

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, September 14, 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, September 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, September 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, SEPTEMBER 14, 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 JULY 13, 2017 BOARD MEETING

3. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT
 - A. Loan Commitment – Huntingdon Village Apartments, East Huntingdon Township, Westmoreland County
 - B. Tax Exempt Financing Requests
 1. 1315 North Eighth Street, Philadelphia, Philadelphia County
 2. New Courtland at Henry Avenue, Phase IA, Philadelphia, Philadelphia County
 - C. Portfolio Preservation Refinancing – Village Green Apartments, Harrison Township, Allegheny County
 - D. Allocation of Tax-Exempt Issuing Authority – Addison Terrace Phase 4, Pittsburgh, Allegheny County
 - E. Other Business

4. REO – PROPERTY DEMOLITION REQUEST

5. OTHER BUSINESS

6. ADJOURNMENT

**Pennsylvania Housing Finance Agency
Meeting of the Board
July 13, 2017**

Members Present:

- *Robin Wiessmann, Chair
- *Thomas B. Hagen, Vice Chair
- *Craig Alexander
- *Maria F. Coutts
- *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)
- *Robert Loughery
- *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:

Others Present:

- Brian A. Hudson, Executive Director
- Rebecca L. Peace, Deputy Executive Director/Chief Counsel
- Holly Glauser, Director of Development
- Chris Anderson, Communications Officer
- William Bailey, Development Officer
- Coleen Baumert, Director of Homeownership
- Kim Boal, Director of Information Technology
- David Doray, Manager of Multifamily Underwriting
- Carl Dudeck, Director of Housing Management
- Scott Elliott, Director of Communications
- William Fogarty, Director of Government Affairs
- Holly Glauser, Director of Development
- Melissa Grover, Government Affairs Associate
- Joseph Knopic, Director of Finance
- Jordan Laird, Manager of Investments
- Bryce Maretzki, Director of Strategic Policy & Planning
- Ann Mermelstein, Senior Development Officer
- JoLynn Stoy, Associate Counsel
- Lori Toia, Director of HEMAP
- John Zapotocky, Director of Accounting
- *Carla Falkenstein, Director of Western Region
- *Aloise Tomich, Senior Housing Management Representative

*Nancy Twyman, Director of Eastern Region
*Nick Dema, Philadelphia Housing Authority
*Michael Johns, Philadelphia Housing Authority
*Kelvin Jeremiah, Philadelphia Housing Authority
*Loa Kolluri, Philadelphia Housing Authority
*Paul Haley, Barclays
*Damian Busch, Barclays
*Vikram Shah, Barclays
Maggie Strawser, Assistant Secretary
Carrie M. Barnes, Secretary

A meeting of the Members of the Board of the Pennsylvania Housing Finance Agency was held on Thursday, July 13, 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 June 29, 2017.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Wiessmann at 10:35 a.m. The roll was called and a quorum was present.

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

There were no additions or corrections to the minutes.

Mr. Croushore made the motion that the minutes from the June 8, 2017 Board meeting be approved as submitted. This motion was seconded by Mr. Welks and was unanimously approved.

3. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT

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

A. Loan Commitment – Berkshire Manor, Williamsport, Lycoming County

Mr. Doray reviewed the project and its financing plan. He noted that the purpose of this mortgage refinancing request is to preserve the housing by lowering the annual debt service, providing capital for project improvements and reimbursing the owner for out of pocket expenditures. Staff recommends approval of this request.

Mr. Schwartz made a motion that the Board approve the mortgage refinancing for Berkshire Manor. This motion was seconded by Mr.

Laudermilch and was unanimously approved. (See Appendix 1 of these Minutes.)

B. Tax Exempt Financing Request – Blumberg Senior Apartments, Philadelphia, Philadelphia County

Mr. Bailey reviewed the project and its financing plan. He reported that the Agency will be the conduit issuer of these tax exempt bonds which will be privately placed with Wells Fargo Bank, National Association. He stated that all residents will be relocated during the rehabilitation and all will have the option to return to the property upon completion of the work. He noted that all relocation costs will be paid by the Philadelphia Housing Authority. Staff recommends approval of this tax exempt financing request.

Mr. Welks made the motion that the Board approve the resolution authorizing the issuance of Special Limited Obligation Multifamily Housing Bonds in an amount not to exceed \$14,500,000 for Blumberg Senior Apartments. This motion was seconded by Mr. Eisenstat.

Mr. Schwartz asked how the Philadelphia Housing Authority will keep in touch with all of the tenants who will be relocated. Mr. Dema stated that the Housing Authority will maintain a data base on each of the tenants. The tenants will be notified when a unit is available and then they would then have a month to return to the property. He noted that most will be relocated to other Housing Authority properties during the rehabilitation period and the Authority will continue to track them until a unit is available.

Mr. Schwartz asked what percentage of the tenants would be expected to return. Mr. Dema stated that in most cases 100 percent of the tenants return.

There being no further comments or questions, Chair Wiessmann called for a vote on the motion that the Board approve the resolution authorizing the issuance of Special Limited Obligation Multifamily Housing Bonds in an amount not to exceed \$14,500,000 for Blumberg Senior Apartments. This motion was unanimously approved. (See Appendix 2 of these Minutes.)

C. Other Business

1. Transfer of Ownership – Shelter Development Properties

Mr. Welks reported that the Committee approved a resolution authorizing the transfer of ownership interests for seven Shelter Development, LLC properties in the Agency's portfolio. No Board action is required on this item. (See Appendix 3 of these Minutes.)

2. Reallocation of Tax Credits – Centennial Village and North Hills Manor

Mr. Welks reported that the Committee also approved the reallocation of tax credits for Centennial Village located in Philadelphia, Philadelphia County and North Hills Manor located in Glenside, Montgomery County. Both developments meet the requirements for reallocation of Tax Credits. It is expected that both projects will move forward to closing in early 2018. No Board action is required on this item.

4. TAX CREDIT ALLOCATION PROGRAM UPDATE

Ms. Glauser provided a brief overview of the Allocation Plan. Staff is recommending an extension of the 2017/2018 Tax Credit application deadline to October 20, 2017. The extension will also give current Tax Credit recipients additional time to close the projects that have been approved. The Agency will provide notification of this change to its development partners as well as posting it on the website.

Ms. Glauser noted that the Agency has received 131 notices of intent to submit proposals from developers for funding under the next cycle.

Mr. Hudson reported that by delaying the deadline date for applications, it should clean up some of the backlog of projects in the pipeline.

5. OTHER BUSINESS

A. No August, 2017 Board Meeting

Mr. Hudson stated that there will not be an August, 2017 Board meeting. The next meeting of the Board will be held on September 14, 2017.

B. NCSHA Annual Conference

Mr. Hudson reported the NCSHA's Annual conference will be held in Denver from October 14 to October 17. Any Board member who would like to attend should contact the Secretary.

C. NCSHA's Executive Director is Leaving

Mr. Hudson reported that Barbara Thompson, Executive Director of NCSHA for the past 15 years will be leaving her post at the end of this year. Ms. Thompson has been with NCSHA for a total of 28 years. NCSHA is beginning its search for her replacement.

6. ADJOURNMENT

There being no further business to be discussed, a motion was made and seconded that the meeting be adjourned. The motion was unanimously approved. Chair Wiessmann adjourned the meeting of the Board at 10:55 a.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, September 14, 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: Huntingdon Village Apartments

Recommendation for a Loan Commitment
PHFA No. R-916, 95 Units
East Huntingdon Township, Westmoreland County, Region 5
Participating Jurisdiction
Development Officer: P. David Doray

TO: Members of the Board
Pennsylvania Housing Finance Agency

FROM: Brian A. Hudson

Proposal Description:

Huntingdon Village Apartments, which is located at 117 Huntingdon Village Drive, East Huntingdon Township, Westmoreland County, is a 95 unit multifamily Section 8 development originally constructed in 1982 and renovated in 2005. The facility consists of two two-story townhouse-style residential structures and three three-story garden-style apartment buildings. There are 16 one-bedroom units, 67 two-bedroom units and 12 three-bedroom units with a total of 89,850 square feet of residential area. All one and two-bedroom units are in the garden-style structures and all 12 three-bedroom units are in the townhouse structures. On-site amenities include a community room, playground and laundry facilities. The building and site have been well maintained and are in good condition.

PHFA has been the mortgagee for this development since 1981. The existing loan has an interest rate of 8.437% and will mature in September 2022.

The purpose of this refinancing is to preserve the housing by lowering the annual debt service, providing capital for project improvements and providing a means for the owner to access some of the equity in the project.

Rental Rates:

| Type of Unit | Number of units | Square Feet | HAP Rent | Utility Cost | Total Housing Expense |
|--------------|-----------------|-------------|----------|--------------|-----------------------|
| 1 Bedroom | 16 | 700 | \$ 775 | \$ 69 | \$ 844 |
| 2 Bedroom | 67 | 950 | \$ 875 | \$ 82 | \$ 957 |
| 3 Bedroom | 12 | 1250 | \$1,170 | \$152 | \$1,322 |

Huntingdon Village Apartments receives rental assistance pursuant to a Housing Assistance Payment (“HAP”) contract for all 95 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:

Huntingdon Village Associates
Ms. Pamela Goodman, Owner Representative

Statement of Sources and Uses of Funds:

Sources of Funds

| | |
|--|--------------------|
| Refinancing Loan | \$3,700,000 |
| Existing Replacement Reserve | 280,660 |
| Existing Painting & Decorating Reserve | <u>70,462</u> |
| Total Sources | \$4,051,122 |

Uses of Funds

| | |
|--|--------------------|
| Repayment of Existing PHFA Loan | \$1,390,448 |
| Repairs | 60,000 |
| Economic Loss Payment | 229,719 |
| Third Party Reports | 20,000 |
| Initial Deposit to Replacement Reserve | 600,000 |
| PHFA Origination & Legal Fee | 79,000 |
| Other Costs and Fees | 20,000 |
| Equity Take-out | <u>1,651,955</u> |
| Total Uses | \$4,051,122 |

PHFA’s refinancing loan will have an interest rate of 5.0% and a term of 30 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 PHFA’s economic loss as of the date of closing.
3. PHFA’s final review and approval of the necessary financing documents.

**RESOLUTION OF THE MEMBERS OF THE BOARD
OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
APPROVING A MORTGAGE REFINANCING FOR
HUNTINGDON VILLAGE APARTMENTS, PHFA NO. R-916**

WHEREAS, on July 23, 1981, the Agency provided financing in the amount of \$3,960,000 with an interest rate of 8.437% for the development of 95 residential rental units in East Huntingdon Township, Westmoreland County, Pennsylvania, known as Huntingdon Village Apartments, PHFA No. R-916 (the "Development") owned by Huntingdon Village 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 \$1,390,448) 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 \$3,700,000 with an interest rate of 5.00% amortized over 30 years.

NOW, THEREFORE, be it resolved by the Members of the Board of the Pennsylvania Housing Finance Agency on this 14th day of September, 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 \$4,255,000 (which includes the loan and a 15% contingency allowance) with an interest rate of 5.00% amortized over 30 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
September 5, 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 contains a total of 35,308 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. | \$ 6,700,000 |
| City of Philadelphia – Loan | 3,500,000 |
| General Partner Capital Contribution | 2,237,064 |
| Equity from Proceeds of the Sale of Tax Credits | <u>438,565</u> |
| Total Development Cost | \$12,875,629 |

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 | 4,989,977 |
| Equity from Proceeds of the Sale of Tax Credits | <u>4,385,652</u> |
| Total Development Cost | \$12,875,629 |

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 | \$251 |
| Replacement Cost | \$ 11,018,276 | \$355,428 | \$312 |
| Total Replacement Costs & Reserves | \$ 11,240,399 | \$362,594 | \$318 |
| Total Development Costs | \$ 12,875,629 | \$415,343 | \$365 |
| Tax-Exempt Bond | \$ 6,700,000 | \$216,129 | \$190 |

4. Leveraging of Other Resources

The owner anticipates that Raymond James Tax Credit Funds, Inc. will provide an equity contribution of \$4,385,652 from the proceeds of the syndication of federal Low Income Housing Tax Credits, with a net pay-in of \$0.93. The development anticipates qualifying for an allocation of Low Income Housing Tax Credits in the approximate amount of \$412,306. 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: September 14, 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.

TAX EXEMPT FINANCING

Pennsylvania Housing Finance Agency
August 28, 2017

SUBJECT: NewCourtland Apartments at Henry Avenue Phase 1A
Request for Tax Exempt Financing
Tax-Exempt/Tax Credit Development: PHFA No. TC2017-139, 49 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

NewCourtland Apartments at Henry Avenue Phase 1A is located at 3232 Henry Avenue, Philadelphia, in a mixed use neighborhood in East Falls, Philadelphia. This proposal is for the acquisition and substantial rehabilitation of one four-story building for senior occupancy, ages 62 and above. There are 17 efficiency units and 32 one-bedroom units. The structural system is steel frame with a brick and metal exterior finish. The development contains a total of 57,402 square feet on approximately 1.45 acres of ground.

1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

| | |
|--|---------------------|
| Tax-Exempt Bonds – Citizens Bank, N.A. Private Placement | \$ 9,500,000 |
| Philadelphia Redevelopment Authority Loan | 1,350,000 |
| NewCourtland Elder Services, Inc. Loan | 5,585,992 |
| Deferred Developer Fee | 1,467,796 |
| Equity from the Sale of Tax Credits | 564,008 |
| Total Development Cost | <u>\$18,493,177</u> |

2. Permanent Financing Plan

Permanent financing will be provided in the approximate amounts of:

| | |
|---|---------------------|
| NewCourtland Elder Services, Inc. Loan | \$ 9,884,239 |
| Philadelphia Redevelopment Authority Loan | 1,500,000 |
| Deferred Developer Fee | 1,467,796 |
| Equity from the Sale of Tax Credits | 5,641,142 |
| Total Development Cost | <u>\$18,493,177</u> |

3. Development Costs

The Agency will be the conduit issuer of tax-exempt bonds privately placed with Citizens Bank, NA. 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 after construction completion from the proceeds of the NewCourtland Elder Services, Inc. loan and proceeds from the sale of the Low Income Housing Tax credits.

| | <u>Total</u> | <u>Per Unit</u> | <u>Per Sq. Ft.</u> |
|------------------------------------|--------------|-----------------|--------------------|
| Construction Cost | \$14,861,174 | \$303,289 | \$259 |
| Replacement Cost | \$16,316,748 | \$332,995 | \$284 |
| Total Replacement Costs & Reserves | \$16,705,388 | \$340,926 | \$291 |
| Total Development Costs | \$18,493,177 | \$377,412 | \$322 |
| Tax-Exempt Bond | \$ 9,500,000 | \$193,878 | \$166 |
| Acquisition Costs | \$ 1 | N/A | N/A |

4. Leveraging of Other Resources

The owner anticipates that RBC Capital Markets will provide an equity contribution of \$5,641,142 from the proceeds of the syndication of federal Low Income Housing Tax Credits, with a net pay-in of \$.937. The development anticipates qualifying for an allocation of Low Income Housing Tax Credits in the approximate amount of \$575,575. 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 |
|--------------|--------------------|---------------------------------|-----------------------------|-----------------------------------|-------------------|-----------------------------|
| EFF | 17 | 475 | \$291 | \$0 | \$437 | \$728 |
| <u>1BR</u> | <u>32</u> | 600 | \$312 | \$0 | \$437 | \$749 |
| Total | 49 | | | | | |

Forty-nine units will receive operating assistance under an Annual Contributions Contract (ACC) to be issued by the Philadelphia Housing Authority for a term of 40 years. The ACC Contract will be signed and become effective at closing.

Five units will be available to tenants earning up to 20% of area median income, twenty-five units will be available to tenants earning up to 50% of area median income and nineteen units will be available to tenants earning up to 60% of area median income.

6. Supportive Services

Philadelphia Senior Center will provide a wide array of services to enable residents to live independently. Services will be available on site and, for eligible residents, at NewCourtland's LIFE Center and Senior Center nearby on Allegheny Avenue. Phase 1B at Henry Avenue will include a LIFE Center. NewCourtland's mission is to serve the very low income senior population and to provide them with a high level of services to enhance their quality of life. In addition to providing supportive services, Philadelphia Senior Center will have a minority interest in the general partner.

Development Team

1. Identification of Owner

The owner of this development is NewCourtland Apartments at Henry Avenue LP, a Pennsylvania limited partnership, with Apartments at Henry Avenue, Inc., a Pennsylvania nonprofit corporation, as its general partner.

2. Development Team Members

| | |
|-------------------|---|
| Sponsor: | NewCourtland Elder Services, Inc. R. Max Kent Philadelphia, PA |
| Owner: | NewCourtland Apartments at Henry Avenue LP R. Max Kent Philadelphia, PA |
| Attorney: | Commonwealth Housing Legal Services Dina Schlossberg Glenside, PA |
| Architect: | Blackney Hayes Architects John Hayes Philadelphia, PA |
| Contractor: | T.N. Ward Steve Quintiliana Ardmore, PA |
| Management Agent: | NewCourtland Elder Services, Inc. Sebrina Robinson Philadelphia, PA |

Site Description

The site is located in the East Falls neighborhood of Philadelphia, with residential, commercial and institutional uses. The site is generally level from Henry Avenue to the façade of building, then slopes to the rear of the property with the building having two stories above ground in the front and four stories above ground in the rear. Parking will be on a level area in the front of the building.

A number of amenities are located within a few blocks of the site. SEPTA serves the neighborhood, providing access to additional services throughout the area.

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 of the final approval from HUD and PHA of the ACC Contract for a 40 year term with an initial minimum per month subsidy of \$500 per unit.
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 \$10,450,000
Maximum Aggregate Principal Amount of
Special Limited Obligation Multifamily Housing Development Bonds
(NewCourtland Apartments at Henry Avenue Phase 1A)**

Adopted: September 14, 2017

**A RESOLUTION AUTHORIZING THE ISSUANCE OF
\$10,450,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT
SPECIAL LIMITED OBLIGATION
MULTIFAMILY HOUSING DEVELOPMENT BONDS
(NewCourtland Apartments at Henry Avenue Phase 1A)**

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, NewCourtland Apartments at Henry Avenue LP, a Pennsylvania limited partnership (the "**Borrower**") sponsored by NewCourtland Elder Services, Inc., has requested financing from the Agency in an amount not to exceed \$10,450,000 (the "**Bonds**") to fund the acquisition and substantial rehabilitation of one four-story building for general occupancy to be known as "NewCourtland Apartments at Henry Avenue LP", comprised of 49 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, Citizens 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 \$10,450,000. 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 final approval from HUD and the Philadelphia Housing Authority of the ACC Contract for a 40 year term with an initial minimum per month subsidy of \$500 per unit; 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 \$10,450,000; 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

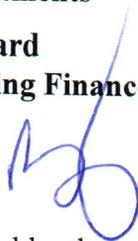
Section 501. Authorization of Officers. The Chairperson, Vice Chairperson, Executive Director, Director of Finance, Deputy Executive Director and Chief Counsel, Secretary and any Assistant Secretary of the Agency, and any other authorized officer of the Agency, are, and each of them hereby is, authorized 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.

PENNSYLVANIA HOUSING FINANCE AGENCY

Date: August 25, 2017
Subject: Portfolio Preservation Refinancing:
Village Green Apartments
To: Members of the Board
Pennsylvania Housing Finance Agency
From: Brian A. Hudson
Executive Director 

The Agency has been approached by the owner of Village Green Apartments to allow the prepayment of the Agency's loan. 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

| | |
|--------------------------|--|
| Project Name and Number: | Village Green Apartments, R-527 |
| Location: | Harrison Township, Allegheny County |
| Owner: | Village Green Associates, a Pennsylvania limited partnership, whose managing general partner is NDC Realty Investments, Inc., William E. Balsinger, President. |
| Occupancy: | 100 units for general occupancy; occupied August 1983 |
| First Mortgage Balance: | Original: \$ 3,991,905; Current: \$ 2,196,179 |
| Terms: | Interest of 13.52% due through November 2023 |
| Economic Loss Payment: | \$392,981 |

Portfolio Preservation Refinancing

August 25, 2017

Page 2

In accordance with the fundamental goals listed previously, the owner will enter into an extended use agreement to ensure that the facility is not lost from the affordable housing stock in Pennsylvania. This agreement, in the form of a regulatory agreement, 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 the facility. We will have the ongoing right to monitor and inspect, to extend the section 8 contract and to enforce the occupancy standards through use restrictions on the development for thirty years.

Staff is requesting Board approval for the prepayment of the Agency's loan on Village Green Apartments.

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING PORTFOLIO PRESERVATION REFINANCING
FOR VILLAGE GREEN APARTMENTS, PHFA NO. R-527**

WHEREAS, Village Green Associates ("Owner") is the current owner of a Section 8 project with outstanding Agency financing, known as Village Green Apartments (the "Project"); and

WHEREAS, Owner has requested that the Agency agree to the refinancing and prepayment of the outstanding Agency mortgage loan; and

WHEREAS, the Agency has reviewed the Project, the remaining Section 8 contract terms and rent levels, the proposed new debt structure, and has calculated the economic losses which will be incurred by the Agency if the Project is refinanced: and

WHEREAS, the Agency has determined that it is willing to allow the refinancing and prepayment if the Owner agrees to pay all of the lost revenues to the Agency which are associated with the bond financing and existing regulatory structure and agrees to extend and assign the existing Section 8 for the maximum term, and if the Project is subject to a long term affordability strategy and the financing does not create economic hardship on the Project; and

WHEREAS, based on its review and through its negotiations with the Owner, 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 14th day of September, 2017, as follows:

Section 1. Staff is authorized to take the following actions regarding the Project and to do all things necessary to effect the refinancing, subject to the Agency accepting a prepayment of the Agency's mortgage loan (outstanding principal of \$2,196,179) with an additional payment of \$392,981 for lost economic value.

Section 2. As a condition of the prepayment of the Agency's mortgage, the owner must agree to enter into an extended use agreement, to retain the Project in the Section 8 portfolio to the maximum extent possible and to extend the affordability period for the Project for 30 years.

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

Section 4. This resolution shall take effect immediately.

ALLOCATION OF TAX-EXEMPT ISSUING AUTHORITY

Pennsylvania Housing Finance Agency
September 8, 2017

SUBJECT: Addison Terrace Phase 4

Request for an Allocation of Tax-Exempt Issuing Authority
Tax-Exempt/Tax Credit Development: PHFA No. TC2017-128, 58 units
Pittsburgh, Allegheny County, Region 5
Development Officer: J. Gail Shull

TO: Members of the Board
Pennsylvania Housing Finance Agency

FROM: Brian A. Hudson
Executive Director

Proposal Description

Addison Terrace Phase 4 will be located in the Homewood neighborhood of Pittsburgh along Kelly Street and Hamilton Avenue. This proposal is for the new construction of 58 general occupancy units in townhome and garden apartment buildings on 4.36 acres. There will be four one-bedroom units, 35 two-bedroom units and 19 three-bedroom units in 25 one- and two-story buildings. The structural system will be wood frame with a masonry and brick exterior finish.

1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

| | |
|--|------------------|
| Tax-Exempt Bonds – Housing Authority of City of Pittsburgh | \$ 9,700,000 |
| PNC Bank HUD 221(d)(3) Mortgage | 3,948,491 |
| Allies & Ross Loan | 675,036 |
| PNC Equity Bridge Loan | 2,800,000 |
| Equity from the Sale of Tax Credits | <u>2,220,152</u> |
| Total Development Cost | \$19,343,679 |

2. Permanent Financing Plan

Permanent financing will be provided in the approximate amounts of:

| | |
|-------------------------------------|------------------|
| PNC Bank HUD 221(d)(3) Mortgage | \$ 3,948,491 |
| Allies & Ross Loan | 10,375,036 |
| Energy Rebates | 25,085 |
| Equity from the Sale of Tax Credits | <u>4,995,067</u> |
| Total Development Cost | \$19,343,679 |

3. Development Costs

The Housing Authority of the City of Pittsburgh will issue the construction phase tax-exempt bonds. Equity will be provided by PNC Real Estate Capital.

| | <u>Total</u> | <u>Per Unit</u> | <u>Per Sq. Ft.</u> |
|------------------------------------|--------------|-----------------|--------------------|
| Construction Cost | \$13,760,500 | \$237,250 | \$154 |
| Replacement Cost | \$16,877,502 | \$290,991 | \$188 |
| Total Replacement Costs & Reserves | \$17,496,821 | \$301,669 | \$195 |
| Total Development Costs | \$19,343,679 | \$333,512 | \$216 |
| Tax-Exempt Bond | \$9,700,000 | \$167,241 | \$108 |
| Acquisition Costs | \$467,000 | \$5,333 | \$5 |

4. Leveraging of Other Resources

The owner anticipates that an equity fund sponsored by PNC Bank will provide an equity contribution of \$4,924,968 from the proceeds of the syndication of Federal Low Income Housing Tax Credits, with a net pay-in of \$0.985. The development should qualify for an allocation of Low Income Housing Tax Credits in the approximate amount of \$504,058. 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 Expenses |
|--------------|--------------|---------------------------|-----------------------|-----------------------------|----------------|------------------------|
| 1BR | 1 | 987 | \$150 | \$89 | \$549 | \$788 |
| 1BR | 1 | 994 | \$200 | \$89 | \$434 | \$723 |
| 1BR | 1 | 925 | \$300 | \$89 | \$334 | \$723 |
| 1BR | 1 | 925 | \$900 | N/A | \$0 | \$900 |
| 2BR | 1 | 1,470 | \$150 | \$107 | \$735 | \$992 |
| 2BR | 24 | 1,470 | \$300 | \$127 | \$610 | \$910 |
| 2BR | 2 | 1,238 | \$1,200 | N/A | \$0 | \$1,200 |
| 2BR | 8 | 1,470 | \$1,300 | N/A | \$0 | \$1,300 |
| 3BR | 1 | 1,386 | \$150 | \$125 | \$956 | \$1,231 |
| 3BR | 1 | 1,640 | \$150 | \$148 | \$831 | \$1,129 |
| 3BR | 8 | 1,640 | \$300 | \$148 | \$681 | \$1,129 |
| 3BR | 4 | 1,640 | \$400 | \$148 | \$581 | \$1,129 |
| 3BR | 5 | 1,640 | \$1,400 | N/A | \$0 | \$1,400 |
| TOTAL | 58 | | | | | |

Forty two units will receive rental assistance with HUD Section 8 Project Based Vouchers. Six units will be available to tenants earning up to 20% of area median income, 23 units will be available to tenants earning up to 40% of area median income, 12 units will be available to tenants earning up to 50% of area median income and one unit will be available to tenants earning up to 60% of area median income. Sixteen units will have market rate rents.

6. Relocation

As a new construction development, relocation will not be necessary. However, the 58 units will be providing additional replacement housing for tenants of the former Addison Terrace public housing site in the Middle Hill neighborhood.

7. Supportive Services

The KBK Foundation will provide and coordinate supportive services with local community sources and social support assets. Services will include case management, work force readiness, job training, after school programming, computer education and community events. The cost of services will be paid from a Supportive Services Escrow.

Development Team

1. Identification of Owner

The owner of the development will be Addison Terrace Phase 4 L.P., a Pennsylvania limited partnership. The managing general partner will be Addison Terrace Phase 4 General Partner, LLC.

2. Development Team Members

| | |
|-------------------|--|
| Sponsors: | Keith B. Key Enterprises LLC Keith B. Key Columbus, PH Allies & Ross Management Development Corp. Caster D. Binion Pittsburgh, PA |
| Owner: | Addison Terrace Phase 4 L.P. Keith B. Key Columbus, OH |
| Attorney: | Nixon Peabody Tom Giblin Boston, MA |
| Architect: | Rothschild Doyno Collaborative Dan Rothschild Pittsburgh, PA |
| Contractor: | Alliance Construction Group Jim Cicchini Pittsburgh, PA |
| Management Agent: | Key Property Management Services, LLC Terry Earhart Columbus, OH |

Site Description

The site is located on contiguous parcels along Kelly Street and Hamilton Avenue, and is compatible with the surrounding uses.

A number of neighborhood amenities are located within a few blocks of the site including the public transit bus, which provides access to additional services throughout the City. The location has a Walk Score[®] of 72.

Conditions

Final allocation of volume cap will be conditioned on the following:

1. 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.
2. 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.
3. Compliance with the timeframes and deadlines established by the Agency.
4. Evidence of the commitment of construction and permanent financing and equity in amounts sufficient to ensure the financial feasibility of the project.
5. 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.
6. Evidence of the satisfaction of accessibility requirements.
7. Evidence of all requisite HUD approvals, including approval of the project rents and of a HAP Contract for a period of at least 20 years.
8. 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 2017 HOUSING RELATED BOND ALLOCATION
Addison Terrace Phase 4**

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 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; and

WHEREAS, Applicant, Addison Terrace Phase 4 L.P, has requested an allocation of Volume Cap for the new construction of 58 units of general occupancy housing in the City of Pittsburgh, Allegheny County; and

WHEREAS, the Agency has determined to provide a preliminary allocation of Volume Cap in an amount not to exceed \$10,670,000 for the issuance of private activity bonds by the Housing Authority of the City of Pittsburgh, subject to satisfaction of certain conditions set forth below.

NOW THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 14th day of September, 2017, as follows:

Section 1. Staff is hereby authorized to take all necessary actions to provide a conditional preliminary allocation of Volume Cap in an amount not to exceed \$10,670,000 (which includes a contingency amount) for the tax exempt bond financing of Larimer / East Liberty Phase II subject to the following conditions: a.) 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; b.) 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; c.) compliance with the timeframes and deadlines established by the Agency; d.) evidence of the commitment of construction and permanent financing and equity in amounts sufficient to ensure the financial feasibility of the project; e.) 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; f.) evidence of the satisfaction of accessibility requirements; g.) evidence of all requisite HUD approvals, including of the project rents and of a HAP contract for a period of at least 20 years; and h.) 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; and 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.