by 3 percent. Mr. Hudson reported that the Agency's net income is approximately \$2,200,000.

Mr. Hudson reported that staff recommends approval of the proposed PHFA budget.

There were no questions from the Board.

Mr. Paone made the motion that the Board approve the PHFA budget for fiscal year ending June 30, 2018 as submitted. This motion was seconded by Mr. Hagen and was unanimously approved. (See Appendix 2 of these Minutes.)

Mr. Hudson informed the Board that the Agency has three staff persons in the Harrisburg Office retiring on June 30. Crystal Baker in the Agency's Customer Solutions Center has been with the Agency for 17 years; Charlotte Nelson in Strategic Planning and Policy for 21 years; and Christine Stewart in Accounting for 21 years. He expressed his congratulations to the retirees and thanked them for their service to PHFA.

4. JOINT HEMAP AND AUDIT COMMITTEES REPORTS

A. HEMAP Audit Report

Mr. Hudson reported that a joint meeting of the HEMAP and Audit Committees was held last week. Mitchell Titus has been HEMAP's auditors for some time. The Committee met with the auditors independently to discuss matters without Agency staff. They have begun some preliminary auditing work and don't believe that there will be any particular issues.

Mr. Hudson noted that there were very few questions from the Committee and the committee recommended acceptance of Mitchell Titus' auditing plan.

Chair Wiessmann made a motion that the Board approve the audit plan for the HEMAP. This motion was seconded by Ms. Possinger and was unanimously approved.

B. PHFA Audit Report

Ms. Possinger reported that the Agency's auditors, KPMG, have already begun working on the audit and they expect to be finished by early Fall. The Committee met with the auditors independently to discuss matters without Agency staff. There should be no significant changes to the scope of the audit.

Mr. Paone made a motion that the Board approve the audit plan for PHFA.

The motion was seconded and was unanimously approved.

5. APPROVAL OF SINGLE FAMILY MORTGAGE REVENUE BONDS, SERIES 2017-124

Mr. Hudson reported that conditions in the bond market remain attractive for the Agency to refund some of its higher interest rate outstanding debt. He noted that Series

2017-123 will close later this month and staff would like the Board's authorization to begin working on the next issue.

Bank of America Merrill Lynch will be the lead underwriter on Series 2017-124 and Mr. Hudson noted that the issue will include refunding some of the Agency's higher interest rate debt as well as new money. Staff and the underwriters believe that this issue should generate a good deal of interest by investors and should keep the Agency's mortgage interest rates low.

Mr. Schwartz asked what PHFA's mortgage rates are and Ms. Baumert reported that the current rate is 3.625 percent. Most lenders are issuing mortgages in the 4 to 4-1/2 percent range.

Mr. Hudson added that the Agency has a number of competitive mortgage products including its Closing Cost Assistance Program which can be utilized to assist homebuyers.

Mr. Paone made the motion that the Board approve the resolution authorizing the issuance of Single Family Mortgage Revenue Bonds, Series 2017-124 and delegating the final terms of the issuance to the Finance Committee. This motion was seconded by Ms. Possinger and was unanimously approved. (See Appendix 3 of these Minutes.)

6. INVESTMENT BANKER REPORT

Mr. Notkin of Bank America Merrill Lynch (BofAML) distributed an Investment Banker Update to the Board.

He began by thanking the Board and the Agency for including Bank of America Merrill Lynch as a member of the underwriting team for the upcoming Series 2017-124 bond issuance.

Mr. Notkin stated that BofAML expects two Federal rate hikes before the end of this calendar year. They also expect little if any progress on tax reform through summer.

He noted that homeownership and rental housing demand is strong and personal income continues to increase while household debt decreases. The cost of purchasing a home will increase and rental housing vacancies will decline.

Mr. Notkin reported that BofAML is forecasting that government spending will increase and that there will be weaker demand for consumer loans.

There were no comments or questions from the Board.

7. **OTHER BUSINESS**

A. **NCSHA Housing Credit Conference**

Mr. Hudson informed the Board that NCSHA's Housing Credit Conference will be held in Atlanta from June 20-23, 2017. Any Board member who would like to attend should contact the Secretary to make arrangements.

8. **EXECUTIVE SESSION**

Chair Wiessmann informed the Board that the public meeting would be temporarily adjourned so that the Board could enter Executive Session to discuss legal and personnel issues. The meeting was temporarily adjourned at 11:15 a.m.

Following the Executive Session, Chair Wiessmann reconvened the meeting of the Board at 12:10 p.m.

Mr. Hagen made the motion that the Board approve the resolution authorizing certain matters relating to bidding for the Section 8 Performance Based Contract Administration Program. This motion was seconded and was unanimously approved. (See Appendix 4 of these Minutes.)

9. **PERSONNEL COMMITTEE REPORT**

Mr. Paone made the motion that the Board approve the recommendations of the Personnel Committee as discussed in Executive Session. This motion was seconded by Ms. Possinger and was unanimously approved.

10. **PERSONNEL COMMITTEE REPORT**

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 12:15 p.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, July 13, 2017 at 10:30 a.m. at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania.

Respectfully submitted,



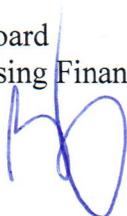
Carrie M. Barnes
Secretary

Subject: Berkshire Manor

Recommendation for a Loan Commitment
PHFA No. R-638, 20 Units
Williamsport, Lycoming County, Region 4
Participating Jurisdiction
Development Officer: P. David Doray

TO: Members of the Board
Pennsylvania Housing Finance Agency

FROM: Brian A. Hudson



Proposal Description:

Berkshire Manor, which is located at 801 W. 4th Street, Williamsport, Lycoming County, was converted to apartments and first occupied in the late 1970's. The building was originally constructed in 1900 as a medical office building. It is a four-story building with an elevator containing 20 units for elderly occupancy age 62 and older. There are 14 one bedroom units and 6 two bedroom units with a total of 16,400 square feet of net rentable living space. On-site amenities include a community room and laundry facilities. The building and site have been well maintained and are in good condition.

PHFA has been the mortgagee for this project since 1980. The existing loan has an interest rate of 8.0% and will mature in January 2021.

The purpose of this proposal is to preserve the housing by lowering the annual debt service, provide capital for project improvements and to reimburse the owner for out of pocket expenditures.

Rental Rates:

| Type of Unit | Number of units | Square Feet | HAP Rent | Utility Cost | Total Housing Expense |
|--------------|-----------------|-------------|----------|--------------|-----------------------|
| 1 Bedroom | 14 | 850 | \$ 860 | \$134 | \$ 994 |
| 2 Bedroom | 6 | 750 | \$1,050 | \$132 | \$1,182 |

Berkshire Manor receives rental assistance pursuant to a Housing Assistance Payment ("HAP") contract for all 20 units. The owner has submitted a request to PHFA and HUD to renew the contract for a 20 year term. The residents will be required to pay 30% of their monthly income for rent.

Owner:

Berkshire Manor Associates
Mr. David Schindler

Statement of Sources and Uses of Funds:

Sources of Funds

| | |
|----------------------|------------------|
| Refinancing Loan | <u>\$490,000</u> |
| Total Sources | \$490,000 |

Uses of Funds

| | |
|--|------------------|
| Repayment of Existing PHFA Loan | \$154,331 |
| Repairs | 154,282 |
| Economic Loss Payment | 24,923 |
| Initial Deposit to Replacement Reserve | 75,000 |
| Other Costs and Fees | 32,800 |
| Equity Take-out | <u>48,664</u> |
| Total Uses | \$490,000 |

PHFA's refinancing loan will have an interest rate of 4.375% and a term of 20 years.

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 payment of the Agency's economic loss as of the date of closing.
3. The Agency's final review and approval of the necessary financing documents.

PDD
6/19/17

**RESOLUTION OF THE MEMBERS OF THE BOARD
OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
APPROVING A MORTGAGE REFINANCING FOR
BERKSHIRE MANOR, PHFA NO. R-638**

WHEREAS, on May 19, 1980, the Agency provided financing in the amount of \$625,000 with an interest rate of 8.0% for the development of 20 residential rental units in Williamsport, Lycoming County, Pennsylvania, known as Berkshire Manor, PHFA No. R-638 (the "Development") owned by Berkshire Manor Associates ("Owner"); and

WHEREAS, staff has reviewed the Development's financial condition and has determined that refinancing the Agency's loan (with a current outstanding loan balance of \$154,331) will lower the annual debt service, will provide capital for Development improvements and will reimburse Owner for out of pocket Development expenditures thereby preserving the existing affordable housing provided by the Development; and

WHEREAS, staff recommends that the Agency refinance the existing mortgage loan by providing a loan in the amount of \$490,000 with an interest rate of 4.375% amortized over 20 years.

NOW, THEREFORE, be it resolved by the Members of the Board of the Pennsylvania Housing Finance Agency on this 13th day of July, 2017, as follows:

Section 1. Staff is authorized and directed to take all actions necessary to refinance the existing mortgage loan to reduce debt service, to assist with improvements to the Development and to reimburse Owner for expenditures provided by Owner to the Development by providing a loan in a principal mortgage amount not in excess of \$563,500 (which includes the loan and a 15% contingency allowance) with an interest rate of 4.375% amortized over 20 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 payment of the Agency's economic loss as of the date of closing; and (c) the Agency's final review and approval of the necessary financing documents.

Section 2. This resolution shall take effect immediately.

TAX EXEMPT FINANCING

Pennsylvania Housing Finance Agency
July 5, 2017

SUBJECT: Blumberg Senior Apartments

Request for Tax Exempt Financing
Tax-Exempt/Tax Credit Development: PHFA No. TC2017-126, 94 units
City of Philadelphia, County of Philadelphia, Region 1
Development Officer: William G. Bailey, Jr.

TO: Members of the Board
Pennsylvania Housing Finance Agency

FROM: Brian A. Hudson
Executive Director

Proposal Description

The Blumberg Senior Apartments development is located at 2340 Bolton Way in a mixed residential and commercial area in the Sharswood neighborhood of North Philadelphia. This proposal is for the acquisition and substantial rehabilitation of a thirteen-story building for senior occupancy, ages fifty-five and older. There will be ninety-four one-bedroom units. The structural system is reinforced concrete frame, with brick and stucco exterior finish. The development contains a total of 68,709 square feet situated on approximately 0.79 acres.

1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

| | |
|---|----------------|
| Tax-Exempt Bonds – Wells Fargo Bank, NA | \$13,200,000 |
| Philadelphia Housing Authority Loan | 10,540,640 |
| Deferred Developer Fee and Reserves | 3,020,360 |
| Equity from Proceeds of the Sale of Tax Credits | <u>701,995</u> |
| Total Development Cost | \$27,476,195 |

2. Permanent Financing Plan

Permanent financing will be provided in the approximate amount of:

| | |
|---|------------------|
| Philadelphia Housing Authority Loan | \$18,116,263 |
| Equity from Proceeds of the Sale of Tax Credits | <u>9,359,932</u> |
| Total Development Cost | \$27,476,195 |

3. Development Costs

The Agency will be the conduit issuer of tax-exempt bonds privately placed with Wells Fargo Bank, National Association. The bond proceeds will be used to establish an escrow from which funds will be disbursed during construction. The tax-exempt bonds will be repaid following construction completion by loan proceeds from the Philadelphia Housing Authority and equity from the sale of tax credits.

| | <u>Total</u> | <u>Per Unit</u> | <u>Per Sq. Ft.</u> |
|------------------------------------|--------------|-----------------|--------------------|
| Construction Cost | \$19,765,117 | \$210,267 | \$288 |
| Replacement Cost | \$24,027,545 | \$255,612 | \$350 |
| Total Replacement Costs & Reserves | \$25,247,905 | \$268,595 | \$367 |
| Total Development Costs | \$27,476,195 | \$292,300 | \$400 |
| Tax-Exempt Bond | \$13,200,000 | \$140,426 | \$192 |
| Acquisition Costs | \$2,550,000 | \$27,128 | \$37 |

4. Leveraging of Other Resources

The owner anticipates Wells Fargo Community Lending and Investment providing an equity contribution of \$9,359,932 from the proceeds of the syndication of federal Low Income Housing Tax Credits, with a net pay-in of \$0.938. The development anticipates qualifying for an allocation of tax credits in the approximate amount of \$959,993. 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 | 10 | 492 | \$301 | \$0 | \$702 | \$1,003 |
| 1 BR | 38 | 492 | \$753 | \$0 | \$250 | \$1,003 |
| 1 BR | 44 | 492 | \$904 | \$0 | \$99 | \$1,003 |
| 1 BR | 2 | 492 | \$1,003 | \$0 | \$0 | \$1,003 |
| Total | <u>94</u> | | | | | |

All ninety-four units will receive rental assistance under a Project Based Section 8 Contract with a minimum term of 20 years from the Philadelphia Housing Authority provided under the HUD Rental Assistance Demonstration Program ("RAD"), with tenants paying 30% of their income towards rent. Ninety-two units will be available to tenants earning up to 20%, 50% and 60% of the area median income. Two units will be available to tenants earning up to 80% of area medium income.

6. Relocation

All residents of the Blumberg Senior Apartments were relocated in 2015 in anticipation of the proposed substantial rehabilitation of the property. All former tenants will have the option to return to the project upon completion. All relocation costs will be paid by the Philadelphia Housing Authority.

7. Supportive Services

The Philadelphia Housing Authority will use its own service coordinators as well as external partners to provide services to residents of Blumberg Senior. Services will include, but not be limited to, service assessments, development of individual service plans, referrals to partners such as the Philadelphia Corporation for Aging, health and wellness activities and various social programs.

Development Team

1. Identification of Owner

The owner of the development will be Blumberg Senior Apartments LP, with Blumberg Senior Apartments HDC, a wholly-owned affiliate of the Philadelphia Housing Authority, as its general partner.

2. Development Team Members

| | |
|----------------------|---|
| Sponsor: | Philadelphia Housing Authority Kelvin A. Jeremiah Philadelphia, PA |
| Owner: | Blumberg Senior Apartments LP Nicholas Dema Philadelphia, PA |
| Attorney: | Ballard Spahr, LLP Amy M. McClain Baltimore, MD |
| Design Architect: | Barton Partners Architects Planners, Inc. Bob Bloczynski Norristown, PA |
| Contractor: | Dale Corporation Anthony Vespa Glenside, PA |
| Management Agent: | Philadelphia Asset and Property Management Corporation Thomas Magras Philadelphia, PA |
| Supportive Services: | Philadelphia Housing Authority William Myles Philadelphia, PA |

Site Description

The Blumberg Senior Apartments are located on a 0.79 acre site in a mixed residential and commercial area in the Sharswood neighborhood of North Philadelphia. The site is part of the former Norman Blumberg Public Housing property.

A number of neighborhood amenities are within a few blocks of the site, including three SEPTA Bus Routes providing access to additional amenities throughout the City.

Conditions

Final bond or note issuance will be conditioned on 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 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.
5. Evidence of the commitment of construction and permanent financing in amounts sufficient to ensure financial feasibility of the project.
6. Evidence of the commitment to serve low income tenants for a period of not less than 30 years, which will be included in the Restrictive Covenant Agreement.
7. Evidence of the satisfaction of accessibility requirements.
8. Contribution of equity in an amount sufficient to ensure the financial feasibility of the project.
9. Final underwriting of the application for tax-exempt bond financing and low income housing tax credits.
10. Evidence, satisfactory to the Agency, of the award of a 20 year rental subsidy from the Philadelphia Housing Authority under the Rental Assistance Demonstration in an amount sufficient to ensure the financial feasibility of the project.
11. 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.

3. Development Costs

The Agency will be the conduit issuer of tax-exempt bonds privately placed with Wells Fargo Bank, National Association. The bond proceeds will be used to establish an escrow from which funds will be disbursed during construction. The tax-exempt bonds will be repaid following construction completion by loan proceeds from the Philadelphia Housing Authority and equity from the sale of tax credits.

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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.
5. Evidence of the commitment of construction and permanent financing in amounts sufficient to ensure financial feasibility of the project.
6. Evidence of the commitment to serve low income tenants for a period of not less than 30 years, which will be included in the Restrictive Covenant Agreement.
7. Evidence of the satisfaction of accessibility requirements.
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PENNSYLVANIA HOUSING FINANCE AGENCY

RESOLUTION

**Authorizing the Issuance of \$14,520,000
Maximum Aggregate Principal Amount of
Special Limited Obligation Multifamily Housing Development Bonds
(Blumberg Senior Apartments)**

Adopted: July 13, 2017

A RESOLUTION AUTHORIZING THE ISSUANCE OF
\$14,520,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT
SPECIAL LIMITED OBLIGATION
MULTIFAMILY HOUSING DEVELOPMENT BONDS
(Blumberg Senior Apartments)

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

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

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

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

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

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

WHEREAS, Blumberg Senior Apartments LP, a Pennsylvania limited partnership (the "**Borrower**") sponsored by the Philadelphia Housing Authority, has requested financing from the Agency in an amount not to exceed \$14,520,000 (the "**Bonds**") to fund the acquisition and substantial rehabilitation of one thirteen-story building for senior occupancy, ages 55 and over, to be known as "Blumberg Senior Apartments", comprised of 94 units in the City of Philadelphia, Philadelphia County, Pennsylvania (the "**Project**"); and

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

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

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

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

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

**ARTICLE I
AUTHORITY AND DEFINITIONS**

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

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

ARTICLE II AUTHORIZATION OF BONDS

Section 201. Principal Amount and Designation. The Bonds are hereby authorized to be issued in one or more series or subseries, in an aggregate principal amount not to exceed \$14,520,000. The Bonds shall carry the designation set forth in the Agreement. The Bonds shall be issued pursuant in all respects to the terms of this Resolution.

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

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

Section 204. Date, Principal Amount, Maturity and Interest Rate. The Bonds shall be dated the date of issuance, except as may be otherwise provided in the Agreement or the Bonds. The maturity date, interest rate or rates (which may be fixed or variable), interest payment dates, place of payment and other terms of the Bonds shall be as provided in the Agreement as finally executed; provided, however, that the maximum aggregate principal amount of the Bonds shall not exceed \$14,520,000; the initial interest rate on the Bonds shall not exceed the lesser of eight percent (8%) per annum or such rate supported by the final underwriting; and the final maturity of the Bonds shall be no later than four years after issuance, or such date supported by the final underwriting (whichever is shorter).

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

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

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

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

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

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

ARTICLE III BOND PROCEEDS AND PAYMENTS OF COSTS

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

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

ARTICLE IV SECURITY FOR THE BONDS

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

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

executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

ARTICLE V MISCELLANEOUS

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

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

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

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

TAX EXEMPT FINANCING

Pennsylvania Housing Finance Agency
July 6, 2017

SUBJECT: 1315 North Eighth Street

Request for Tax Exempt Financing
Tax-Exempt/Tax Credit Development: PHFA No. TC2017-107, 31 units
City of Philadelphia, County of Philadelphia, Region 1
Development Officer: Ann A. Mermelstein

TO: Members of the Board
Pennsylvania Housing Finance Agency

FROM: Brian A. Hudson
Executive Director



Proposal Description

1315 North Eighth Street is a 31 unit development located at 1315 North Eighth Street in a mixed residential and commercial area of North Philadelphia. This proposal is for the new construction of a four-story building, with two elevators and 30 one-bedroom units for general occupancy. There will also be a one-bedroom non-income producing manager's unit. The owner intends to create an LGBTQ-friendly development for homeless or at-risk young adults (ages 18-24), young adults aging out of foster care and other income-qualifying people of all ages. The structural system will be wood frame with a brick veneer and extruded aluminum siding. The development will contain a total of 36,547 square feet on approximately 0.29 acres of ground.

1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

| | |
|---|----------------|
| Tax-Exempt Bond - TD Bank, N.A. | \$ 6,500,000 |
| City of Philadelphia – Loan | 3,500,000 |
| General Partner Capital Contribution | 2,219,354 |
| Equity from Proceeds of the Sale of Tax Credits | <u>454,019</u> |
| Total Development Cost | \$12,673,373 |

2. Permanent Financing Plan

Permanent financing will be provided in the approximate amounts of:

| | |
|---|------------------|
| City of Philadelphia – Loan | \$ 3,500,000 |
| General Partner Capital Contribution | 4,633,186 |
| Equity from Proceeds of the Sale of Tax Credits | <u>4,540,187</u> |
| Total Development Cost | \$12,673,373 |

3. Development Costs

The Agency will be the conduit issuer of the tax-exempt bonds privately placed with TD Bank, N.A. The bond proceeds will be used to establish an escrow account from which funds will be disbursed during construction. The tax-exempt bonds will be repaid after construction completion from the investor's equity and loan proceeds.

| | <u>Total</u> | <u>Per Unit</u> | <u>Per Sq. Ft.</u> |
|------------------------------------|---------------|-----------------|--------------------|
| Construction Cost | \$ 8,866,250 | \$286,008 | \$243 |
| Replacement Cost | \$ 10,836,690 | \$349,571 | \$297 |
| Total Replacement Costs & Reserves | \$ 11,058,813 | \$356,736 | \$303 |
| Total Development Costs | \$ 12,673,373 | \$408,818 | \$347 |
| Tax-Exempt Bond | \$ 6,500,000 | \$209,677 | \$178 |

4. Leveraging of Other Resources

The owner anticipates that Raymond James Tax Credit Funds, Inc. will provide an equity contribution of \$4,540,187 from the proceeds of the syndication of federal Low Income Housing Tax Credits, with a net pay-in of \$1.07. The development anticipates qualifying for an allocation of Low Income Housing Tax Credits in the approximate amount of \$409,189. 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 |
|------------|--------------|---------------------------|-----------------------|-----------------------------|----------------|-----------------------|
| 1BR | 3 | 562 | \$ 150 | \$64 | \$ 789 | \$1,003 |
| 1BR | 8 | 562 | \$ 200 | \$64 | \$ 739 | \$1,003 |
| 1BR | 14 | 562 | \$ 250 | \$64 | \$ 689 | \$1,003 |
| 1BR | 5 | 562 | \$ 689 | \$64 | \$ ---- | \$ 753 |
| <u>1BR</u> | <u>1</u> | 562 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Total | 31 | | | | | |

Twenty-five of the units are expected to receive rental assistance under the HUD Rental Assistance Demonstration Program (RAD) with a Project Based Section 8 Rental Assistance Contract, with a minimum term of 20 years, to be signed at closing.

Three units will be available to tenants earning up to 20% of the area median income, 13 units will be available to tenants earning up to 50% of area median income and the remaining 14 units will be available to tenants earning up to 60% of the area median income. There will also be one non-income producing manager's unit.

6. Supportive Services

Supportive services will be coordinated by the management agent, Project HOME, which has been providing service-enriched housing for more than 27 years. Project HOME's mission is to end and prevent homelessness while promoting individual self-sufficiency for residents. Services will include life skills training, information and referral; educational and training opportunities; linkages to behavioral health services and substance abuse treatment; and partnerships for other services with community agencies.

Development Team

1. Identification of Owner

The owner of this development is 1315 North 8th Limited Partnership, a Pennsylvania limited partnership with 1315 North 8th Development Corporation as its managing general partner.

2. Development Team Members

| | |
|-------------------|---|
| Sponsor: | Project HOME Janet Stearns Philadelphia, PA |
| Owner: | 1315 North 8th Limited Partnership Janet Stearns Philadelphia, PA |
| Attorney: | Regional Housing Legal Services Mark Levin Glenside, PA |
| Architect: | K & A Architectural Services Matt Bartner Collingswood, NJ |
| Contractor: | Domus Scott Zuckerman Philadelphia, PA |
| Management Agent: | Project HOME Nicole Wainwright Philadelphia, PA |

Site Description

1315 North Eighth Street is located on 0.29-acres of ground located in a mixed residential and commercial residential area in North Philadelphia. The site is level and is properly zoned for multifamily housing.

A number of neighborhood amenities are located within a few blocks of the development. Public transit bus service is located within one quarter mile of the site, providing access to additional services throughout the City.

Conditions

Final bond or note issuance will be conditioned on 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 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.
5. Evidence of the commitment of construction and permanent financing in amounts sufficient to ensure financial feasibility of the project.
6. Evidence of the commitment to serve low income tenants for a period of not less than 30 years, which will be included in the Restrictive Covenant Agreement.
7. Evidence of the satisfaction of accessibility requirements.
8. 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, satisfactory to the Agency, of the award of a 20 year rental subsidy from the Philadelphia Housing Authority's Rental Assistance Demonstration (RAD) Program in an amount sufficient to ensure the financial feasibility of the project.
11. Submission of two sets of complete full-size architectural plans and specifications at least 60 days prior to the construction/bond closing to allow sufficient time for Agency review and approval. Civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable. Agency comments and recommendations made during its review must be addressed and approved prior to the construction/bond closing.

PENNSYLVANIA HOUSING FINANCE AGENCY

RESOLUTION

**Authorizing the Issuance of \$7,150,000
Maximum Aggregate Principal Amount of
Special Limited Obligation Multifamily Housing Development Bonds
(1315 North 8th Street)**

Adopted: July 13, 2017

**A RESOLUTION AUTHORIZING THE ISSUANCE OF
\$7,150,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT
SPECIAL LIMITED OBLIGATION
MULTIFAMILY HOUSING DEVELOPMENT BONDS
(1315 North 8th Street)**

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

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

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

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

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

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

WHEREAS, 1315 North 8th Limited Partnership, a Pennsylvania limited partnership (the "**Borrower**") sponsored by Project HOME, has requested financing from the Agency in an amount not to exceed \$7,150,000 (the "**Bonds**") to fund the new construction of one four-story building for general occupancy to be known as "1315 North 8th Street", comprised of 30 income restricted units and one manager's unit in the City of Philadelphia, Philadelphia County, Pennsylvania (the "**Project**"); and

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

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

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

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

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

**ARTICLE I
AUTHORITY AND DEFINITIONS**

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

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

**ARTICLE II
AUTHORIZATION OF BONDS**

Section 201. Principal Amount and Designation. The Bonds are hereby authorized to be issued in one or more series or subseries, in an aggregate principal amount not to exceed \$7,150,000. The

Bonds shall carry the designation set forth in the Agreement. The Bonds shall be issued pursuant in all respects to the terms of this Resolution.

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

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

Section 204. Date, Principal Amount, Maturity and Interest Rate. The Bonds shall be dated the date of issuance, except as may be otherwise provided in the Agreement or the Bonds. The maturity date, interest rate or rates (which may be fixed or variable, tax-exempt or taxable), interest payment dates, place of payment and other terms of the Bonds shall be as provided in the Agreement as finally executed; provided, however, that the maximum aggregate principal amount of the Bonds shall not exceed \$7,150,000; the initial interest rate on the Bonds shall not exceed the lesser of eight percent (8%) per annum or such rate supported by the final underwriting; and the final maturity of the Bonds shall be no later than two years after issuance, or such date supported by the final underwriting (whichever is shorter).

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

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

Bonds shall be numbered consecutively, as appropriate. The Bonds shall be in substantially the form and tenor prescribed in the Agreement.

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

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

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

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

ARTICLE III BOND PROCEEDS AND PAYMENTS OF COSTS

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

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

ARTICLE IV SECURITY FOR THE BONDS

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

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

**ARTICLE V
MISCELLANEOUS**

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

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

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

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