The monthly meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on **Thursday, November 8, 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, November 6, 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, November 6, 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, NOVEMBER 8, 2018
10:30 A.M.

AGENDA

1. CALL TO ORDER AND ROLL CALL

2. APPROVAL OF THE MINUTES FROM THE OCTOBER 11, 2018 BOARD MEETING

3. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT

4. ADDITIONAL VOLUME CAP FOR STATEWIDE MORTGAGE CREDIT CERTIFICATE (MCC) PROGRAM

5. REPORT OF THE HEMAP COMMITTEE

6. REPORT OF THE AUDIT COMMITTEE

7. OTHER BUSINESS

8. ADJOURNMENT
Pennsylvania Housing Finance Agency
Meeting of the Board
October 11, 2018

Members Present:
*Robin Wiessmann, Chair
*Maria F. Coutts
*Ronald F. Croushore
*Kathy Possinger (serving in the stead of Dennis Davin, Secretary of Department of Community and Economic Development)
*Mark Dombrowski
*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
  Mark Schwartz
*Keith Welks (serving in the stead of Joseph Torsella, State Treasurer)

*On Telephone conference call

Members Absent:
John Paone

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
Kim Boal, Director of Information Technology
Charlotte Folmer, Executive Director, Commonwealth Cornerstone Group
*Nancy Twyman, Director of Eastern Region
Jordan Laird, Director of Finance
John Zapotocky, Director of Accounting
Melissa Grover, Director of Government Affairs
Steven O’Neill, Assistant Counsel
David Doray, Manager of Multifamily Underwriting
Clay Lambert, Business Policy Officer
Jada Greenhowe, Assistant Counsel
Chris Anderson, Communications Officer
Kelly Wilson, Development Officer
Lori Toia, Director, Homeowners Emergency Mortgage Assistant Program
Robert Theil, NewCourtland Senior Services
A meeting of the Members of the Board of the Pennsylvania Housing Finance Agency was held on Thursday, October 11, 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 October 2, 2018.

Chair Wiessmann welcomed Mark Dombrowski as the newest member of PHFA’s Board, replacing Tom Hagen. Mr. Dombrowski is VP of Government Relations at the Erie Insurance Group. She noted that Mr. Hagen’s term had expired.

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. **ELECTION OF VICE CHAIR OF THE BOARD**

   Chair Wiessmann reported that the first item of business is to elect a new Vice Chair of the Board.

   Mr. Nese nominated Mr. Schwartz as Vice Chair. There were no other nominations.

   **Mr. Nese made the motion that Mark Schwartz be elected as Vice Chair of the PHFA Board. The motion was seconded by Mr. Laudermilch and was unanimously approved.**

   Mr. Schwartz thanked the Board for the nomination and his election.

3. **APPROVAL OF THE MINUTES FROM THE SEPTEMBER 13, 2018 BOARD MEETING**

   There were no additions or corrections to the minutes.

   **Mr. Schwartz made a motion that the minutes from the September 13, 2018 Board meeting be approved as submitted. This motion was seconded by Mr. Nese and was unanimously approved.**
4. 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. Community Revitalization Fund (CRF) Program Project Funding Recommendations

Mr. Welks informed the Board that staff presented a PowerPoint presentation on the projects being recommended for funding under this program and that there was good dialogue between Committee members and staff regarding the projects.

Mr. Maretzki reported that Act 84 of 2016 was amended to authorize the Agency to issue $2,000,000 in state tax credits to qualified taxpayers for the purpose of establishing the Mixed-Use Development Fund. Proceeds from the sale of credits would be used by the Agency to assist developers to help bridge the gap that exists between traditional housing programs and commercial lending sources for mixed use projects (Community Revitalization Fund Program). The fund will assist in the overall strategy to revitalize local communities.

Mr. Maretzki briefly reviewed the program and the application process. The Agency issued an RFP under this program on March 5, 2018. Proposals were due by June 8, 2018. Nine applications were received, two from Allegheny County and seven from Philadelphia County. The nine applications requested $6,235,000 in funding assistance. The Agency has $3,100,000 available. There were two proposals which were determined to not be a strong fit for the program goals.

Mr. Maretzki noted that staff completed a comprehensive review of each application and visited each site.

Staff is recommending that the remaining seven applications each receive an allocation of $400,000 totaling $2,800,000.

Mr. Nese asked if any of the projects are also utilizing New Markets Tax Credits and Mr. Maretzki responded that none are.

Mr. Hudson stated that the Agency will continue to work with the Department of Revenue in an attempt to obtain higher pricing for the tax credits being sold under the program. He noted that there was some confusion and delay implementing during the Fiscal Year 17/18 budget crises at the State level.

Mr. Schwartz expressed his thanks to Mr. Maretzki, Ms. Peace and all members of staff who worked so diligently to get this program functioning. He also thought it
would be appropriate for any Board member who might have contact with Senator Costa to thank him for his support of this program. Senator Costa has supported this program from its inception.

A motion was made that the Board approve the resolution authorizing funding of Community Revitalization (CRF) Programs and Projects. This motion was seconded. Mr. Schwartz abstained. The motion carried. (See Appendix 1 of these Minutes.)

Chair Wiessmann acknowledged several representatives of the approved projects on the conference call and asked if there were any comments.

Ms. Metropolis representing Homestead Bakery Lofts in Homestead, Allegheny County stated that she is truly grateful to the Board for their approval. She reported that half of the commercial space has already been rented and noted the official ground breaking is scheduled for tomorrow, October 12.

Ms. Smith-Richie representing the 5 Points Observatory Hill project in Pittsburgh, Allegheny County thanked the Board for their support and stated that this project will go a long way to providing additional affordable housing in the area. She added that the project will also greatly enhance community pride.

Mr. Morris representing the Mt. Airy Art Garage project in Philadelphia expressed his sincere gratitude to the Board for awarding the funds to this project. He stated that it has not been easy to get all of the funding pieces together to bring this project to this point. He appreciates PHFA’s involvement and commitment to bring affordable housing to the Mt. Airy neighborhood.

Ms. McInneshin representing the 257-263 South 52nd Street project in Philadelphia reported that they are excited about the opportunity to move forward with the project. She thanked the Board for the funding.

Mr. Zimatore representing the 2613-1615 West Girard Avenue project in Philadelphia thanked the Board for the award of funds and noted that this project will certainly assist in bringing new opportunities to this corridor.

B. Allocation of Tax-Exempt Issuing Authority
1. Northside Residences II, 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 tax-exempt volume cap for the acquisition and substantial rehabilitation of 93
buildings for general occupancy. This will be the second phase of a four phase development. Thirty vacant units will be rehabilitated first and tenants will be relocated as units become available. All relocation costs are included in the project budget. The construction financing will be provided by the Urban Redevelopment Authority of Pittsburgh through the issuance of tax-exempt bonds which will be purchased by Dollar Bank FSB.

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.

Mr. Polite, representing the development team reported that 80 percent of the first phase is completed and will be completed by April 2019. He thanked the Board for their support of this rehabilitation project, noting that there have been no upgrades of any of the structures in over 30 years.

Mr. Welks made a motion that the Board approve the resolution authorizing a 2018 Housing Related Bond Allocation to the Northside Residences II project in an amount not to exceed $28,500,000. Mr. Schwartz abstained. The motion carried. (See Appendix 2 of these Minutes.)

C. 2018 Low income Housing Tax Credit Awards Program Update

Ms. Glauser reported that 39 projects were recommended for funding in April 2018 and were provisionally approved for processing. Because of fluctuations in the market earlier this year, the amounts paid for tax credit equity was uncertain and developers were requested to confirm feasibility. Some have filled these gaps with additional loan funds, increased tax credit equity or reinvestment of the developer’s fee. Staff was directed to report on their status at this meeting.

The Agency has received notification that two of the projects are seeking funding or development adjustments of their proposals.

Bensalem Veterans Housing located in Bensalem requests permission to decrease the number of units to 40 from 69 to make the project feasible due to a change in zoning approval.

Summit House located in Jenkintown has requested additional tax credits of approximately $1,436,000 to support funding gaps in the development.
Ms. Glauser confirms that staff has reviewed the updated documentation submitted on both projects and has agreed to the suggested modifications and exceptions from the QAP.

No Board action is required on this issue.

Mr. Schwartz questioned the amount paid for tax credits. Ms. Glauser stated the most of the equity pricing came in between $.90 and $.98 and there is no reason why this should change.

D. **Portfolio Preservation Refinancing**

1. **Lancaster Arms, Lancaster, Lancaster County**

   Mr. Dudeck reviewed the project and its specifics. He noted that the owner has requested permission to prepay the Agency’s mortgage. The owner will be required to enter into an extended use agreement to ensure that the development remains as affordable housing for 30 years. This project will continue to be monitored by the Agency for compliance.

   Staff has determined that the project will remain as affordable housing, that the Agency will not incur any economic losses due to the refinancing and that the refinancing will not create an economic hardship on the development. Having evaluated the request, staff recommends approval.

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

   **Mr. Nese made the motion that the Board approve the resolution authorizing portfolio preservation refinancing for Lancaster Arms. This motion was seconded and unanimously approved. (See Appendix 3 of these Minutes.)**

E. **Other Business**

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

4. **OTHER BUSINESS**

A. **Home4Good Program**

   Mr. Hudson reported that the Agency and the Federal Home Loan Bank of Pittsburgh (FHLB) have begun an initiative to fight homelessness in the Commonwealth. The FHLB has pledged $3,000,000 to PHFA to start this program. The Agency has reserved $1,500,000 of its own funds for this program.
An RFP was issued and 131 proposals were received requesting $17,300,000. Staff will evaluate the proposals and report their findings and make their recommendations to the Board at the December meeting.

Mr. Hudson is pleased to submit this program as it is an indicator of a good partnership between the Agency and the FHLB.

B. **HUD Counseling Grant**

Mr. Hudson reported that the Agency has received a $2,400,000 grant from the federal government for PHFA’s counseling network. He thanked Ms. Redmond and Mr. Maretzki for their work in obtaining this grant. This grant is the largest given to any HFA this year. Thus far, the Agency has received grants totaling $50,000,000 for its counseling network which assists homebuyers, homeowners, and renters.

C. **November Board Meeting**

Mr. Hudson informed the Board that the November meeting will likely be a conference call.

D. **December Meetings**

Mr. Hudson informed the Board that the annual policy meeting will be held on Wednesday, December 12, 2018 beginning at 9:00 a.m. and will remain in session until mid-afternoon. Lunch will be provided and a dinner is planned that evening. The regular Board meeting will be held on Thursday, the 13th at the Agency. Hotel reservations will be made for those attending these meetings.

Mr. Hudson 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. He encouraged Board members, especially the newer members, to plan to attend the policy meeting in person as this is the time staff presents a synopsis of each division’s activities during the past year and outlines the Agency’s future plans. It will provide a great deal of insight into the Agency’s operations.

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. The meeting of the Board was adjourned at 11:15 a.m.
The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, November 8, 2018 at 10:30 a.m.

Respectfully submitted,

Carrie M. Barnes
Secretary
MEMORANDUM
Pennsylvania Housing Finance Agency

Date: November 8, 2018

To: Members of the Board
    Pennsylvania Housing Finance Agency

From: Brian A. Hudson
      Executive Director and CEO

Re: Additional Volume Cap for Statewide Mortgage Credit Certificate Program

As background, the Mortgage Credit Certificate ("MCC") Program is authorized under federal tax law as an alternative to the mortgage revenue bond program. Rather than sell bonds to provide funding for qualified mortgage loans to qualified homebuyers, the MCC program provides a direct limited tax credit to individual homeowners to offset against their federal tax liability. These credits can be used with most mortgage loans and may serve as a home buying incentive. The Agency has successfully used the MCC program as a statewide tool for homebuyers to counteract the higher costs of borrowing associated with its bond programs.

Authority to issue MCCs is derived through an election "not to issue" mortgage revenue bonds. This election is made with the IRS, after a public notice and public hearing. Once the election is filed, the Agency will have two years to originate MCCs in the program. This election will be filed for the 2019 and 2020 program years.

Staff is requesting authority to file an election to convert an amount not to exceed $200,000,000 to the MCC program.

This election will result in approximately $50,000,000 in MCC authority, which will subsidize approximately 400 mortgage loans. Maximum annual tax credit per borrower is $2,000, which is available to reduce federal tax liability on a dollar for dollar basis for the life of the loan. Basic tax law rules, just as in the mortgage revenue bond program, govern the homebuyer eligibility (income and purchase price limits). All applicants must meet our general mortgage loan requirements. The MCC certificate must be used for acquisition, qualified rehabilitation or qualified home improvements for a single family residence. Recapture requirements are also applicable to the MCC Program.

PHFA administers the MCC Program in connection with our lenders. We have and will continue to provide trainings to our lenders and statewide realtor groups to assist them with the types of questions likely to be encountered in this program. We also provide information regarding tax filing instructions to our borrowers.

Since July 2013, the inception of the current MCC program, 5,963 MCCs have been issued supporting over $1.6B in mortgage loans. These loans are currently being originated in the Agency's mortgage backed securities program.

A resolution is attached.
RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING CONVERSION OF HOUSING RELATED BOND VOLUME CAP ALLOCATION
AND RELATED MATTERS FOR THE IMPLEMENTATION AND ADMINISTRATION OF A
STATEWIDE MORTGAGE CREDIT CERTIFICATE PROGRAM

WHEREAS, the Pennsylvania Housing Finance Agency (the “Agency” or “PHFA”) exists and
operates by virtue of the housing finance law (1959, Dec. 3, P.L. 1688, as amended; 35 P.S. Sections
1680.101 et seq.) (hereinafter, the “Act”); and

WHEREAS, the Agency has available statewide bond volume cap ("Volume Cap") available for
the purpose of issuing mortgage revenue bonds or mortgage credit certificates in accordance with federal
tax law; and

WHEREAS, subject to and in accordance with the applicable provision of federal tax law,
qualified issuers may elect to convert Volume Cap into authority to issue “mortgage credit certificates”
(“MCCs”), which may be used in connection with loans to qualified homebuyers throughout the
Commonwealth as a direct credit against household tax liability; and

WHEREAS, the Agency has now determined that it is desirable to convert
available Volume Cap for the administration of its statewide mortgage credit certificate ("MCC") program for 2019 and to
establish a maximum credit percentage for eligible borrowers not to exceed the maximum amount eligible
under federal tax law; and

WHEREAS, this conversion of approximately $200,000,000 in volume cap will result in an
aggregate amount of approximately $50,000,000 of MCC authority to be issued as tax credits to homebuyers.

NOW, THEREFORE, BE IT RESOLVED, THIS 8th DAY OF NOVEMBER, 2018, BY THE
MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE AGENCY AS FOLLOWS:

Section 1. The Agency hereby elects to convert into authority to issue mortgage credit
certificates approximately $200,000,000 in Volume Cap.

Section 2. Staff is authorized and directed to take all necessary actions to administer and
maintain an effective mortgage credit certificate program and to take all requisite actions required by
federal and state law relating thereto, including all necessary state authorizations and approvals, all public
notices and public hearings required by federal tax law and all necessary federal tax filings.

Section 3. This resolution shall take effect immediately.