

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, February 21, 2019 at 10:30 a.m.** at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania. **PLEASE NOTE THIS IS A CHANGE IN MEETING DATE.** 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, February 19, 2019 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, February 19, 2019 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, FEBRUARY 21, 2019
10:30 A.M.
A G E N D A

1. CALL TO ORDER AND ROLL CALL
2. ELECTION OF VICE CHAIR OF THE BOARD
3. APPROVAL OF THE MINUTES FROM THE DECEMBER 13, 2018 BOARD MEETING
4. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT
 - A. Loan Commitment
 1. Riverview Towers, Pittsburgh, Allegheny County
 - B. Other Business
5. POLICY COMMITTEE REPORT
 - A. 2019 PHARE Final Plan
 - B. Other Business
6. APPROVAL OF SINGLE FAMILY MORTGAGE REVENUE BONDS, SERIES 2019-129 AND SERIES 2019-130
7. OTHER BUSINESS
8. ADJOURNMENT

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

Members Present:

*Robin Wiessmann, Chair
*Mark Schwartz, Vice Chair
Maria F. Coutts
Ronald F. Croushore
Mark Dombrowski
Jennifer Koppel
Kathy Possinger (serving in the stead of
Dennis Davin, Secretary of Department
of Community and Economic Development)
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
*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
Bryce Maretzki, Director of Strategic Policy & Planning
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
Jordan Laird, Director of Finance
John Zapotocky, Director of Accounting
Melissa Grover, Director of Government Affairs
Steven O'Neill, Assistant Counsel
Lauren Starlings, Assistant Counsel
Jada Greenhowe, Assistant Counsel
David Doray, Manager of Multifamily Underwriting
Clay Lambert, Business Policy Officer
Stanley Salwocki, Manager of Architecture & Engineering
Diane Hoffman, Manager of Accounting, HEMAP
Lisa Case, Manager of Project Operations
JoLynn Stoy, Associate Counsel

Ralph Jones, U.S. Bank National Association
David Safer, U.S. Bank National Association
David Notkin, Bank of America Merrill Lynch
Matt Engler, Wells Fargo Securities
Nick Fluehr, Wells Fargo Securities
Michael Baumrin, RBC Capital Markets
Bob Foggio, Jefferies LLC
Alan Jaffe, Jefferies LLC
Jim Stretz, George K. Baum & Company
Melody Santor, Programs Coordinator
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, December 13, 2018 at 9:30 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 December 4, 2018.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Weissmann at 9:35 a.m. The roll was called and a quorum was present.

2. APPROVAL OF THE MINUTES FROM THE NOVEMBER 8, 2018 BOARD MEETING

There were no additions or corrections to the minutes.

Mr. Schwartz made a motion that the minutes from the November 8, 2018 Board meeting be approved. This motion was seconded by Mr. Lenker 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 to discuss and review a number of items.

A. Home4Good Funding Recommendations

Mr. Marezki thanked Mr. Lambert for all of his efforts in getting the program up and running. This is a new initiative between the Federal Home Loan Bank of Pittsburgh (FHLB) and the Agency to provide grants to address gaps in support and services to combat homelessness in the Commonwealth.

The FHLB approached the Agency about being their partner in this initiative. The FHLB will commit \$3,000,000 each year and the Agency will commit \$1,500,000 each year for the next three years for this program. Mr. Marezki discussed the program and its goals. He reported that the primary need to be addressed is that of serving homeless individuals and families as determined by the relevant Continuum of Care (CoC) entity in a specific area or county.

Mr. Marezki noted that there are 16 Continuum of Care entities within the Commonwealth. Proposals were received from all across the Commonwealth with 15 of the 16 Continuum of Care entities agreeing to act as administrators for the program.

There were a total of 131 applications received requesting \$17,500,000 in funding under this program. A review team consisting of staff from the FHLB, PHFA Department of Human Services and the Department of Community and Economic Development reviewed all applications submitted based on the priorities established for the program and the local Continuum of Care entities. A total of 49 proposals are being recommended for approval totaling \$4,500,000. Included in this total amount is an administrative fee which will be paid to each CoC who prioritized and reviewed all of the proposals in their particular area.

Staff recommends approval of the funding of the individual proposals as submitted to the Board.

Mr. Welks made the motion that the Board approve the funding of the Home4Good program and projects. This motion was seconded by Ms. Possinger. Ms. Koppel, Messrs. Loughery, Schwartz and Paone abstained due to potential conflicts of interest. The motion carried. (See Appendix 1 of these Minutes.)

B. Commitment of Mortgage Funds – White Deer Commons, New Columbia, Union County

Ms. Glauser reported that the owner of this project has requested approval for the transfer of ownership to the Housing Authority of Union County. The Housing Authority will assume the existing mortgage and will continue to operate the development as affordable housing. In addition to the transfer of ownership approval, there is also a request for an additional mortgage loan in the amount of \$500,000 to

make needed capital improvements to the project and to replenish the reserve for replacement funding.

Staff recommends approval of these requests.

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

Mr. Loughery made the motion that the Board approve the resolution authorizing the commitment of mortgage funds for White Deer Commons. This motion was seconded by Mr. Paone and was unanimously approved. (See Appendix 2 of these Minutes.)

C. Project Refinancings – Coal Township Elderly and Hazlewood Apartments

Mr. Laird reported that the Agency has been requested to restructure the existing debt and provide new project loan financing for Coal Township Elderly located in Coal Township, Northumberland County and Hazlewood Apartments, located in Hazle Township, Luzerne County. He reviewed the specifics regarding each of the restructurings noting that both low income projects will remain in the Section 8 program providing affordable rents. Both projects have been well maintained by the owner.

Staff recommends approval of the restructuring for both projects. Mr. Laird noted that this restructuring will result in a new first lien mortgage for both projects, each with a 30 year amortization schedule.

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

Mr. Schwartz made a motion that the Board approve the resolution authorizing the mortgage restructuring and additional financing for Coal Township Elderly and Hazlewood Apartments. This motion was seconded and unanimously approved. (See Appendix 3 and 4 respectively of these Minutes.)

D. Other Business

Mr. Welks reported that the Program and Development Review Committee approved the reallocation of tax credits to Mulberry Apartments located in Harrisburg, Dauphin County. (See Appendix 5 of these Minutes.)

He noted that the Program and Development Review Committee has received prior Board approval to take action on this type of request.

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

4. POLICY COMMITTEE REPORT

Mr. Schwartz thanked staff for their preparation and presentations at the Board's all-day policy meeting which occurred yesterday. All aspects of the Agency were reported on and staff responded to inquiries by Board members.

As a result of the policy meeting, the Board has requested staff to investigate ways to increase the number of applications being received by the HEMAP as well as providing additional information on various aspects of the closing cost assistance program, the MCC program and REO properties.

Mr. Schwartz believes it was a most informative session and he felt it was very beneficial for Board members, especially the newer members.

Chair Wiessmann added her thanks to staff stating that the presentations were done.

5. INVESTMENT BANKER REPORT

Mr. Baumrin distributed an investment banker booklet prepared by RBC Capital Markets.

He reported that the United States economy appears to be maintaining its constant growth, consumer spending is very strong and household savings and wages are increasing. The United States is experiencing a strong job market and near-record confidence in consumer spending.

RBC economists expect interest rates to continue to rise until 2020 and then in 2021 they expect a decline.

Mr. Baumrin stated that the stock market has been performing very well, the unemployment rates are at historic lows and there are many workers to fill the job openings.

Regarding the housing market, Mr. Baumrin noted that even with the mortgage rates increasing, the average payment as a share of household income remains low.

There were no comments or questions from the Board.

6. DEVELOPMENT STATUS REPORT

There were no comments or questions on this report.

7. PHFA INVESTMENT REPORT

There were no comments or questions from the Board.

8. **OTHER BUSINESS**

A. **2019 Set-Aside of Funds**

Mr. Hudson reported that staff is recommending to the Board that the Agency set aside \$6,500,000 from its reserves in 2019 for four programs/initiatives as follows: Homebuyer/Owner Counseling Programs (\$1,500,000); Downpayment/Closing Cost Assistance Program (\$1,500,000); the Federal Home Loan Bank Homeless Initiative (\$1,500,000); RECLAIM Program (\$1,500,000); and the Reentry Program Initiative (\$500,000).

Mr. Loughery made the motion that the Board approve the set-aside and reservation of available funds for Agency programs and initiatives in 2019. This motion was seconded by Ms. Possinger and was unanimously approved. (See Appendix 6 of these Minutes.)

B. **Staff Retirement**

Mr. Hudson reported that JoLynn Stoy will be retiring at the end of this year. Ms. Stoy has been an Associate Counsel for 33-1/2 years. He thanked her for her service to the Agency and wished her well. Mr. Schwartz stated that it has been a pleasure to work with Ms. Stoy over the years.

C. **Property Disposition**

Mr. Hudson reported that in 2007, the Agency approved the financing of a proposed development at 1000 Market Street in downtown Harrisburg. The Agency disbursed approximately \$140,000 but the developer abandoned the project and did not repay the loan after numerous demands by the Agency. The Agency foreclosed on the structure but was unable to find a buyer and the property became unsalvageable and had to be demolished.

The Agency has been unable to find a developer to purchase the property and is now requesting the Board's approval to proceed with the sale of the parcel for the appraised value of the site.

Mr. Loughery made the motion that the Board approve the disposition of the property located at 1000 Market Street in Harrisburg. This motion was seconded by Ms. Possinger and was unanimously approved. (See Appendix 7 of these Minutes.)

D. In Closing

Mr. Hudson thanked the Agency staff for all of their presentations to the Board at yesterday's policy meeting. He hopes that it was a very beneficial meeting for the Board Members. He also thanked the Board members for their attendance and participation. It is his hope that the Board members, especially the newer members, have gotten a better insight into the operation of PHFA and its programs.

Mr. Hudson closed with wishing everyone a Happy Holiday season.

8. ADJOURNMENT

There being no further business to be discussed, a motion was made and seconded that the meeting be adjourned. The motion was unanimously approved. The meeting adjourned at 10:30 a.m.

The next monthly meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held at the Agency on Thursday, February 21, 2019 at 10:30 a.m.

Respectfully submitted,



Carrie M. Barnes
Secretary

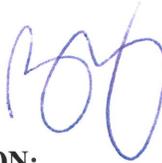
REQUEST FOR LOAN COMMITMENT

Pennsylvania Housing Finance Agency
February 21, 2019

**SUBJECT: Riverview Towers
Request for Loan Commitment**

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

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



DEVELOPMENT DESCRIPTION:

This proposal is for the rehabilitation of two nine-story buildings containing a total of 191 units for persons age 62 and older. There will be 42 fully accessible units in the total of 160,145 square feet of building space. There will be 99 units with Section 8 project based assistance. The buildings have four elevators and will include 76 efficiency, 108 one-bedroom, and seven two-bedroom units.

OWNER:

Riverview Towers Preservation LP
Hanna Steiner, Pittsburgh, PA

FINANCING PLAN:

| | |
|---------------------------------------|-------------------|
| PHFA Permanent Loan (6.00%, 40 years) | \$ 3,166,533 |
| Total of Assumed Debt | 3,991,597 |
| Pittsburgh URA RHDIP Loan | 1,050,000 |
| Existing Reserves | 240,438 |
| Energy Rebates | 22,447 |
| Interim Income | 171,000 |
| Equity (Enterprise @ \$0.987) | <u>16,094,497</u> |
| Total Development Costs | \$ 24,736,692 |

Tax Credit Reserved: \$ 1,630,318

| | <u>Total</u> | <u>Per Unit</u> | <u>Per Sq. Ft</u> |
|------------------------------------|--------------|-----------------|-------------------|
| Construction Costs | \$15,638,675 | \$ 81,878 | \$ 98 |
| Total Replacement Costs & Reserves | 22,509,867 | 117,853 | 141 |
| Total Development Costs | 24,736,692 | 129,511 | 154 |

SITE DESCRIPTION:

Riverview Towers I and II are located on 2.06 acres in the Squirrel Hill neighborhood of Pittsburgh. The properties are currently owned by the Jewish Home and Hospital for Aged at Pittsburgh and will be conveyed to the owner at closing. The current zoning is RP, Residential Planned Unit Development District and R2-L, Residential Two Unit Low Density Zoning District.

**RESOLUTION OF THE MEMBERS OF THE BOARD
OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
APPROVING MORTGAGE FINANCING FOR
RIVERVIEW TOWERS, PHFA NO. O-1327**

WHEREAS, the Agency has received a request for financing in the amount of \$3,166,533 with an interest rate of 6.0% for the rehabilitation of two nine-story buildings (191 units) for persons 62 and older located in Pittsburgh, Allegheny County, known as "Riverview Towers" (the "Development") to be owned and operated by Riverview Towers Preservation LP, a Pennsylvania limited partnership ("Owner"); and

WHEREAS, staff has reviewed the Development's fiscal and physical condition, the proposed rehabilitation budget and capital needs, the sources and uses of funds available to the Development, the ownership entity, the market and the federal Section 8 project based rental assistance contract supporting the rents at the Development; and

WHEREAS, based upon its underwriting, staff recommends that the Agency provide financing to the Development through a primary loan in the amount of \$3,166,533 with an interest rate of 6.0% amortized over 40 years to be initially funded out of Agency reserves; and

WHEREAS, the financing support from PHFA also includes assumption of existing PHFA PennHOMES mortgage debt and an allocation of low income housing credits.

NOW, THEREFORE, be it resolved by the Members of the Board of the Pennsylvania Housing Finance Agency on this 21st day of February, 2019, as follows:

Section 1. Staff is authorized and directed to take all actions necessary to provide mortgage loan financing to Owner to support the rehabilitation and operation of the Development by providing a primary loan in the approximate amount of \$3,166,533 (which may be increased by 15% as a contingency allowance based on final underwriting) with an interest rate of 6.0% amortized over 40 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 40 years; (b) assumption of the Agency's outstanding PennHOMES Loan as of the date of closing; (c) final HUD approval of Owner's Section 8 project based contract; (d) commitment of all other necessary funding sources set forth in the underwriting and financing plan; and (e) the Agency's final review and approval of the necessary financing documents.

Section 2. This resolution shall take effect immediately.

Pennsylvania Housing Finance Agency
Memorandum

February 21, 2019

To: Members of the Board
Pennsylvania Housing Finance Agency

From: Brian A. Hudson, Sr. 
Executive Director

Re: Housing Trust Fund (PHARE)
2019 Final Plan

In November 2010, the Pennsylvania Housing Affordability and Rehabilitation Enhancement Program ("PHARE") was established (Act 105 of 2010), creating a housing trust fund. The fund can be used for a variety of purposes, including: providing dwellings for rent or purchase to low and moderate-income individuals or families; increasing the availability or quality of housing for elderly persons and accessible housing for persons with disabilities; preventing and reducing homelessness; development and rehabilitation of distressed neighborhoods; mortgage or rental assistance including housing counseling, foreclosure prevention and refinancing products; or providing loans or grants to low and moderate income owner occupants for repairs or improvements of their homes.

Funding allocated to projects may be used for predevelopment activities, acquisition of property, site preparation and construction, reconstruction and repair of existing structures, improvements and infrastructure. Funds may be used as a set aside for matching funds for counties that have established optional county affordable housing funds under 53 Pa. C.S. Ch. 60 (known as "local trust funds"). PHARE funds may not supplant existing resources dedicated to affordable housing activities, but they may be used to support, expand and enhance other programs administered by PHFA.

Under PHARE, PHFA may give preference to projects that meet specific goals, consider geographical distribution of program funds to ensure that all areas of the Commonwealth may participate, and make 30% of funds available for housing programs benefitting households with income less than 50% of the median area income.

For 2017 and beyond the Agency is proposing a Plan that combines the revenue and legislative requirements of Act 13 of 2012 (Marcellus Shale Impact Fee), Act 58 of 2015 (Realty Transfer Tax) and National Housing Trust Fund (HTF). The specific legislative requirements for each program are described below.

Act 13 of 2012 provides for impact fees relating to activity in the Marcellus Shale region of the Commonwealth. The "Impact Fee" Act includes funding for PHARE. Funding in the amount of \$2,500,000 for 2011 and \$5 million annually thereafter are specified for deposit in the PHARE fund. The Impact Fee Act has restrictions on which counties may receive funding. Under the legislation, not less than 50% of the funds must be used in 5th, 6th, 7th and 8th class counties. All interest and other earnings remain in the fund.

Act 58 of 2015 provides revenue from the Realty Transfer Tax (RTT) to PHARE. These additional funds will expand the PHARE program to all 67 counties of the Commonwealth. PHARE will receive an allocation of funds based on a formula using the 2014 year as a base. The formula makes revenue available to the fund equal to the lesser of forty percent (40%) of the difference between the total dollar amount of the Realty Transfer Tax imposed under section 1102-C of the Tax Reform Code of 1971

collected for the prior fiscal year and the total amount of RTT estimated for the fiscal year beginning July 1, 2014. The allocation to the fund will be capped at \$25 million annually. The Department of Revenue will certify the final figures on July 31st of each year.

The National Housing Trust Fund ("HTF") was enacted as part of the Housing and Economic Recovery Act of 2008 ("HERA") to provide resources to develop, preserve and rehabilitate housing for very low income and extremely low income households. Funding for the HTF is derived from Fannie Mae and Freddie Mac earnings. HTF funding will be made available to provide additional financial support to Tax Credit properties which increase the number of units set aside for Extremely Low-Income ("ELI") tenants. The Agency received approval from HUD of Pennsylvania's HTF Allocation Plan and is awaiting release of funding from HUD. Upon receipt of HUD program documents and release of funding, the Agency will announce the application process in accordance with the HTF Allocation Plan.

PHARE requires PHFA to adopt a plan establishing priorities each year and describing the method in which program funds will be distributed. The Draft plan was published in the PA Bulletin on December 29, 2018 for a 45 day public comment period. No public comments or revisions were received during this period.

After discussions with DCED and others stakeholders the 2019 Plan has been revised to include a Maintenance of Effort/Resource Coordination provision that provides notice to applicants that all other applicable funding sources (HOME, CDBG, FHLB, CSBG, HUD, ESG, NAP, Keystone Communities, etc.) should be applied for/utilized when possible. PHARE dollars are not intended to substitute for (supplant) other currently available sources of program/project funding.

With this addition, staff is proposing the attached Final Plan for the PHARE Fund for your approval. The RFP for the program funds will be issued this summer with applications due in October/November, 2019.

2019 Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund - Final

Background

Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE)

The PHARE Fund was established by Act 105 of 2010 (the "PHARE Act") to provide the mechanism by which certain allocated state or federal funds, as well as funds from other outside sources, would be used to assist with the creation, rehabilitation and support of affordable housing throughout the Commonwealth.

The PHARE Act outlines specific requirements that include preferences, considerations, match funding options and obligations to utilize a percentage of the funds to assist households below 50% of the median area income. The PHARE Act provides a fairly broad canvas regarding the types of programs and the specific uses of any funding to allow flexibility in working with other state and federal acts and programs.

For calendar year 2019, the PHARE Fund includes funds available through Marcellus Shale (Act 13 of 2012), the Realty Transfer Tax (RTT) Funds (Act 58 of 2015) and the National Housing Trust Fund "HTF", authorized by the Housing and Economic Recovery Act of 2008 ("HERA").

This Plan includes the following general sections: principles of PHARE, Elements of the Plan, Application requirements and timeline. Thereafter, the Plan includes specific information and program requirements relating to each of the Marcellus Shale (Act 13) funds, the RTT funds and the HTF funds.

Principles of PHARE

In accordance with the PHARE Act, the monies will be used to address significant and persistent housing needs in communities with the following additional criteria:

- 1) **Maximize resource leveraging** – to the greatest extent possible, the resources allocated will be used as leverage for other public and private resources. Additionally, local non-financial assets should be identified and leveraged where possible – including transportation, schools, recreation, employment, health, community and economic development support and other amenities.
 - **Maintenance of Effort/Resource Coordination** – The Agency will ask that each applicant ensure that they are applying for, and utilizing, all current/relevant other sources of funding (CDBG, HOME, CSBG, AHP, ESG, CoC, HUD, NAP, Keystone Communities, etc.). PHFA will review applications with an emphasis on ensuring that all applications

maximize leveraging of available resources before seeking PHARE funds. **The PHARE funds are not intended to substitute for (supplant) other currently available sources of program/project funding.**

- 2) **Affordability** - The Agency encourages applicants to address the issue of long term affordability based on the local housing market conditions. To the greatest extent possible, programs and projects should be designed in ways to both maintain the investment made in the housing stock and to continue affordability after initial assistance. This could include revolving loan programs, shared equity homeownership and other strategies for addressing this objective.

- 3) **Address greatest need** – the monies will be allocated in communities where the greatest housing needs are identified based on housing needs studies and assessments, interviews, real estate price factors, housing stock analysis and market studies. The limited resources available should be used to meet the most significant and pressing housing needs but may also be used to address longer term housing needs. Preference: Projects/programs that: 1.) Assist with the rehabilitation of blighted, abandoned or otherwise at risk housing and the reuse of vacant land where housing was once located; 2.) Provide funding for owner- occupied rehabilitation, first time homebuyers, and rental assistance; or 3.) Address ongoing needs for homeless families and individuals including veterans.

- 4) **Foster partnerships** – the funds should be used to maximize sustainable partnerships that will be committed to addressing the housing needs in these communities over a significant period of time. While the funds are to be used to directly support housing to meet community needs, the projects should also help establish capacity to address those needs over the long term. Preference: Projects/programs that incorporate social service entities which offer additional services to the residents within the community where the project/program is taking place.

- 5) **Effective and efficient implementation**– ensure that the resources are used effectively and efficiently to meet the housing needs. Given the expectation that demand for many types of housing will greatly exceed the funds available, it will be critical to maximize the effectiveness and efficiency for housing investments by the PHARE Fund. Preference: Projects/programs that assist the residents with the greatest need in that particular region and can document highly effective strategies to address unmet need.

- 6) **Equitable and transparent** – create a plan and equitable allocation process that provides transparency to all stakeholders. Funding decisions and reporting will be done in accordance with legislative requirements.

Elements of the Plan

Analysis of Need – one of the most critical components of the plan is to continually assess housing need in these communities. From both a quantitative and qualitative perspective the requirement to have accurate, reliable data from which funding decisions can be made is imperative.

It is important to recognize that this data will need to be municipality-specific to capture the unique and likely different housing needs in the various communities. In addition, the housing/real estate markets are diverse across communities and the analysis of need will require an understanding (qualitative and quantitative) of individual markets to make appropriate resource allocation decisions.

Building upon analysis already undertaken by the Agency and the Commonwealth, additional analysis may be performed to assess specific housing issues to identify housing needs (persons with special needs, elderly, larger households, physical disabilities, homeless, etc.) to appropriately target PHARE Fund resources to those in greatest need of housing. In addition to multiple types of housing analysis, PHFA will consider different income levels, nature of housing stock and the housing needs of those across a broad spectrum (homeless, near homeless, very low income, low income, temporary and seasonal workers, and permanent work force, etc.)

Understanding of real estate market dynamics – the plan for the utilization of these resources has been developed to address and continuously reevaluate the specific housing real estate markets in each community. The housing and real estate development “capacity” will also have significant impact on the ability of these funds to be used effectively and efficiently to meet the needs of the communities. There will be need for ongoing analysis of capacity (private, non-profit, public) as part of the plan. Some communities may not have had a significant housing market in decades while in others there may be a robust market addressing a significant portion of housing needs. The plan will help determine where additional housing development may be necessary, or where other strategies may be implemented for meeting the housing needs in those communities.

Allocation and use – The funding vehicle’s allocation process, created by the plan, must also be supportive of and responsive to the needs of the housing and real estate development market and should foster coordinated local housing plans and resources. Funds may be used to support predevelopment, site acquisition and infrastructure development, planning and preconstruction activity in addition to direct support of development and operation of projects and housing programs including employee assisted housing programs. Funds may be provided in various forms designed to best support the particular activity including grants; market rate, amortizing, balloon, bridge or soft loans; capital contributions; capital financing subsidy support; operating and supportive service reserve funding; rental or homeowner assistance. Funds may be specifically allocated to address timing issues presented in the development of affordable housing projects; i.e., when other financing is available, construction season, local zoning or other approvals. In addition, funding may be directed for administration by the Agency for certain projects approved for low income housing tax credits or other PHFA resources. Preliminary allocations may be made for projects/programs awaiting approval of

additional resources. Projects/programs that do not commence within 1 year may have the preliminary allocation withdrawn.

High quality design and construction – a vital element of the plan will be the development of housing that is both of good quality design and construction and will be sustainable over a long period of time.

The opportunity to meet the growing housing needs in these communities will necessitate that this housing be available as an asset for the community for many generations. To meet that objective requires that projects funded with these resources meet the highest design and construction quality standards available and that all projects ensure sustainability to the long term (both financial and physical). Funds may be specifically allocated to support green and renewable energy sources and as leverage to consumer programs available through utility companies or other business partners.

PHARE Application Process

The elements of the application and allocation process include;

- Adoption of “plan” for managing the anticipated PHARE funds by PHFA each year.
- PHFA will establish an annual application process that will allow the Agency to address local housing needs.
 - PHFA may amend the plan, application and the allocation process at any time, upon written publication of such amendments.
- Announcement of application and possible training/information session concerning the elements of the application.
- Applications accepted and reviewed by PHFA staff based on the application and plan requirements.
- As part of the RFP process, PHFA will recommend that all applicants target a minimum of 30% of their awarded PHARE funds to support households with incomes below 50% of median area income.
- Project recommendations reviewed by PHFA.
- Announcement of preliminary funding approval.

Applicants are expected to satisfy the affordability requirements of the PHARE program and commit to a long term sustainable program to maintain affordability (which may be documented with restrictive covenants or other program documents). Applicants must abide by prevailing wage where applicable.

Timeline

The Agency will align the application and funding timelines of its programs that support multifamily affordable rental housing - Tax Credits, PennHOMES and PHARE (Marcellus Shale, RTT and HTF) - to strategically and efficiently allocate these resources.

The following is the proposed timeline for 2018 program administration:

- Tax Credit Allocation Plan and PHARE Plan – Initial Draft (PHARE – November 2018, QAP – March 2019)
- Tax Credit Allocation Plan and PHARE Plan – Final (PHARE – March 2019, QAP – June 2019)
- Intent to Submit (Tax Credit) July 2019
- PHARE RFP – Issued August 2019
- Tax Credit Applications Due November 2019
- PHARE Applications Due November 2019
- PHARE Funding Awards May 2020

PHARE/Marcellus Shale Impact Fee (Act 13 of 2012)

Purpose and Priorities for Funding

The Marcellus Shale Impact Fee (Act 13 of 2012) provides the funding mechanism to address the housing needs in impacted counties/communities of the Marcellus Shale region. Fifty percent (50%) of the awarded funds must be spent in 5th through 8th class counties.

The Marcellus Shale Impact Fee legislation (the "Impact Fee Act") specifically allocates certain amounts from the impact fee into the PHARE Fund to address the following needs, including;

1. Support for projects that increase the availability of affordable housing for low and moderate income persons and families, persons with disabilities and elderly persons in counties where unconventional gas wells have been drilled (regardless of production levels),
2. Provide rental assistance, in counties where unconventional gas wells have been drilled, for persons or families whose household income does not exceed the area median income, and
3. Specifies that no less than 50% of the funds are to be used in fifth, sixth, seventh and eighth class counties.

Direct Allocation - PHARE Fund will receive a direct yearly allocation from the portion of funds set aside for local distribution. The direct allocation is as follows: \$5.0 million each fiscal year beginning in 2013 and thereafter.

Windfall/Spillover Funds - Additional funds may become available because the Impact Fee Act limits amounts allocated to qualifying municipalities (as defined in the Impact Fee Act) and provides that any money remaining, after all allocations have been made to qualified municipalities, would also be deposited into the PHARE Fund.

It is likely that the funds in this program will not be sufficient to meet all the housing needs and mitigate every housing impact created by the shale gas development; therefore investment decisions will target the limited funds to projects that meet the principles outlined above and most comprehensively address the elements of the plan.

Where possible these funds will be targeted and stay focused on mitigating the very specific housing impacts created by the shale development in the impacted and designated communities. This element will likely result in the determination that while there may be worthy housing projects that could be funded with these resources, the focus of development will be on most comprehensively addressing the direct and tangible housing impacts. Priority may be given to target resources in tandem with approved county housing trust fund plans and/or plans for the utilization of local share impact fee funds.

Eligible Applicants

Applicants eligible to receive PHARE/Marcellus Shale funds include counties that have adopted impact fees as well as municipalities who have further contributed to PHARE via windfall/spill over funds from the impact fee. While only eligible applicants may apply, nonprofit and for profit organizations may be part of the application process.

Counties and municipalities may also delegate the role of “applicant” to a nonprofit or for-profit organization for purposes of the application. In the case where a county or municipality has designated another organization, agency or department to apply on their behalf, documentation identifying such must be included in the application.

There are many diverse interests that are concerned about the anticipated housing impact and therefore how these resources will be allocated to address the need. To the greatest extent possible opportunities should be created for relevant and legitimate stakeholders to comment and advise the plan. This element will need to be managed for practicality and efficiency in order to maximize input. Preference: Applications that 1.) Provide a process where members of the community and other stakeholders may provide input on the application prior to submission; and/or 2.) Include Optional Affordable Housing funds (Act 137 of 1989) and/or local share portions of the impact fee.

PHFA also requests that applicants include information on how the county is using local shares of public resources, including local Act 13 funds and Act 137 (county-based housing trust fund) monies, to address housing needs in the community.

Preliminary approval and funding of applications is contingent upon receipt of funds under Act 13 of 2012.

PHARE/Realty Transfer Tax Fund (Act 58 of 2015)

In November 2015, Governor Wolf signed Act 58 of 2015, which, in part, directs certain Realty Transfer Tax (RTT) receipts to the Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE, Act 105 of 2010). This revenue source is available in all 67 counties of the Commonwealth.

Under Act 58 of 2015 (RTT), PHFA's PHARE program will receive an allocation of funds based on a formula using 2014 year as a base. (The annual amount available for the PHARE program will be equal to the lesser of forty percent (40%) of the difference between the total dollar amount of the Realty Transfer Tax imposed under section 1102-C of the Tax Reform Code of 1971 collected for the prior fiscal year and the total amount of RTT estimated for the fiscal year beginning July 1, 2014.) The PHARE/RTT fund will be capped at \$25 million annually. Funding allocations and reporting will be completed in accordance with PHARE requirements.

Purpose and Priorities for Funding

The PHARE/RTT Program will provide funds to projects/programs providing sustainable and comprehensive solutions to address housing and community development needs across the Commonwealth.

These funds will be directed to address clearly articulated needs in communities based on the following priorities;

1. Preservation of the current stock of rental housing or the development/creation of new affordable rental housing to address unmet local need. This includes projects/programs for the elderly in danger of losing their homes and rental assistance to help families remain in their residence.
2. Funding for projects/programs to address ongoing housing needs for reducing homelessness, including specific and targeted vulnerable populations (veterans, persons with disabilities, supportive housing for the elderly, re-entry population, families and youth).
3. Funding for comprehensive housing and redevelopment efforts that address blighted and abandoned properties impacting concerted community revitalization efforts, supported by clearly articulated community plans. This could include a variety of housing/redevelopment strategies such as acquisition, demolition, construction, rehabilitation, site remediation, and other efforts.
4. Creating new opportunities for affordable homeownership. This may include closing cost/ down payment assistance, financial education/counseling or other forms of assistance to potential first-time homebuyers as well as the development/construction of new homes and rehabilitation of existing housing.
5. Other efforts that address unmet housing and community development needs. This could include projects and programs to assist persons living in manufactured communities,

homeowners to remain in their homes through renovation/mortgage/utilities or other forms of housing services and assistance, addressing environmental conditions such as lead paint abatement, and emergency temporary housing needs resulting from disasters.

Priorities for Selection

PHARE/RTT awards will be directed to projects and programs based on the following criteria for selection:

- Projects/programs that show significant leveraging of other funds (local, state and federal, public and private) to ensure maximum impact.
- Projects/programs that have all funding committed and can move rapidly to implementation and utilization.
- Projects/programs that embrace, partner with, and/or are incorporated into a larger local, county, or regional housing development plan.
- Projects/programs that satisfy local planning/zoning ordinances.
- Projects/programs that affirmatively further fair housing.
- Funding for rental housing projects (5 or more units) will adhere to PHFA's Development processes.
- Projects/programs that are specifically designed to address a clearly articulated need in a community or specific population.
- Projects/programs that embrace innovative approaches to statewide housing and community development issues, address underserved and unmet housing needs across the Commonwealth and otherwise meet overall Agency goals for tackling community redevelopment.
- Documented capacity or applicant and ability to proceed with the project/program in a timely manner.

Eligible Applicants

Applicants eligible to receive PHARE/RTT funds include units of local government (counties, cities, boroughs, townships, town and home rule municipalities), nonprofit and for-profit entities, and economic, community, and housing developments organizations in all 67 counties of the Commonwealth.

All applicants are expected to satisfy the affordability requirements of the PHARE program and commit to a long term sustainable program to maintain affordability (which may be documented with restrictive covenants or other program documents). Applicants must abide by prevailing wage labor payment standards where applicable.

All funds will have expenditure deadlines and approved programs/projects must be commenced within one year of funding reward. Additional requirements for application submission will be outlined in the annual RFP.

Preliminary approval and funding of applications is contingent upon receipt of funds under Act 58 of 2015.

PHARE/National Housing Trust Fund (HTF)

The National Housing Trust Fund ("HTF") was enacted as part of the Housing and Economic Recovery Act of 2008 ("HERA") to provide resources to develop, preserve and rehabilitate housing for very low income and extremely low income households. Funding for the HTF is derived from Fannie Mae and Freddie Mac earnings.

HTF funding will be made available to provide additional financial support to Tax Credit properties which increase the number of units set aside for Extremely Low-Income ("ELI") tenants. The Agency received approval from HUD of Pennsylvania's HTF Allocation Plan and is awaiting release of funding from HUD. Upon receipt of HUD program documents and release of funding, the Agency will announce the application process in accordance with the HTF Allocation Plan.

A copy of the approved HUD HTF Allocation Plan can be found at:
<http://www.phfa.org/legislation/act105.aspx>

Pennsylvania Housing Finance Agency
Memorandum

Date: February 7, 2019

To: Members of Board of
Pennsylvania Housing Finance Agency

From: Brian A. Hudson
Executive Director & CEO



Re: Pennsylvania Housing Finance Agency
Single Family Mortgage Revenue Bonds,
Series 129 and Series 130

On February 25, 2019, the Agency will be closing on its \$201,595,000 Series 2019-128 Single Family Mortgage Revenue Bonds. Some of the bond proceeds are funding our single family mortgage loan origination program, providing 30 year mortgages with rates between 4.25% and 5.0%. Other proceeds of this bond issue have refunded three prior bond series, reducing the Agency's borrowing costs and generating savings to help subsidize the lower mortgage rates in our production program. (The all-in borrowing for the Series 128 was 3.810%)

All of the proceeds have been reserved and we continue to originate loans in our production pipeline (currently offering rates between 4.25% and 4.75%.) Hence it is time to commence work on the next bond financing transaction in the program to allow the Agency. Looking forward, mortgage rates appear to be relatively steady and the spring homebuyer season is right around the corner.

We are seeking authorization to proceed with the next two bond issues in the program, with a delegation to the Finance Committee to finalize all terms and conditions related to the issuance of each of these transactions. The attached resolutions authorize the transactions.

RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING
FINANCE AGENCY AUTHORIZING THE ISSUANCE OF
SINGLE FAMILY MORTGAGE REVENUE BONDS,
SERIES 129

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

WHEREAS, the Agency has determined to issue its Single Family Mortgage Revenue Bonds, Series 129 in accordance with a resolution to be attached hereto and made a part hereof ("Series Resolution"); and

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

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 21st day of February, 2019 as follows:

Section 1. Adoption of the Series 129 Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 129 (the "Bonds") is hereby incorporated herein by reference and is adopted by the Agency.

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

(b) The final terms of the Series 129 Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 129 Bonds shall not exceed \$350,000,000, (ii) the final maturity of the Series 129 Bonds shall be no later than 2060, and (iii) the initial interest rate or rates on the Series 129 Bonds shall be a rate or rates resulting in a net interest cost no higher than 8% per annum.

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

Section 4. Effective Date and Official Intent. This Resolution shall take effect immediately and shall serve to declare the official intent of the Agency to allow reimbursement of qualified capital expenditures from proceeds of the Bonds in accordance with Treasury Regulations.

RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING
FINANCE AGENCY AUTHORIZING THE ISSUANCE OF
SINGLE FAMILY MORTGAGE REVENUE BONDS,
SERIES 130

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

WHEREAS, the Agency has determined to issue its Single Family Mortgage Revenue Bonds, Series 130 in accordance with a resolution to be attached hereto and made a part hereof ("Series Resolution"); and

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

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 21st day of February, 2019 as follows:

Section 1. Adoption of the Series 130 Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 130 (the "Bonds") is hereby incorporated herein by reference and is adopted by the Agency.

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

(b) The final terms of the Series 130 Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 130 Bonds shall not exceed \$350,000,000, (ii) the final maturity of the Series 130 Bonds shall be no later than 2060, and (iii) the initial interest rate or rates on the Series 130 Bonds shall be a rate or rates resulting in a net interest cost no higher than 8% per annum.

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

Section 4. Effective Date and Official Intent. This Resolution shall take effect immediately and shall serve to declare the official intent of the Agency to allow reimbursement of qualified capital expenditures from proceeds of the Bonds in accordance with Treasury Regulations.