

**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, October 11, 2018 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, October 9, 2018 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, October 9, 2018 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

**BOARD MEETING AGENDA**  
**THURSDAY, OCTOBER 11, 2018**  
**10:30 A.M.**

**A G E N D A**

1. CALL TO ORDER AND ROLL CALL
2. APPROVAL OF THE MINUTES FROM THE SEPTEMBER 13, 2018 BOARD MEETING
3. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT
  - A. Community Revitalization Fund (CRF) Program  
Project Funding Recommendations
  - B. Allocation of Tax-Exempt Issuing Authority
    1. Northside Residences II, Pittsburgh, Allegheny County
  - C. Portfolio Preservation Refinancing
    1. Lancaster Arms, Lancaster, Lancaster County
  - D. Other Business
4. OTHER BUSINESS
5. ADJOURNMENT

**Pennsylvania Housing Finance Agency  
Meeting of the Board  
September 13, 2018**

**Members Present:**

- \*Robin Wiessmann, Chair
- \*Thomas B. Hagen, Vice-Chair
- \*Maria F. Coutts
- \*Ronald F. Croushore
- \*Kathy Possinger (serving in the stead of  
Dennis Davin, Secretary of Department  
of Community and Economic Development)
- \*Jennifer Koppel
- Gary E. Lenker
- \*Robert Loughery
- Ben Laudermilch (serving in the stead of  
Teresa Miller, Secretary, Human Services)
- \*Ross Nese
- \*John P. O'Neill
- \*John Paone
- \*Mark Schwartz
- \*Keith Welks (serving in the stead of  
Joseph Torsella, State Treasurer)

\*On Telephone conference call

**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
- Scott Elliott, Director of Communications
- Carl Dudeck, Director of Housing Management
- Kathryn Newton, Director of Loan Servicing
- Coleen Baumert, Director of Homeownership
- Charlotte Folmer, Executive Director, Commonwealth Cornerstone Group
- \*Ali Tomich, Director of Western Region
- \*Nancy Twyman, Director of Eastern Region
- Jordan Laird, Director of Finance
- John Zapotocky, Director of Accounting
- Melissa Grover, Government Affairs Associate
- Steven O'Neill, Assistant Counsel
- David Doray, Manager of Multifamily Underwriting
- Bill Fogarty, Director, Government Affairs
- Clay Lambert, Business Policy Officer
- Jada Greenhowe, Assistant Counsel
- Lauren Starlings, Assistant Counsel
- Kelly Wilson, Development Officer

**Members Absent:**

Gail Shull, Senior Development Officer  
Pamela Fisher, Manager of HEMAP Appeals  
Julie Fissel, Loan Modification Specialist  
Robert Theil, NewCourtland Senior Services  
Jennifer Shockley, Association Manager, Pennsylvania Developers' Council  
\*Angela Steel, New Courtland Elder Services for NC @ Henry Ave Phase 1B  
\*Jennifer DiNardo, Lemington  
\*Eric Walker, Sharpsburg Towers  
Jack Gombach, Pennsylvania Association of Realtors  
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, September 13, 2018 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 September 5, 2018.

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

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

**2. APPROVAL OF THE MINUTES FROM THE JULY 12, 2018 BOARD MEETING**

There were no additions or corrections to the minutes.

**Mr. Schwartz made a motion that the minutes from the July 12, 2018 Board meeting be approved as submitted. This motion was seconded by Ms. Possinger 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. Approval of Tax-Exempt Financing**

**1. NewCourtland Apartments at Henry Avenue Phase 1B, Philadelphia, Philadelphia County**

Ms. Wilson reviewed the project specifics and its financing plan. She reported that this request is for the allocation of tax-exempt bonds in an amount not to exceed \$12,000,000. The Agency would be the conduit issuer of the bonds which will be privately placed with Wells Fargo, NA. She noted that the ground

floor will be occupied by commercial space which will be funded with New Markets Tax Credits.

Ms. Wilson stated that staff recommends approval.

Mr. Welks reported that the Committee concurs with staff's recommendation and requested if anyone from the development team had any comments for the Board. Ms. Steel representing the project was available to answer any questions, however, none were raised by the Board.

**Mr. Lenker made the motion that the Board approve the resolution authorizing the Issuance of \$12,000,000 Maximum Aggregate Principal Amount of Special Limited Obligation Multifamily Housing Development Bonds to the NewCourtland Apartments at Henry Avenue Phase 1B project. This motion was seconded by Ms. Possinger. Mr. Schwartz abstained. The motion carried. (See Appendix 1 of these Minutes.**

Mr. Nese stated that he is in full support of this project particularly since it has supportive services available within the building for the tenants. He believes this is a plus for the residents.

**2. Sharpsburg Towers, Sharpsburg, Allegheny County**

Ms. Shull reviewed the proposed project and its financing plan. She reported that this request is for the allocation of tax-exempt bonds in an amount not to exceed \$10,500,000. The Agency will issue two series of bonds to fund the construction and the permanent financing of the project. Both issues will be publicly sold by Red Capital Markets, LLC. FannieMae will issue an MBS pass-through certificate for the tax-exempt permanent financing.

She reported that the proposal is for the preservation and rehabilitation of an 11-story building, noting that no off-site relocation will be required. Supportive services will be provided and will be funded through the project operations.

Ms. Shull stated that staff recommends approval.

Mr. Welks reported that the Committee concurs with staff's recommendation and requested if anyone from the development team had any comments for the Board. Mr. Walker representing the project was available to answer any questions, however, none were raised by the Board.

**A motion was made that the Board approve the resolution authorizing the Issuance of \$10,500,000 Maximum Aggregate Principal Amount of**

**Special Limited Obligation Multifamily Housing Development Bonds to the Sharpsburg Towers project. This motion was seconded and unanimously approved. (See Appendix 2 of these Minutes.)**

Mr. Nese stated that he is pleased to see that the development is utilizing the four percent tax credits in their financing plan.

**B. Allocation of Tax-Exempt Issuing Authority**

**1. Lemington, Pittsburgh, Allegheny County**

Ms. Wilson reviewed the project specifics and its financing plan. She reported that this request is to provide a conditional preliminary allocation of Volume Cap for the acquisition and rehabilitation of a building for elderly occupancy. The construction and permanent financing will be provided by the Urban Redevelopment Authority of Pittsburgh through the issuance of tax-exempt bonds. She noted that commercial space in the building will be occupied by entities which will provide supportive services to the residents.

Ms. Wilson stated that staff recommends approval.

Mr. Welks reported that the Committee concurs with staff's recommendation and requested if anyone from the development team had any comments for the Board. Ms. DiNardo representing the project was available to answer any questions, however, none were raised by the Board.

**A motion was made that the Board approve the resolution authorizing a 2018 Housing Related Bond Allocation to the Lemington project in an amount not to exceed \$7,000,000. This motion was seconded and unanimously approved. (See Appendix 3 of these Minutes.)**

**C. Property Workout**

**1. Oxford Hotel, Oxford, Chester County**

Mr. Dudeck reported that this project has both a primary and a secondary mortgage loan. The current owner, Oxford Housing Venture, has entered into an agreement to sell the project to KWW LLC. The new owner intends to make the necessary capital improvements to the property and will continue to operate it as affordable housing.

Since the sales proceeds will not be sufficient to fully repay the Agency's aggregate outstanding debt, the Agency is being requested to accept full payment of the outstanding primary loan and 60 percent of the outstanding support loan as

payment in full. To date, the current owner has provided operating advances to the project. The mortgage payments are current.

Mr. Dudeck stated that staff recommends approval of this request.

**Mr Lenker made the motion that the Board approve the resolution authorizing the property workout for the Oxford Hotel project as outlined by staff. This motion was seconded by Mr. Nese and was unanimously approved. (See Appendix 4 of these Minutes.)**

**D. Other Business**

**1. Transfer of Ownership**

Mr. Welks reported that the Program and Development Review Committee approved the transfer of ownership for the Exeter Senior Citizens Apartments located in Exeter, Luzerne County. The Committee has received prior authorization from the Board to approve transfers of ownership requests. (See Appendix 4 of these Minutes).

There was no other Committee business to be brought before the Board.

**4. OTHER BUSINESS**

**A. PHFA Retirees**

Mr. Hudson reported that the Agency has four members of staff retiring shortly.

He reported that Mr. Fogarty, the Agency's Director of Government Affairs is retiring on September 21, 2018 after 39 years. Mr. Hudson thanked Mr. Fogarty for his years of service and pointed out that Mr. Fogarty has been instrumental in the Agency's good rapport with both State and Federal Legislators.

Mr. Fogarty thanked the members of the Board for all of their support over the years on legislative issues which have had an impact on the Agency. He specifically thanked Mr. Hudson for his guidance at the Agency over the years, and also his friendship.

Mr. Hudson reported that Ms. Grover will be assuming the role of Director of Government Affairs at Mr. Fogarty's retirement.

Chair Wiessmann stated that she has appreciated Mr. Fogarty's guidance and professionalism over the years on PHFA related matters.

Mr. Schwartz thanked Mr. Fogarty for his assistance over the years with various programs.

Mr. Lenker thanked Mr. Fogarty on behalf of the National Association of Home Builders and the Homebuilders Association of Metropolitan Harrisburg for his assistance in housing issues over the years.

Mr. Hudson reported that Julie Fissel, one of PHFA's Loan Modification Specialists will also be retiring on September 21, 2018. Julie has been at the Agency for 21 years. Mr. Hudson thanked her for her years of service.

Mr. Hudson then reported that Pam Fisher, the Manager of Appeals in the HEMAP Division is retiring on October 31, 2018 after 23 years of service. He thanked Ms. Fisher for her years of service.

Mr. Hudson also reported that Martha McGraw, one of the Agency's Senior Housing Services Representatives in the Housing Management Division will be retiring on September 21, 2018 after 15 years of service. He thanked Ms. McGraw for her years of service.

He wished all of the retirees well in their future endeavors.

**B. December Policy Meeting**

Mr. Hudson informed the Board that the annual policy meeting will be held on Wednesday, December 12, 2018. He encouraged any Board member who would like to place an item on this agenda to contact either him or Mr. Maretzki as soon as possible. This is an all-day meeting at which time staff presents a synopsis of each division's activities during the past year and outlines the Agency's future plans.

**5. 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. The meeting of the Board was adjourned at 11:00 a.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, October 11, 2018 at 10:30 a.m.

Respectfully submitted,



Carrie M. Barnes  
Secretary

**Date:** October 11, 2018

**Subject:** Community Revitalization Fund Program  
Project Funding Recommendations

**To:** Members of the Board  
Pennsylvania Housing Finance Agency

**From:** Brian Hudson  
Executive Director 

**Background:**

Act 84 of 2016 amended the Tax Reform Code of 1971 by adding Article XIX-E, the Mixed-Use Development Tax Credit program (the “Program”), which is administered by the Pennsylvania Housing Finance Agency (“PHFA” or “Agency”) and authorizes the Agency to sell \$2 million of state tax credits to qualified taxpayers for the purpose of establishing the Mixed-Use Development Fund (the “fund”).

Distributions from the fund will be awarded to eligible construction or rehabilitation projects in target areas of the Commonwealth with an identifiable need for increased affordable housing opportunities and commercial corridor development. The program provides financing to critical projects as part of an overall strategy for revitalizing communities by maximizing public and private resources, fostering sustainable partnerships committed to addressing community needs and ensuring that resources are used to effectively and efficiently meet those needs.

**Overview:**

This Program creates the funding mechanism to help bridge the gap that exists between traditional housing programs and commercial lending sources for these mixed-use projects, fostering sustainable partnerships to leverage both public and private resources.

These funds will be provided to a financially viable, mixed-use property consistent with a well-defined community development or revitalization plan (Main Street Corridor Plan, etc.). Financing may be provided for the overall project and not merely for the housing or commercial development component.

The purpose of the Program includes the following components:

- Increasing affordable housing and commercial corridor development opportunities in areas of the Commonwealth where significant need and impact can be identified;
- Maximizing the leveraging of public and private resources;
- Fostering sustainable partnerships committed to addressing community needs;
- Ensuring efficient and effective use of resources to meet community needs;
- Establishing transparent application allocation and reporting processes; and
- Providing financing to critical projects as part of an overall strategy for revitalizing communities.

### Process/Application Overview:

- The Agency receives and sells a \$2.0 million annual allocation of state tax credits (since FY 17/18). The proceeds of the sale of the credits provides funding for grants made to mixed-use development projects under the Community Revitalization Fund Program (CRFP).
- To date, two (2) rounds of allocated tax credits have been sold under the Mixed-Use Development Tax Credit (MUDTC).
  - FY 17/18 - \$2.0 million allocation, .84 cents average bid, \$1.68 million in sale proceeds.
  - FY 18/19 - \$2.0 million allocation, .85 cents average bid, \$1.69 million in sale proceeds.
- Total available for grants under the CRFP is \$3.1 million.
- The RFP for CRFP projects opened on March 5, 2018, and closed on June 8, 2018.
- Nine applications received (2 - Allegheny, 7 - Philadelphia).
- Applications requested \$6.235M (\$3.1M available).

### Expected Impact:

Based on the projects recommended for funding in this initial round of the Program, we expect the following (residential, commercial/retail) impact:

- 100 units of new/rehabilitated rental housing (about 30 units will be below 80% of MAI).
- 40,000/sq ft of new/rehabilitated commercial/retail space.
- \$3.1M from CRFP expected to leverage \$20M in other funds for the approved projects.

### Recommended Projects:

Staff has done a comprehensive review of each application, including touring each site, and is recommending funding for the following projects:

County	Applicant	Project Name	Recommended Funding
Allegheny	Observatory Hill Development Corp	5 Points	\$400,000
Allegheny	ACTION Housing	Homestead Bakery Lofts	\$400,000
Philadelphia	Enterprise Center	52 <sup>nd</sup> Street Project	\$400,000
Philadelphia	Mosaic Development Partners	2125 Ridge Avenue (Edwina's North Coffeehouse & Café)	\$400,000
Philadelphia	MM Partners, Fairmont CDC	2613-2615 West Girard Avenue	\$400,000
Philadelphia	HACE	2739 N. 5 <sup>th</sup> Street	\$400,000
Philadelphia	Mt. Airy USA CDC	Mt. Airy Arts Garage	\$400,000
<b>TOTAL</b>			<b>\$2,800,000</b>



A complete project summary for each recommendation, which provides additional details for each of the proposed awards is attached .

Staff is recommending the above projects for funding under the CRFP. A Resolution is attached for your review.

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY  
AUTHORIZING FUNDING OF COMMUNITY REVITALIZATION (CRF) PROGRAMS AND  
PROJECTS**

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

WHEREAS, on July 13, 2016, the Mixed-Use Development Tax Credit was enacted (Act 84 of 2016), establishing the Mixed-use Development Program and the Mixed-use Development Program Fund (hereinafter, "Community Revitalization Fund Program" or "CRFP"), which allows the Agency to sell, on an annual basis, \$2 million in state tax credits to qualified taxpayers in order to achieve objectives including, but not limited to increasing affordable housing and commercial corridor development opportunities in areas throughout the Commonwealth demonstrating significant need and impact and maximizing the leveraging of public and private resources; and

WHEREAS, CRFP allows the Agency to distribute program funds to eligible projects that meet specific goals including, but not limited to the construction or rehabilitation of a building or buildings (and any related real or personal property) located in a commercial corridor where a comprehensive neighborhood revitalization plan has been implemented or is being developed ; and

WHEREAS, in accordance with CRFP, the Agency adopted, after public comment, guidelines establishing priorities and describing the method in which CRFP tax credits will be sold and CRFP funds distributed; and

WHEREAS, the Agency has sold credits, has issued a request for proposals for the submission of applications to CRFP and, has reviewed applications received; and

WHEREAS, the Agency has reviewed staff recommendations for funding of the applications best meeting the program criteria for CRFP and has chosen to reserve funding for the applications set forth below.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 11<sup>TH</sup> day of October 2018, as follows:

Section 1. The Agency hereby approves funding in the amount of \$400,000 each from the CRFP fund to the following applicants for each of the following programs/projects and located in the following counties:

Observatory Hill Development Corp: 5 Points	Allegheny
ACTION Housing: Homestead Bakery Lofts	Allegheny
Enterprise Center: 52 <sup>nd</sup> Street Project	Philadelphia
Mosaic Development Partners: 2125 Ridge Avenue (Edwina's North Coffeehouse & Café)	Philadelphia
MM Partners, Fairmont CDC: 2613-2615 Girard Avenue	Philadelphia
HACE: 2739 N. 5 <sup>th</sup> Street	Philadelphia
Mt. Airy USA CDC: Mt. Airy Arts Garage	Philadelphia

Section 2. Staff is hereby authorized and directed to take all actions necessary to effectuate the above authorized reservation of funds and to provide appropriate contracts outlining monitoring, reporting, record keeping, and any set aside requirements.

Section 3. This resolution shall take effect immediately.

# ALLOCATION OF TAX-EXEMPT ISSUING AUTHORITY

Pennsylvania Housing Finance Agency  
October 1, 2018

**SUBJECT: Northside Residences II**

Request for an Allocation of Tax-Exempt Issuing Authority  
Tax-Exempt/Tax Credit Development: PHFA No. TC2018-137, 122 units  
City of Pittsburgh, County of Allegheny  
Development Officer: Kelly R. Wilson

**TO:** Members of the Board  
Pennsylvania Housing Finance Agency

**FROM:** Brian A. Hudson  
Executive Director



## Proposal Description

Northside Residences II is a scattered-site development located in the Northside neighborhood of the City of Pittsburgh. This proposal is for the acquisition and substantial rehabilitation of 93 two- and three-story buildings for general occupancy. Northside Residences II consists of 122 units, including 39 one-bedroom units, 32 two-bedroom units, 36 three-bedroom units, 12 four-bedroom units and 3 five-bedroom units. The structural systems are masonry with a brick exterior finish. The development contains a total of 150,403 square feet of residential space on approximately 3.3 acres of ground.

1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

Tax-Exempt Bonds – Dollar Bank	\$25,731,974
Seller Note	5,490,000
URA Loan	1,100,000
Existing Reserves	123,057
Interim Income	989,100
Equity from the Sale of Historic Tax Credits (HTC)	957,401
Equity from the Sale of Tax Credits (LIHTC)	<u>4,976,959</u>
Total Development Cost	\$39,368,491

2. Permanent Financing Plan

Permanent financing will be provided in the approximate amounts of:

Tax-Exempt Bonds – Fallbrook Loan Funds	\$12,496,000
Bridgeway Capital Loan	769,948
Seller Note	5,490,000
URA Loan	1,100,000
Existing Reserves	123,057
Interim Income	989,100
Equity from the Sale of Historic Tax Credits (HTC)	4,787,005
Equity from the Sale of Tax Credits (LIHTC)	<u>13,613,381</u>
Total Development Cost	\$39,368,491

3. Development Costs

Total development costs are estimated to be \$39,368,491. Dollar Bank FSB will purchase the tax-exempt bonds for construction financing from the Urban Redevelopment Authority of Pittsburgh (the "Issuer"). The tax-exempt construction financing will be taken out after construction by a combination of tax credit equity and permanent financing from Fallbrook Loan Fund in the amount of \$12,496,000 at a rate of 5.04% for 15 years.

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Cost	\$24,490,660	\$200,743	\$163
Replacement Cost	\$35,500,065	\$290,984	\$236
Total Replacement Costs & Reserves	\$36,456,330	\$298,822	\$242
Total Development Costs	\$39,368,491	\$322,693	\$262
Tax-Exempt Bonds	\$25,731,974	\$210,918	\$171
Acquisition Costs	\$7,852,214	\$64,362	\$52

4. Leveraging of Other Resources

The owner anticipates that Fallbrook Multifamily Investments will provide an equity contribution of \$13,613,381 from the proceeds of the syndication of federal Low Income Housing Tax Credits, with a gross pay-in of \$0.96. The development anticipates qualifying for an allocation of Low Income Housing Tax Credits in the approximate amount of \$1,418,060. Developments financed with tax-exempt private activity bonds are generally eligible to claim a four percent (4%) credit allocation on the development's eligible basis. The development also anticipates an equity contribution of \$4,787,005 from the proceeds of the syndication of federal Historic Tax Credits, with a gross pay-in of \$0.85.

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	33	775	\$585	\$96	\$542	\$1223
1BR	6	737	\$585	\$96	\$540	\$1221
2BR	8	890	\$690	\$157	\$627	\$1444
2BR	24	1185	\$698	\$119	\$609	\$1426
3BR	14	1473	\$773	\$171	\$705	\$1649
3BR	22	1454	\$785	\$159	\$684	\$1628
4BR	2	1963	\$896	\$157	\$737	\$1790
4BR	10	1963	\$879	\$174	\$745	\$1,798
5BR	3	2110	\$927	\$235	\$906	\$2,068
Total	122					

All 122 units in the development will receive rental assistance under an existing HUD Section 8 Project Rental Assistance Contract. HUD has preliminarily approved bifurcation of the current HAP contract, the development post-rehabilitation rents and the transfer of the HAP Contract to the new owner. The HAP Contract will be signed and become effective at closing. All 122 units will be available to tenants earning up to 50% of the area median income.

6. Relocation

Vacant units in Northside Residences II will be rehabilitated first. Existing tenants will be relocated to completed apartments once they become available until all units have been completed. No tenants will be required to pay for relocation costs. A budget of \$2,000 per unit is included in the capital budget to cover the costs of packing and moving each applicable household.

7. Supportive Services

Northside Residences II will partner with supportive services agencies serving the community, including the Northside Coalition for Fair Housing and Urban Strategies. Proposed services include child care, gang and violence prevention, nutrition programs, substance abuse services and career development. The cost of these services will be paid from the operating budget.

## **Development Team**

1. Identification of Owner

The owner of this development is Northside Properties Residences II LLC, a Pennsylvania limited liability company, with Northside Properties Management LLC as its managing member.

2. Development Team Members

Sponsor: Northside Properties Residences II LLC  
Sarah Mistick  
Pittsburgh, PA

Owner: Northside Properties Residences II LLC  
Sarah Mistick  
Pittsburgh, PA

Attorney: Berman Indictor LLP  
Steven P. Berman  
Philadelphia, PA

Architect: LGA Partners  
Jonathan Glance  
Pittsburgh, PA

Contractor: Mistick Construction Company  
Robert Mistick  
Pittsburgh, PA

Management Agent: Ralph A. Falbo Inc.  
Christine McCarthy  
Pittsburgh, PA

## Site Description

The site is located in a residential area in the Northside neighborhood of Pittsburgh. The various properties that make up this development are generally level and have good pedestrian access. The properties that will be rehabilitated are located on A Street, Armandale Street, Brighton Place, Brighton Road, Brichtridge Road, Buena Vista Street, California Avenue, Chautauqua Street, Garfield Avenue, Jacksonia Street, Kirkbridge Street, Kunkle Way, Lamont Street, Marquis Way, Monterey Street, Morrison Street, Rolla Street, St. Ives Street, and Strauss Street. A number of neighborhood amenities are located within a few blocks of the development, as is public transit providing access to additional services throughout the Pittsburgh area.

## 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, including, but not limited to, the Issuer's determinations made pursuant to Section 42(m)(2)(D) of the Code, 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 35 years, which will be included in the Restrictive Covenant Agreement.
6. Evidence of the satisfaction of accessibility requirements.

**RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE AGENCY  
AUTHORIZING 2018 HOUSING RELATED BOND ALLOCATION  
Northside Residences II**

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, Northside Properties Residences II LLC, has requested an allocation of Volume Cap for the acquisition and rehabilitation of 122 units of general occupancy housing located on scattered sites in the Northside neighborhood of Pittsburgh, Allegheny County (the "Development"); and

WHEREAS, the Agency has determined to provide a preliminary allocation of Volume Cap in an amount not to exceed \$28,500,000 for the issuance of private activity bonds by the Urban Redevelopment Authority of Pittsburgh ("Issuer"), subject to satisfaction of certain conditions set forth below.

NOW THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 11th day of October, 2018, as follows:

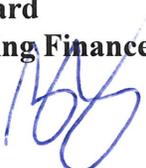
Section 1. Staff is hereby authorized to take all necessary actions to provide a conditional preliminary allocation of Volume Cap in an amount not to exceed \$28,500,000 (which includes a contingency amount) for the tax exempt bond financing of the Development subject to the following conditions: a.) 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"), including, but not limited to, the Issuer's determinations made pursuant to Section 42(m)(2)(D) of 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 35 years, which will be included in the Restrictive Covenant Agreement; and f.) evidence of the satisfaction of accessibility requirements.

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

Section 3. This resolution shall be effective immediately.

PENNSYLVANIA HOUSING FINANCE AGENCY

**Date:** September 26, 2018  
**Subject:** Portfolio Preservation Refinancing:  
Lancaster Arms  
**To:** Members of the Board  
Pennsylvania Housing Finance Agency  
**From:** Brian A. Hudson  
Executive Director



The Agency has been approached by the owner of Lancaster Arms, Steven Berger, to allow the prepayment of our mortgage. To allow such requests, we have determined that certain fundamental goals must be met:

1. The refinancing must demonstrate a preservation strategy for each development, including entering into an extended use agreement to ensure that each 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 losses 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:	<b>Lancaster Arms, R-780</b>
Location:	Lancaster, Lancaster County
Owner:	New Lancaster Arms Associates, L.P., a Pennsylvania limited partnership, whose general partner is PRG Lancaster Arms General Partner, LLC, a Pennsylvania limited liability company, Steven A. Berger, Member
Occupancy:	73 units for elderly occupancy; occupied August, 1983
First Mortgage Balance:	Original: \$ 3,376,419; Current: \$1,496,938
Terms:	Interest of 12.5% through August 2023
Economic Loss Payment:	\$503,210

**Portfolio Preservation Restructuring**

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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, subject to the availability of Section 8 assistance, 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 mortgage on Lancaster Arms.

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY  
AUTHORIZING PORTFOLIO PRESERVATION REFINANCING  
FOR LANCASTER ARMS, PHFA NO. R-780**

WHEREAS, New Lancaster Arms Associates, L.P., a Pennsylvania limited partnership ("Owner") is the current owner of a Section 8 project with outstanding Agency financing, known as Lancaster Arms (the "Project"); and

WHEREAS, Owner has requested that the Agency agree to the sale of the Project 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 structures, and has calculated the economic losses which will be incurred by the Agency if such Project is refinanced: and

WHEREAS, the Agency has determined that it is willing to allow the sale 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 retaining the Agency as Contract administrator, and if the new Project owner is willing to undertake a long term affordability strategy for the Project and the financing does not create economic hardship on the Project; and

WHEREAS, based on its review and through its negotiations with the Owner and the new 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 11th day of October, 2018, as follows:

Section 1. Staff is authorized to take the following actions regarding the Project and to do all things necessary to effect the referenced mortgage refinancing, subject to the Agency accepting a prepayment of the Agency's mortgage loan (outstanding principal \$1,496,938) with an additional payment of \$503,210 for lost economic value.

Section 2. As a condition of the sale and prepayment of the Agency's mortgage, new 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.