

**BOARD MEETING AGENDA**

**THURSDAY, SEPTEMBER 12, 2019**

**10:30 A.M.**

1. CALL TO ORDER AND ROLL CALL
2. APPROVAL OF THE MINUTES FROM THE JULY 11, 2019 BOARD MEETING
3. POLICY COMMITTEE REPORT
  - A. 2019/2020 PHARE Plan Amendment
  - B. Approval of Second Amendment to the 2019 Tax Credit Allocation Plan
  - C. Other Business
4. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT
  - A. 2019/2020 PHARE Supplemental Allocation
  - B. Request for Tax-Exempt Financing
    1. Norris Homes Phase V, Philadelphia, Philadelphia County
    2. Sandy Hill Terrace, Norristown, Montgomery County
    3. Episcopal House, Allentown, Lehigh County
  - C. Request for Agency Financing – Stone Ridge, York, York County
  - D. Other Business
5. APPROVAL OF LOAN FROM TRISTATE CAPITAL BANK
6. APPROVAL OF SINGLE FAMILY MORTGAGE REVENUE BONDS, SERIES 131 AND 132
7. OTHER BUSINESS
8. ADJOURNMENT

**Pennsylvania Housing Finance Agency  
Meeting of the Board  
July 11, 2019**

**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  
\*Beth Ellis (serving in the stead of  
Teresa Miller, Secretary, Human Services)  
Ross Nese  
\*John P. O'Neill  
John Paone  
Jennifer Langan (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  
Carl Dudeck, Director of Housing Management  
Kathryn Newton, Director of Loan Servicing  
Coleen Baumert, Director of Homeownership  
Bryce Maretzki, Director of Strategic Policy & Planning  
Scott Elliott, Director of Communications  
Ali Tomich, Director of Western Region  
Jay Hauser, Director of Eastern Region  
Jordan Laird, Director of Finance  
Melissa Grover, Director of Government Affairs  
Charlotte Folmer, Executive Director, Commonwealth Cornerstone Group  
Lori Toia, Director, Homeowners Emergency Mortgage Assistance Program  
Ken Bobb, Senior Construction Document Examiner  
Bill Bailey, Senior Development Officer  
Stanley Salwocki, Manager of Architecture & Engineering  
Lisa Case, Manager of Project Operations  
David Doray, Manager of Multifamily Underwriting  
Linda Stewart, Manager of Tax Credit Program  
Ed Neuhart, Manager of Financial Operations

Gelene Nason, Manager of Housing Services  
Bob Milne, Development Officer  
Sherry Pates, Senior Development Officer  
Kelly Wilson, Development Officer  
Yashira Aybar, Development Officer  
Lynette Davenport, Development Officer  
Dave Gregorits, Development Officer  
Joe Scott, Development Officer  
Clay Lambert, Business Policy Officer  
Ray Carey, Policy Associate  
Chris Anderson, Communications Officer  
Kristen Nagel, 811 Program Administrator  
Lilia Putt, Development Intern  
Jesse Murphy, Assistant Business Analyst  
Frank Bobak, Senior Systems Analyst  
Beth Silvick, Senior Development Officer  
Autumn Summerville, Development Officer  
Debra Clark, Multifamily Coordinator  
Michelle Lugo, Administrative Assistant  
Joanna Ball, Tax Credit Officer  
Adam Kitchen, Environmental/Site Specialist  
Tajuanna Franklin, Office of Senator Austin Davis  
Diane McNaughton, Office of Senator Brooks  
Ryan Bailey, Pennrose  
Levana Layendecker, Housing Alliance  
Anne Francois, Housing Alliance  
Bryan Shumway, Wishrock  
Bob Totaro, RCT Advisors  
Jenna McCarthy, Malady Wooten, Inc.  
Ron Boston, Duane Morris Government Strategies, LLC  
Jim Pianka, JMG  
Robert Foggio, Jefferies LLC  
Mitch Gallo, RBC Capital Markets, LLC  
Joe Monitto, Bank of America Merrill Lynch  
Greg Brunner, M&T Securities  
Patrice Mitchell, Wells Fargo Bank, N.A.  
Joe Tait, Raymond James  
Paul Haley, Barclays  
Alan Flannigan, Department of Banking and Securities  
Robert Theil, NewCourtland Senior Services  
Kimberly Smeal, Assistant Secretary  
Maggie Strawser, Assistant Secretary  
Carrie M. Barnes, Secretary

A meeting of the Members of the Board of the Pennsylvania Housing Finance Agency was held on Thursday, July 11, 2019 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 July, 2, 2019.

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

The meeting was called to order by Chair Wiessmann at 10:55 a.m. The roll was called and a quorum was present.

**2. APPROVAL OF THE MINUTES FROM THE JUNE 20, 2019 BOARD MEETING**

Chair Wiessmann requested that the June 20, 2019 Board minutes be amended to reflect the fact that she abstained from voting on the motion regarding the salary decisions made by the Board in Executive Session. The minutes will be amended to reflect this action.

**A motion was made that the minutes from the June 20, 2019 Board meeting be approved as amended. This motion was seconded by Mr. Schwartz and was unanimously approved.**

**3. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT**

Mr. Lenker as Acting Chair of the Program and Development Review Committee reported that the Committee met prior to the Board meeting to discuss and review the following items.

**A. Review and Approval of the 2019 PHARE Allocation of Resources**

Mr. Marezki briefly reviewed the history of the Pennsylvania Housing Affordability and Rehabilitation Enhancement Program (PHARE). He noted that there are three funding sources for the PHARE program. They include the impact fee from drillings in the Marcellus Shale regions throughout the Commonwealth; the revenue from the Realty Transfer Tax (RTT) and the monies from the National Housing Trust Fund (HTF) which are determined by the volume of business done by FreddieMac and FannieMae.

For the current year, the Agency received \$7,500,000 from the Marcellus Shale impact fee; \$25,000,000 from the RTT revenue; and \$7,500,000 from the HTF. The monies are used to fund projects across the Commonwealth which meet certain criteria under the PHARE Allocation Plan.

The Board approved the Final Plan in March 2018 and applications for funding were to be submitted to the Agency by November 16, 2018.

The Agency received 315 applications requesting \$125,410,000 in PHARE funding across all three funding sources (47 applications requesting \$8,930,000 of Marcellus Shale funds; 239 applications requesting \$69,530,000 of RTT funds; and 60 applications requesting \$48,810,000 in HTF funds. Mr. Marezki noted that the Agency retains five percent of the total available funds for administration of the program.

Staff has reviewed all of the applications in accordance with the Plan. Staff recommends approval of the process.

Mr. Marezki noted that the cap on the RTT funding portion of the program has been raised from \$25,000,000 to \$40,000,000 with the approval of the State's Fiscal Year 2019/2020 budget. Mr. Hudson expressed his appreciation to Senator Haywood and Senator Vogel for their support in obtaining this increase. Needless to say, the Agency is very pleased with that increased funding.

Staff recommends approval of the resolution submitted to the Board regarding the processing of the PHARE programs and the projects.

Mr. Lenker thanked Mr. Marezki and the Agency staff for their work in reviewing all of the applications received and making recommendations to the Board. The Board was reminded that the resolution simply approved the process, not the individual projects.

**Mr. Lenker made the motion that the Board approve the resolution regarding the processing of the Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund programs and projects. This motion was seconded by Mr. Paone.**

Mr Schwartz believes that the fact that the Legislature increased the PHARE funding to \$40,000,000 reflects directly on the Agency doing a good job and making the program work. Chair Wiessmann echoed Mr. Schwartz's comments.

Mr. Hudson congratulated Mr. Marezki and other staff members for job well done on this program. He also thanked the Board for their vote of confidence in Agency staff.

**Chair Wiessmann called for a vote on the motion that the Board approve the resolution regarding the processing of the Pennsylvania Housing Affordability**

**and Rehabilitation Enhancement Fund programs and projects. The motion passed unanimously. (See Appendix 1 of these Minutes.)**

**B. Review and Approval of the 2019 Low Income Housing Tax Credit Allocation Process**

Ms. Glauser reported that the Agency received 86 applications (one was withdrawn) for funding requesting in excess of \$95,000,000 in tax credits; in excess of \$13,000,000 in PennHOMES funds; and in excess of \$49,700,000 in PHARE funds. The Agency's tax credit allocating authority is \$35,299,459; less forward commitments and awards of additional tax credits to 2018 developments to date of over \$9,600,000.

She briefly reviewed the Allocation Plan process which staff undertook in evaluating and ranking each development.

A group of affordable housing professionals selected North Negley Residences in Pittsburgh as the "Innovation in Design" awardee. This project will receive special recognition for its excellence in design, implementation of current and future energy efficient technologies and leveraging community and capital resources.

Ms. Glauser also reported that staff is requesting authorization to make an allocation of 9% tax credits for the City's Edge project located in Pittsburgh. This project previously received approval from the Board for a conditional commitment of up to \$30,000,000 of private activity funds and a preliminary reservation of PHARE funds to support the 4% phase of the development.

Lastly Ms. Glauser noted that the Highpoint Towers development in Erie is the recipient of a \$750,000 award from the Capital Magnet Fund which has been awarded to the Agency by CDFI.

Mr. Lenker reported that the Program and Development Review Committee recommends approval of the 2019 Low Income Housing Tax Credit Allocation process.

**Mr. Lenker made the motion that the Board approve the year 2019 Federal Low Income Rental Housing Tax Credit Allocation process and authorize certain Agency actions regarding program funding. This motion was seconded by Ms. Coutts and was unanimously approved. (See Appendix 2 of these Minutes.)**

**C. Approval of the Year 2020 RFP for Tax-Exempt Volume Cap**

Ms. Glauser reported that each year the Agency issues a Request for Proposals for developments seeking private activity bond volume cap. For 2020, applicants must submit a preliminary application for review by the Agency for financial viability and tax credit eligibility. PHFA will determine preliminary feasibility of the application and will then invite those applicants who are eligible to submit a full underwriting application.

Staff is requesting the Board's approval of the Request for Proposals for 2020 Tax- Exempt Private Activity Bond Allocations.

**Ms. Possinger made the motion that the Board approve the Request for Proposals for 2020 Tax- Exempt Private Activity Bond Allocations as presented by staff. This motion was seconded by Mr. Croushore and was unanimously approved. (See Appendix 3 of these Minutes.)**

**D. Approval of ReCLAIM Loan Requests**

**1. Givner Building, Homewood, Allegheny County**

Mr. Maretzki reported that the Agency has entered into a partnership with The Heinz Endowments, the Richard King Mellon Foundation, the Pittsburgh Urban Redevelopment Authority and others to fund the Revised Community Leveraging Assistance Initiative (ReCLAIM) program which has been modeled after the success of the Agency's Mixed Use Facility Financing (MUFFI) program. This program will be offered in certain targeted neighborhoods to promote redevelopment.

The Board authorized a set-aside of \$1,500,000 for this program. This set-aside will be matched by both The Heinz Endowments and the RK Mellon Foundation.

Mr. Maretzki reviewed the Givner Building project and its financing plan. He reported that the requested loan of \$600,000 would assist in the redevelopment of this vacant building along the commercial corridor in the Homewood neighborhood. It would provide six affordable housing units as well as commercial space. This project has the support of both The Heinz Endowments and the RK Mellon Foundation.

Staff recommends approval of this loan request in an amount not to exceed \$600,000.

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

**Mr. Lenker made the motion that the Board approve the resolution authorizing the funding of the ReCLAIM initiative proposal for the Givner Building. This motion was seconded by Mr. Nese and was unanimously approved. (See Appendix 4 of these Minutes.)**

**2. Boston Store Place, Erie, Erie County**

Mr. Maretzki reported that the Agency has entered into a partnership with The Erie Community Foundation and other public and private funders in Erie County to fund this Revised Community Leveraging Assistance Initiative (ReCLAIM) program which has been modeled after the success of the Agency's Mixed Use Facility Financing (MUFFI) program. This program is being offered as a pilot program in the City of Erie and they are seeking applications for projects that are part of a comprehensive strategy for redevelopment and community revitalization in certain neighborhoods.

The Board previously authorized a set-aside of \$1,000,000 for this program. This set-aside is being matched by The Eric Community Foundation and other funders committing local resources as a match for the program.

Mr. Maretzki reviewed the Boston Store Place project and its financing plan. He reported that the requested loan of \$1,000,000 would assist with the purchase and the rehabilitation of the Boston Store located in the Central Business District of Erie.

Staff recommends approval of this loan request in an amount not to exceed \$1,000,000.

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

**Mr. Lenker made the motion that the Board approve the resolution authorizing the funding of the ReCLAIM initiative proposal for the Boston Store Place project. This motion was seconded by Mr. Croushore and was unanimously approved. (See Appendix 5 of these Minutes.)**

**E. Portfolio Preservation Refinancing – Hulton Arbors, Penn Hills, Allegheny County**

Mr. Dudeck reported that the owner of this project has requested permission to prepay the mortgage. The Agency must be assured that the development will extend the use agreement to ensure that the units remain as affordable housing stock in Pennsylvania for at least 30 years. The Agency must not incur any economic losses because of the refinancing and the refinancing must not create an economic hardship on the development. Staff has been assured that these conditions will be met.

Mr. Dudeck briefly reviewed the project and its financing plan. He stated that staff recommends approval of this request.

Mr. Lenker reported that the Program and Development Review committee concurs with staff's recommendation of approval.

**Mr. Lenker made the motion that the Board approve the resolution authorizing portfolio preservation refinancing for the Hulton Arbors project. This motion was seconded by Ms. Possinger and was unanimously approved. (See Appendix 6 of these Minutes.)**

**F. Other Business**

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

**4. INVESTMENT BANKER REPORT**

Mr. Gallo of RBC Capital Markets presented the investment banker report.

He reported that the economy remains strong despite the trade tensions and it is expected that it will continue along that same path. He stated that private savings are at a record high and consumer spending and confidence also remain strong. Finally, he reported that inflation remains exceptionally stable. Trade tensions do exist however.

Mr. Gallo stated that there has been very strong job growth and employment rates have also been increasing.

**5. DEVELOPMENT STATUS REPORT**

There were no comments or questions on this report.

**6. PHFA INVESTMENT REPORT**

There were no comments or questions on this report.

7. **OTHER BUSINESS**

A. **No August, 2019 Board Meeting**

Mr. Hudson reported that there will not be an August Board meeting. Should anything arise where a meeting needs to be convened, the members will be contacted by the Secretary.

B. **Conference Call Board Meetings**

Mr. Hudson reported that both the September 12 and October 10 Board meetings will likely be conference call meetings. Members will be contacted by the Secretary regarding these meetings.

C. **November Board Meeting**

Mr. Hudson informed the Board that the meeting date for the November meeting has been changed to Wednesday, November 6 and will be held in Philadelphia in the City Council's Chamber. There will be a dinner on Tuesday, November 5 at a place to be determined. The Secretary will be in contact with the members regarding this meeting as the date approaches. Any questions should be directed to the Secretary.

D. **Meeting with FHFA Director**

Mr. Hudson reported that NCSHA has scheduled a meeting with FHFA Director Mark Calabria later this month. Mr. Hudson has been invited to attend. The purpose of the meeting would be to inform the Director of the impact that housing finance agencies have on affordable housing.

E. **Meeting with FannieMae**

Mr. Hudson reported that NCSHA has also scheduled a meeting with FannieMae to discuss student debt. They want to discuss how to assist those with student debt to be able to qualify for home purchase. Mr. Hudson will report the findings of this meeting to the Board.

G. **House Bill 751**

Ms. Coutts reported that the Pennsylvania Builders Association is pleased to announce that the Governor signed HB 751 into law on July 2, 2019. This legislation remediated a recent change in federal tax law that had affected the way local utilities passed through taxes, resulting in higher construction costs of new homes.

H. **Other Business**

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

8. **ADJOURNMENT**

There being no further business to be discussed, a motion was made and seconded that the Board meeting be adjourned. The motion was unanimously approved. The meeting adjourned at 11:50 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, September 12, 2019 at 10:30 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carrie M. Barnes".

Carrie M. Barnes  
Secretary

**PENNSYLVANIA HOUSING FINANCE AGENCY  
MEMORANDUM**

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

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



**Date:** September 12, 2019

**Re:** 2019/20 Pennsylvania Housing Affordability and Rehabilitation  
Enhancement Fund (PHARE) Plan Amendment

In November 2010, the General Assembly passed the Pennsylvania Housing Affordability and Rehabilitation Enhancement Program ("PHARE") (Act 105 of 2010), establishing 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.

The PHARE program, funded through various sources, is administered through an Allocation Plan. The Plan is adopted annually, pursuant to the provisions of Act 105, and sets forth the process and timeline for applications to be received and considered for funding from each of the available sources.

The Allocation Plan for 2019 was adopted earlier this year and the Board approved the Plan in February, 2019. The Agency is now proposing to amend the previously approved 2019 PHARE Plan; to provide an ability to respond to immediate, emergency housing needs that may arise outside of the scheduled funding cycle. The amended plan will allow the Agency to allocate PHARE resources to address unmet, unanticipated, critical needs throughout the Commonwealth in line with the goals and priorities of the Plan.

Additionally, the Agency would like to amend the language in the Allocation Plan to extend by one year the timeline by which organizations are to implement PHARE awards. All PHARE funds awarded to programs/projects must now be fully disbursed within two years of the funding award.

The PHARE Plan adopted in February includes a provision allowing amendment to be made upon written publication of such adopted amendments. Notice of these changes to the Allocation Plan will be included on the Agency's website.

Staff is recommending approval of the proposed changes to the 2019 PHARE Allocation as outlined.

## 2019/2020 Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund PLAN - 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 Program Year 2019/2020, 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").

In the event that additional funds become available at any time, PHFA will administer them in accordance with this Plan, and without the need for additional notices or amendments.

**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.



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.

7) **Emergency Response to Critical Needs** – providing immediate and necessary funding to address an emergent crisis, emergency housing need or other unanticipated issues that may arise over the course of the year. The PHARE funds could be rapidly deployed to address these significant, unmet and emergency housing needs in the Commonwealth as determined by the Agency.

## 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.

PHFA may allocate existing funds, or funds that may become available, at any time outside of the application cycle but consistent with the Principles, Goals and Elements of this Plan.

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 2019 program administration:

- Tax Credit Allocation Plan and PHARE Plan – Initial Draft (PHARE – December 2019, QAP – March 2019)
- Tax Credit Allocation Plan and PHARE Plan – Final (PHARE – March 2020, QAP – June 2019)
- Intent to Submit (Tax Credit)            September 2019
- PHARE RFP – Issued                        September 2019
- Tax Credit Applications Due                November 2019
- PHARE Applications Due                    November 2019
- PHARE Funding Awards                    July 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 5<sup>th</sup> through 8<sup>th</sup> 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 **\$40 (increased cap enacted as part of FY19/20 final approved State Budget)** 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, rapid rehousing efforts 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 two years 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>

**Date:** September 12, 2019

**Subject:** **Second Amendment to the 2019-2020 Allocation Plan  
Low Income Housing Tax Credit Program**

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

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

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On July 12, 2018, the Agency adopted the 2019-2020 Allocation Plan for the Low Income Housing Tax Credit Program (“Allocation Plan”) which covered application requirements for Year 2019 and 2020 Tax Credits. On June 20, 2019, the Agency amended the Allocation Plan to address certain changes in regulatory guidance and eligibility criteria since the adoption of the Allocation Plan.

At this time, Agency staff is recommending the subsequent amendment of the Allocation Plan for applications submitted in 2020. Accordingly, on August 28, 2019, PHFA held a public hearing seeking comment on the proposed changes. The Second Amendment to the Allocation Plan was posted to our website as well as emailed to those on our mailing list. The Agency received limited comment on the proposed changes outlined below:

**Extension of Tax Credit Compliance Period to 40 years**

Section 42 of the Internal Revenue Code of 1986, as amended, requires a minimum extended use (“Compliance Period”) for Tax Credit developments of 30 years. The Agency increased the Tax Credit Compliance Period to 35 years in the 2017-2018 Allocation Plan. For developments seeking an allocation of Tax Credits in 2020, the Compliance Period will be increased to 40 years.

**Development Sustainability and Energy Conservation**

From time to time, the Agency receives proposals from existing developments that do not have air conditioning in the units. Previously, the Allocation Plan did not require air conditioning in preservation properties but strongly encouraged it if financially viable. For 2020, Agency staff recommends that all preservation developments include air conditioning in the scope of work.

Additionally, the Second Amendment to the Allocation Plan revised certain green and energy efficiency criteria to adopt current standards.

**Selection Criteria Consideration– Soft Funding**

The Agency recommends that in order to be considered for inclusion of soft financing as part of the Commitment of Funds selection criteria, soft financing (cash flow or deferred repayment) must not exceed the applicable federal rate (“AFR”). In recent years, developments increasingly place an interest rate significantly above AFR. Upon re-syndication or recapitalization, these loans often contribute to higher sale value or transfer value, inflating the cost and use of additional resources at recapitalization. Agency staff recommends discontinuing the provision of leverage points for soft loans above AFR in 2020.

Staff requests your approval of the attached Second Amendment to the Allocation Plan. Upon your approval, the amendment will be forwarded to the Governor for approval in accordance with federal tax law.

**DRAFT**  
**Second Amendment to the Pennsylvania Housing Finance Agency's  
Allocation Plan for Year 2019-2020  
Low Income Housing Tax Credit Program**

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The Pennsylvania Housing Finance Agency (the "Agency") administers the Federal Low Income Housing Tax Credit Program ("Tax Credit Program") in the Commonwealth of Pennsylvania ("Commonwealth"). On July 12, 2018, the Agency adopted a plan (the "Allocation Plan") outlining the allocation priorities and procedures to be followed in distributing Federal Low Income Housing Tax Credits ("Tax Credits") based on the housing needs of the Commonwealth.

The Agency is hereby amending the 2019-2020 Allocation Plan as follows:

**1. With respect to the compliance period for commitment to serve low income residents:**

The first and second sentences of Paragraph 8 on Page 4 shall be amended to read:

Applications for Tax Credits must demonstrate a commitment to serve low income residents for a period of not less than 40 years or, in the alternative, offer homeownership opportunities to qualified residents after the initial 15 year compliance period. For the commitment to serve low income residents for a period of not less than 40 years, Applicant will certify this commitment in the Application and the Restrictive Covenant Agreement will contain a provision waiving any right to petition the Agency to terminate the extended use term (as described in the Code).

The last sentence in the second paragraph on Page 20 shall be amended to read:

The Restrictive Covenant Agreement will run for forty (40) years.

**2. With respect to Development Sustainability and Energy Conservation Measures:**

The Air Conditioning paragraph on Page 12 shall be amended to read:

- Air Conditioning. For new construction, substantial rehabilitation and preservation developments, all commons spaces (except stair towers, mechanical rooms and storage rooms) must be air conditioned.

The second paragraph in this section should be deleted in full.

The first section in Paragraph 6 on Page 13 shall be amended to read:

- All newly constructed multifamily buildings shall comply with the requirements of the 2015 Enterprise Green Communities program Criteria 5.1a or 5.1b. All substantially rehabilitated multifamily buildings shall comply with the requirements of the 2015 Enterprise Green Communities program Criteria 5.1c or 5.1d. Preservation developments shall meet the mandatory measures found in the "Design Architect's/Applicant's Certification of Threshold Criteria" in the Guidelines. (Not required if Applicant commits to achieving certification under one of the Green Building Standards listed in the Selection Criteria.)

References to the 2009 International Conservation Code in Paragraph 6 on Page 16 shall be amended to reflect the 2015 International Energy Conservation Code.

3. **With respect to funding from cash flow or deferred repayment (“soft financing”), Selection Criteria D.5. related to Commitment of Funds on Pages 33 and 34 shall be amended to read:**

- Inclusion of Private Capital and Soft Debt Funds – The Agency may award up to eight (8) points for the inclusion of permanent amortizing debt and/or soft financing **with an interest rate at or below the long term applicable federal rate in effect at the month of closing (which shall be evidenced by an executed note at closing)** which may include financing from state or local programs, nonprofit organizations, private capital, and permanent funding from foundations and/or federal programs. This category includes equity from historic tax credits and land and/or building donation (subject to verification by a current appraisal). This category does not include a PennHOMES or PHARE Program request that has not been approved. Applications with a donation or a reduction in development-related fees (i.e., tap-in, impact, recreational and/or other development rights by the local government unit/municipality) may also be included. The reduction must be measurable and based upon an existing fee schedule that applies to all developments.

Comparison will be made between total qualifying financing and total development costs, with possible points granted as follows:

<b>Participating Jurisdiction Percentage</b>	<b>Nonparticipating Jurisdiction Percentage</b>	<b>Points</b>
5-10%	2-5%	2
>10-20%	>5-10%	4
>20-30%	>10-20%	6
>30%	>20%	8

- Inclusion of Funding Applied For and To Be Applied For – In accordance with the Code, all applications must identify all sources of funding (including those to which the Applicant expects to apply). **Consideration for soft financing will be given for those sources with an interest rate at or below the long term applicable federal rate in effect at the month of closing (which shall be evidenced by an executed note at closing).** The Agency may award up to two (2) points for identified funding listed as applied for or to be applied for. To be considered for points in this category, the amount may not exceed twenty-five percent (25%) of developer fee and Applicant must provide evidence of the commitment to reinvest developer fee in an amount equal to the amount of the identified funding. The Agency will use this funding as a source in determining the Tax Credit award.

<b>Percentage</b>	<b>Points</b>
≤15%	1
≥15.01% -25%	2

**PENNSYLVANIA HOUSING FINANCE AGENCY  
MEMORANDUM**

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

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



**Date:** September 12, 2019

**Re:** 2019/20 Pennsylvania Housing Affordability and Rehabilitation  
Enhancement Fund (PHARE) Supplemental Allocation

In November 2010, the General Assembly passed the Pennsylvania Housing Affordability and Rehabilitation Enhancement Program ("PHARE") (Act 105 of 2010), establishing 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 also 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.

In February 2012, Act 13 of 2012 was signed into law, providing 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 at Treasury. 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 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> class counties. All interest and other earnings remain in the fund. For 2018, PHFA received an allocation of \$7.10 million (\$5.0 million "base", \$2.71 million "surplus") from the Public Utility Commission (PUC) for natural gas wells drilled by companies in 2017.

Act 58 of 2015 provides revenue from the Realty Transfer Tax ("RTT") to PHARE. These additional funds expand the PHARE program to all 67 counties of the Commonwealth. PHARE receives an allocation of funds based on a formula using the 2014 year as a base. The formula makes revenue available to PHARE equal to the lesser of forty percent (40%) of the difference between the total dollar amount of the RTT 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 is to be capped at \$40 million annually and the Department of Revenue will certify the final figures on July 31<sup>st</sup> of each year.

PHARE funds will be provided to projects across the Commonwealth that adhere to local planning/zoning ordinances and include significant leveraging of local, state and national public/private, nonprofit and for-profit funds while addressing the underserved and unmet housing needs of individuals and families. Projects/programs will be expected to show the ability to be implemented rapidly, as part of a larger, local/county/regional housing and community development strategy.

The National Housing Trust Fund (HTF) was enacted as part of the Housing and Economic Recovery Act of 2008 (HERA), P.L. 110-289 (July 30, 2008). HTF receives an annual assessment of 4.2 basis points (0.042%) of the volume of business of Freddie Mac and Fannie Mae, 65% of which is to go to the HTF and administered through the PHARE program to support very low income renters.

Based on the approved amendment to the 2019/20 PHARE Plan, the Agency is proposing to allocate \$3 million to address the immediate need for stable housing among Pennsylvanians recovering from opioid-driven homelessness. These funds will flow through designated Continuum of Care (CoC) organizations that have exhibited capacity to manage these types of resources and programs. This would include (but is not limited to) providing expanded housing opportunities, assistance, and stability to those in need of financial assistance, temporary and long-term housing including recovery houses, and other creative permanent housing solutions.

Proposed Supplemental Allocations include:

- Philadelphia County                      \$1 million
- Allegheny County                         \$1 million
- Balance of Counties                      \$1 million

Staff is requesting Board approval of these emergency, supplemental grants.

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY APPROVING THE  
PROCESSING OF PENNSYLVANIA HOUSING AFFORDABILITY AND REHABILITATION  
ENHANCEMENT FUND (PHARE) 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, in November 2010, the Pennsylvania Housing Affordability and Rehabilitation Enhancement Program ("PHARE") was enacted (Act 105 of 2010), establishing a housing trust fund; which can be used to provide dwellings for rent or purchase to low and moderate-income individuals or families; increase the availability or quality of housing for elderly persons and accessible housing for persons with disabilities; prevent and reduce homelessness; development and rehabilitation of distressed neighborhoods; mortgage or rental assistance including housing counseling, foreclosure prevention and refinancing products; or provide loans or grants to low and moderate income owner occupants for repairs or improvements of their homes; and

WHEREAS, PHARE currently has three separate sources; derived from (a) Act 13 of 2012 (Impact Fee Act), which provides for impact fees relating to activity in the Marcellus Shale region of the Commonwealth and includes funding for PHARE in certain counties of the Commonwealth; (b) Act 58 of 2015 which provides certain revenue from the Realty Transfer Tax (RTT) to PHARE program activities in all 67 counties of the Commonwealth; (to be capped at \$40 million in 2020); and (c) the National Housing Trust Fund (HTF), enacted as part of the Housing and Economic Recovery Act of 2008 (HERA), P.L. 110-289 (July 30, 2008), and funded through an annual assessment of the volume of business of Freddie Mac and Fannie Mae; and

WHEREAS, in accordance with PHARE, the Agency adopted, after public comment, a plan establishing priorities and describing the method in which all PHARE program funds will be distributed (the "Plan"); and

WHEREAS, in accordance with the adopted Plan, the Board has approved certain amendments to allow additional allocations to be made from funds determined to be available in PHARE; and

WHEREAS, staff has outlined and reviewed with the Board availability of PHARE funds and the need for an additional allocation of \$3M to three designated Continuum of Care organizations serving Pittsburgh, Philadelphia and balance of Pennsylvania communities to address immediate housing needs relating to opioid-driven homelessness risks and housing insecurities.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 12th day of September, 2019, as follows:

Section 1. The Agency has determined that funds are available in the PHARE program for immediate distribution.

Section 2. Staff is hereby authorized and directed to provide emergency supplemental allocations of PHARE funds to the designated Continuum of Care facility in each of Philadelphia, Pittsburgh and the balance of state to address the immediate need for stable housing relating to opioid driven homelessness and housing insecurity and to take all steps necessary to administer the allocation of PHARE funds and to provide appropriate contracts outlining monitoring, reporting, record keeping, and low income set aside requirements.

Section 3. This resolution shall take effect immediately.

**TAX-EXEMPT FINANCING**

Pennsylvania Housing Finance Agency  
September 3, 2019

**SUBJECT: Norris Homes Phase V**

Request for Tax-Exempt Financing  
Tax-Exempt/Tax Credit Development: PHFA No. TC2019-116, 133 units  
City of Philadelphia, County of Philadelphia  
Development Officer: Kelly R. Wilson

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

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

**Proposal Description**

Norris Homes Phase V is located in North Central Philadelphia, an area with mixed residential, commercial and institutional development. This proposal includes the new construction of three buildings. The building configuration will include one four-story elevator building and two three-story townhouses with 133 total units for general occupancy housing. The unit mix will include 4 efficiency units, 55 one-bedroom units, 58 two-bedroom units, and 16 three-bedroom units. The structural system will have a wood frame with a fiber and cement exterior finish. The development contains a total of 152,099 square feet of residential space, and 2,212 of commercial space on approximately 2.6 acres of land.

1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

Tax Exempt Bonds – Freddie Mac Tax-Exempt Loan	\$26,000,000
Philadelphia Redevelopment Authority Loan	14,255,749
Philadelphia Housing Authority Loan	9,602,500
Energy Rebates	23,109
Equity from the Sale of Tax Credits (Bank of America)	<u>629,949</u>
Total Development Cost	\$50,511,307

2. Permanent Financing Plan

Permanent financing will be provided in the approximate amounts of:

Tax Exempt Bonds – Freddie Mac Tax-Exempt Loan	\$11,258,000
Philadelphia Redevelopment Authority Loan	14,255,749
Philadelphia Housing Authority Loan	9,602,500
PHFA PHARE (Uncommitted)	250,000
Reinvested Developer Fee	1,485,304
Energy Rebates	23,109
Equity from the Sale of Tax Credits (Bank of America)	<u>13,636,645</u>
Total Development Cost	\$50,511,307

3. Development Costs

The Agency will issue tax-exempt bonds to be sold through a public offering underwritten by Stifel, Nicolaus & Company, Incorporated and structured to be eligible for participation in the Freddie Mac Tax-Exempt Loan (TEL) program with Capitol One, N.A. as the Freddie Mac Lender and Servicer. During construction the bonds will be fully cash collateralized by the proceeds of a Bank of America construction loan, the Philadelphia Redevelopment Authority loan, and the Philadelphia Housing Authority loan. Following construction completion, the bonds will be partially repaid and restructured to provide a permanent loan through the Freddie Mac TEL program.

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Cost	\$39,941,011	\$300,308	\$263
Replacement Cost	\$45,446,386	\$341,702	\$299
Total Replacement Costs & Reserves	\$45,846,386	\$344,710	\$301
Total Development Costs	\$50,511,307	\$379,784	\$332
Tax-Exempt Bond	\$ 26,000,000	\$195,489	\$171
Acquisition Costs	\$ 0	\$0	\$0

4. Leveraging of Other Resources

The owner anticipates that Bank of America will provide an equity contribution of \$13,636,645 from the proceeds of the syndication of federal Low Income Housing Tax Credits, with a net pay-in of \$0.93. The development anticipates qualifying for an allocation of Low Income Housing Tax Credits in the approximate amount of \$1,336,926. Developments financed with tax-exempt private activity bonds are generally eligible to claim a four percent (4%) tax credit allocation on the development's eligible basis.

5. Rental Estimates

<b>Unit Type</b>	<b>No. of Units</b>	<b>Avg. Net Rentable Sq. Ft.</b>	<b>Projected Tenant Rent</b>	<b>Estimated Cost of Utilities</b>	<b>Rental Subsidy</b>	<b>Total Housing Expenses</b>
<b>OBR</b>	4	529	\$ 990	\$ 0	\$ 0	\$ 990
<b>1BR</b>	51	713	933	80	0	1,013
<b>1BR</b>	4	713	1,215	0	0	1,215
<b>2BR</b>	9	980	299	106	813	1,218
<b>2BR</b>	23	980	907	106	205	1,218
<b>2BR</b>	12	980	1,110	106	0	1,216
<b>2BR</b>	14	1,426	1,427	0	0	1,427
<b>3BR</b>	2	1,426	338	130	1042	1,510
<b>3BR</b>	11	1,426	1,041	130	339	1,510
<b>3BR</b>	3	1,426	1,275	130	0	1,405
<b>TOTAL</b>	<b>133</b>					

Forty-five units will receive operating subsidy through a Rental Assistance Demonstration (RAD) Transfer of Assistance issued by the Philadelphia Housing Authority for a term of 40 years. The RAD Contract will become effective at closing. Eleven units will be available to tenants earning up to 20% of area median income, thirty-four units will be available to tenants earning up to 50% of area median income, sixty-six units will be available to tenants earning up to 60% of area median income, and the remaining twenty-two units will be market rate.

6. Supportive Services

Rose Community Management LLC will provide a wide array of services to enrich the lives of the residents. These services will include programs for financial education, employment and education opportunities, youth development and community involvement.

7. Commercial Space

The building contains approximately 2,201 square feet of commercial space to be occupied by a retail tenant in the future.

## **Development Team**

1. Identification of Owner

The owner of this development will be Rose Norris Homes, LLC; a to-be-formed Pennsylvania limited liability company with Rose Norris Homes OZ MM, LLC as its general partner.

2. Development Team Members

Sponsor:	Rose Community Development Co. Michael Arman New York, NY
Owner:	Rose Norris Homes, LLC Michael Arman New York, NY
Attorney:	Nixon Peabody, LLP Aaron Yowell New York, NY
Architect:	Wallace, Roberts & Todd, LLC Joseph W. Healy Philadelphia, PA
Contractor:	Domus, Inc. Mark J. Halstead Philadelphia, PA
Management Agent:	Rose Community Management LLC Debbie Cich Independence, OH

## Site Description

The site is located in an area of mixed residential, commercial and institutional development in North Central Philadelphia. The development is the final phase and centerpiece of the North Central Neighborhood Initiative ("CNI") Implementation Transformation Plan, which will leverage a \$30 million CNI Grant from HUD. The various parcels along North 10th street that make up this development are level and have good pedestrian access. A number of amenities are located within a few blocks of the site. There is also public transportation in close proximity providing access to additional services throughout the city of Philadelphia.

## Conditions

Final bond or note issuance will be conditioned on the following:

1. Submission, review, and approval of all documentation necessary to secure construction and permanent loan financing of the project.
2. Evidence, satisfactory to the Agency, that all conditions and qualifications relating to Section 42 of the Internal Revenue Code of 1986, as amended, and all applicable requirements of the Agency's Tax Credit Program have been met.
3. Evidence, satisfactory to the Agency, that all conditions and qualifications relating to Sections 103 and 142 (and related sections) of the Internal Revenue Code of 1986, as amended, have been met.
4. Compliance with all requirements established by the Agency in the Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Request for Proposals.
5. Compliance with the timeframes and deadlines established by the Agency.
6. Evidence of the commitment of construction and permanent financing and contributions of equity in amounts sufficient to ensure the financial feasibility of the project.
7. 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.
8. Evidence of the satisfaction of accessibility requirements.
9. Final underwriting of the application for tax-exempt bond financing and low income housing tax credits.
10. Evidence of all requisite HUD and/or housing authority approvals, including, but not limited to, approval of a rental subsidy with a term and in an amount sufficient to ensure the financial feasibility of the project.
11. Evidence, satisfactory to the Agency, of all requisite Freddie Mac and lender approvals.
12. Submission of two sets of complete full-size architectural plans and specifications at least 60 days prior to the construction/bond closing to allow sufficient time for Agency review and approval. Civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable. Agency comments and recommendations made during its review must be addressed and approved prior to the construction/bond closing.

**PENNSYLVANIA HOUSING FINANCE AGENCY**

**RESOLUTION**

**Authorizing the Issuance of \$28,500,000  
Maximum Aggregate Principal Amount of  
Special Limited Obligation Multifamily Housing Development Bonds  
(Norris Homes Phase V)**

**Adopted: September 12, 2019**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF  
\$28,500,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT  
SPECIAL LIMITED OBLIGATION  
MULTIFAMILY HOUSING DEVELOPMENT BONDS  
(NORRIS HOMES PHASE V)**

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

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

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

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

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

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

**WHEREAS**, Rose Norris Homes LLC, a Pennsylvania limited liability company, or another affiliate of the sponsor, Jonathan Rose Companies, LLC (the "**Borrower**"), has requested financing from the Agency in the form of tax-exempt and/or taxable bonds or notes, in one or more series or subseries, issued at the same or different times, in an aggregate amount not to exceed \$28,500,000 (the "**Bonds**") to fund the acquisition, new construction, improvement and equipping of a multifamily residential rental housing project known as "Norris Homes Phase V" located on the 1900 block of North 10th Street, Philadelphia, Philadelphia County, Pennsylvania, with 111 affordable units out of 133 total units of housing (collectively, the "**Project**"); and

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

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

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

**WHEREAS**, Stifel, Nicolaus & Company, Incorporated or its affiliate (the "**Purchaser**"), or such successor entity as may be approved by the Agency, is anticipated to underwrite and to be the initial holder of the Bonds pursuant to the Agreement prior to a public offering of the Bonds.

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

**ARTICLE I  
AUTHORITY AND DEFINITIONS**

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

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

**ARTICLE II**  
**AUTHORIZATION OF BONDS**

**Section 201. Principal Amount and Designation.** The Bonds are hereby authorized to be issued in one or more series or subseries, in an aggregate principal amount not to exceed \$28,500,000. The Bonds shall carry the designation set forth in the Agreement. The Bonds shall be issued pursuant in all respects to the terms of this Resolution.

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

**Section 203. Conditions.** This financing is subject to the fulfillment of all of the following conditions to the satisfaction of the Agency: (a) submission, review, and approval of all documentation necessary to secure construction and permanent loan financing; (b) satisfactory evidence that all conditions and qualifications relating to Section 42 of the Code and all applicable requirements of the Tax Credit Program have been met; (c) satisfactory evidence and Agency Counsel approval that all qualifications relating to Sections 103 and 142 (and related sections) of the Code have been met; (d) compliance with all requirements established by the Agency in the Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Request for Proposals; (e) compliance with all timeframes and deadlines established by the Agency; (f) evidence of the commitment of construction and permanent financing and contributions of equity in amounts sufficient to ensure financial feasibility of the Project; (g) evidence of the commitment to serve low income tenants for a period of not less than thirty-five (35) years, which will be included in the Restrictive Covenant Agreement; (h) evidence of the satisfaction of accessibility requirements; (i) final underwriting of the application for tax-exempt financing and low income housing tax credits; (j) satisfactory evidence of all requisite HUD and/or housing authority approvals, including approval of a rental subsidy with a term and in an amount sufficient to ensure the financial feasibility of the Project; (k) satisfactory evidence of all requisite Freddie Mac and lender approvals; and (l) submission of two sets of complete full size architectural plans and specifications at least sixty (60) days prior to the commencement of construction to allow sufficient time for Agency review and approval. Civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable. Agency comments and recommendations made during its review must be addressed and approved prior to the commencement of the loan closing.

**Section 204. Date, Principal Amount, Maturity and Interest Rate.** The Bonds shall be dated as of the first day of the month in which they are issued, except as may be otherwise provided in the Agreement or the Bonds. The maturity date, interest rate or rates (which may be fixed or variable), interest payment dates, place of payment and other terms of the Bonds shall be as provided in the Agreement as finally executed; provided, however, that the maximum aggregate principal amount of the Bonds shall not exceed \$28,500,000; the initial interest rate on the Bonds shall not exceed the lesser of eight percent (8%) per annum or such rate supported by the final underwriting; and the final maturity of the Bonds shall be no later than twenty-four (24) years after issuance, or such date supported by the final underwriting (whichever is shorter).

**Section 205. Payments.** The Bonds shall bear interest from their dated date and shall be payable as set forth in the Bonds and the Agreement, until the date of maturity of the Bonds or

redemption prior to maturity, as provided in the Agreement. All principal shall be due at maturity or redemption prior to maturity, as provided in the Agreement.

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

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

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

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

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

### ARTICLE III BOND PROCEEDS AND PAYMENTS OF COSTS

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

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

### ARTICLE IV SECURITY FOR THE BONDS

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

**Section 402. Credit of Commonwealth Not Pledged.** The Bonds shall contain therein a statement to the effect that the Bonds shall be special and limited obligations of the Agency payable only from the sources provided in the Agreement, that neither the Commonwealth nor any political subdivision thereof shall be liable on the Bonds and that neither the faith and credit nor the taxing power of the

Commonwealth or any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds. Neither the members of the Board nor the officers of the Agency nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

## **ARTICLE V MISCELLANEOUS**

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

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

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

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

**TAX-EXEMPT FINANCING**

Pennsylvania Housing Finance Agency  
September 12, 2019

**SUBJECT: Sandy Hill Terrace**

Request for Tax-Exempt Financing  
Tax-Exempt/Tax Credit Development: PHFA No. TC2019-108, 175 units  
City of Norristown, County of Montgomery, Region 1  
Development Officer: Ann A. Mermelstein

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

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



**Proposal Description**

Sandy Hill Terrace is an existing 175-unit development located at 330 Walnut Street, in a mixed residential and commercial area of Norristown. This proposal is for the preservation and moderate rehabilitation of an eight-story building for senior occupancy, ages 62 and above. There are 150 one-bedroom units and 25 two-bedroom units. The structural system is concrete with a concrete and masonry exterior finish. The development contains a total of approximately 155,299 square feet on approximately 7.20 acres of ground.

1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

Tax Exempt Bonds – Fannie Mae Mortgage Backed Security	\$20,800,000
Interim Income	158,768
Energy Rebates	13,437
Equity from the Sale of Tax Credits (Raymond James)	6,772,616
Deferred Developer’s Fee	<u>2,688,297</u>
Total Development Cost	\$30,433,118

2. Permanent Financing Plan

Permanent financing will be provided in the approximate amounts of:

Tax Exempt Bonds – Fannie Mae Mortgage Backed Security	\$20,800,000
Interim Income	158,768
Energy Rebates	13,437
Equity from the Sale of Tax Credits (Raymond James)	9,157,134
Deferred Developer’s Fee	<u>303,779</u>
Total Development Cost	\$30,433,118

3. Development Costs

The Agency will issue tax-exempt bonds, the proceeds of which will fund a loan made by Berkaidia to the owner of the development. The loan will be structured to be eligible for participation in Fannie Mae's tax-exempt mortgage backed security program. The proceeds of the bonds will be used to establish an escrow from which funds will be disbursed during construction and will convert to a permanent loan, with a 15 year term.

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Cost	\$9,594,072	\$54,823	\$62
Replacement Cost	\$26,596,940	\$151,983	\$171
Total Replacement Costs & Reserves	\$27,179,558	\$155,312	\$175
Total Development Costs	\$30,433,118	\$173,904	\$196
Tax-Exempt Bond	\$20,800,000	\$118,857	\$134
Acquisition Costs	\$15,200,000	\$86,857	\$98

4. Leveraging of Other Resources

The owner anticipates Raymond James will provide an equity contribution of \$9,157,134 from the proceeds of the syndication of federal Low Income Housing Tax Credits, with a gross pay-in of \$0.92. The development anticipates qualifying for an allocation of Low Income Housing Tax Credits in the approximate amount of \$991,979. Developments financed with tax-exempt private activity bonds are generally eligible to claim a four percent credit allocation on the development's eligible basis.

5. Rental Estimates

Unit Type	No. of Units	Avg. Net Rentable Sq. Ft.	Projected Tenant Rent	Estimated Cost of Utilities	Rental Subsidy	Total Housing Expense
1 BR	8	662	\$150	---	\$1,200	\$1,350
1 BR	8	599	\$150	---	\$1,200	\$1,350
1 BR	61	599	\$250	---	\$1,100	\$1,350
1 BR	65	599	\$350	---	\$1,000	\$1,350
1 BR	8	646	\$350	---	\$1,000	\$1,350
2 BR	2	845	\$225	---	\$1,225	\$1,450
2 BR	10	845	\$350	---	\$1,100	\$1,450
2 BR	11	845	\$400	---	\$1,050	\$1,450
2 BR	1	868	\$400	---	\$1,050	\$1,450
2 BR	1	902	\$400	---	\$1,050	\$1,450
Total	175					

All 175 of the units receive rental assistance under an existing HUD Section 8 Housing Assistance Payment Contract.

Eighteen units will be available to tenants earning up to 20% of the area median income, seventy-one units will be available to tenants earning up to 50% of area median income and the remaining eighty-six units will be available to tenants earning up to 60% of the area median income.

6. Relocation

Tenants will be temporarily relocated to complete the proposed renovations. In order to facilitate the temporary relocation, a hospitality lounge, located in the community area on the ground floor, will be available for the residents. The management agent will prioritize the well-being of the residents by providing guidance, moving assistance and daily communications as an integral part of the relocation process. The project budget provides for the cost of the temporary relocation as needed to complete unit renovations.

7. Supportive Services

Supportive services will be coordinated by the management agent, Orbach Affordable Management, LLC, with a wide array of services provided. One full-time supportive services coordinator will be on site to provide direct support for tenants. Services will include case management, information and referral, educational workshops, computer classes, community meetings, social gatherings and building partnerships with community agencies.

**Development Team**

1. Identification of Owner

The owner of this development is Lighthouse Sandy Hill LLC, a Pennsylvania limited liability company, with OAHS Sandy Hill LP purchasing 100% of the membership interests of the owner. OAHS Sandy Hill Owner LLC is the general partner of OAHS Sandy Hill LP.

2. Development Team Members

Sponsor:	OAHS Sandy Hill LP Jay Reinhard Englewood Cliffs, NJ
Owner:	Lighthouse Sandy Hill LLC Meyer Orbach Englewood Cliffs, NJ
Attorney:	Nixon Peabody LLP Aaron Yowell New York, NY
Architect:	Kramer + Marks Erika Scharr Ambler, PA
Contractor:	Pyramid ETC Companies LLC Michael Levine Ramsey, NJ
Management Agent:	Orbach Affordable Management LLC Jay Reinhard Englewood Cliffs, NJ

## Site Description

Sandy Hill Terrace is located on a 7.20-acre site located in a mixed residential/commercial area of Norristown. The site is generally level to sloping and is zoned MR, Multifamily Residential, with multi-family housing a permitted use.

A number of neighborhood amenities are located within a few blocks of the site. Public transit bus service is located within 0.2 miles of the subject property, providing access to additional services throughout the area.

## Conditions

Final bond or note issuance will be conditioned on the following:

1. Submission, review, and approval of all documentation necessary to secure construction and permanent loan financing of the project.
2. Evidence, satisfactory to the Agency, that all conditions and qualifications relating to Section 42 of the Internal Revenue Code of 1986, as amended, and all applicable requirements of the Agency's Tax Credit Program have been met.
3. Evidence, satisfactory to the Agency, that all conditions and qualifications relating to Sections 103 and 142 (and related sections) of the Internal Revenue Code of 1986, as amended, have been met.
4. Compliance with all requirements established by the Agency in the Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Request for Proposals.
5. Compliance with the timeframes and deadlines established by the Agency.
6. Evidence of the commitment of construction and permanent financing and contributions of equity in amounts sufficient to ensure the financial feasibility of the project.
7. 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.
8. Evidence of the satisfaction of accessibility requirements.
9. Final underwriting of the application for tax-exempt bond financing and low income housing tax credits.
10. Evidence of all requisite HUD and housing authority approvals, including, but not limited to, approval of rental subsidies with a term and in amounts sufficient to ensure the financial feasibility of the project as well as renewal and assignment of the HUD Service Coordinator Grant.
11. Evidence, satisfactory to the Agency, of all requisite Fannie Mae and lender approvals for the origination of the mortgage loan and the issuance of the mortgage-backed security with respect to the mortgage loan.
12. Submission of two sets of complete full-size architectural plans and specifications at least 60 days prior to the construction/bond closing to allow sufficient time for Agency review and approval. Civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable. Agency comments and recommendations made during its review must be addressed and approved prior to the construction/bond closing.

**PENNSYLVANIA HOUSING FINANCE AGENCY**

**RESOLUTION**

**Authorizing the Issuance of \$24,000,000  
Maximum Aggregate Principal Amount of  
Special Limited Obligation Multifamily Housing Development Bonds  
(Sandy Hill Terrace)**

**Adopted: September 12, 2019**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF**  
**\$24,000,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT**  
**SPECIAL LIMITED OBLIGATION**  
**MULTIFAMILY HOUSING DEVELOPMENT BONDS**  
**(Sandy Hill Terrace)**

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

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

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

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

**WHEREAS**, the Act provides that bonds or notes issued by the Agency may be secured by a trust agreement, indenture of trust or similar instrument (the "**Indenture**") by and between it and a trustee

and that the resolution providing for the issuance of such bonds or notes or such Indenture may contain such provisions for protecting and enforcing the rights and remedies of the bondholders or noteholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the Agency in relation to the custody, safeguarding and application of all moneys, may set forth the rights and remedies of the bondholders or noteholders and of any trustee, and may contain such other provisions as the Agency may deem reasonable and proper for the security of the bondholders or noteholders; and

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

**WHEREAS**, Lighthouse Sandy Hill, LLC, a Pennsylvania limited liability company, or another affiliate of the sponsor, Orbach Affordable Housing Solutions LLC (the "**Borrower**") has requested financing from the Agency in the form of tax-exempt and/or taxable bonds or notes, in one or more series or subseries, issued at the same or different times, in an aggregate amount not to exceed \$24,000,000 (the "**Bonds**") to fund the acquisition, construction, improvement, rehabilitation and equipping of a multifamily residential rental housing project known as "Sandy Hill Terrace," located at 330 Walnut Street, Norristown, Montgomery County, Pennsylvania, with 175 total units of affordable housing for senior occupancy (ages 62 and older) (collectively, the "**Project**"); and

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

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

**WHEREAS**, Jeffries LLC or its affiliate (the "**Purchaser**"), or such successor entity as may be approved by the Agency, will underwrite the Bonds and facilitate the public sale and offering of the Bonds to the ultimate purchasers.

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

**ARTICLE I  
AUTHORITY AND DEFINITIONS**

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

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

**ARTICLE II  
AUTHORIZATION OF BONDS**

**Section 201. Principal Amount and Designation.** The Bonds are hereby authorized to be issued in one or more series or subseries, in an aggregate principal amount not to exceed \$24,000,000. The Bonds shall carry the designation set forth in the Agreement. The Bonds shall be issued pursuant in all respects to the terms of this Resolution.

**Section 202. Purposes.** The Bonds are being issued as special and limited obligations of the Agency, payable solely out of the moneys derived pursuant to the Agreement and the revenues generated by the mortgage-backed security issued by Fannie Mae with respect to a mortgage loan (the "**Mortgage Loan**") originated by Berkadia Commercial Mortgage LLC (the "**Lender**") in respect of the Project. Proceeds of the Bonds shall be used for the payment of qualified costs associated with the acquisition, new construction, renovation, equipping and/or improvement of the Project, and may be applied to certain costs of issuance. The Project is in every respect intended to qualify as a "residential rental facility" under the exempt facility provisions of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "**Code**").

**Section 203. Conditions.** This financing is subject to the fulfillment of all of the following conditions to the satisfaction of the Agency: (a) submission, review, and approval of all documentation necessary to secure construction and permanent loan financing; (b) satisfactory evidence that all conditions and qualifications relating to Section 42 of the Code and all applicable requirements of the Tax Credit Program have been met; (c) satisfactory evidence and Agency Counsel approval that all qualifications relating to Sections 103 and 142 (and related sections) of the Code have been met; (d) compliance with all requirements established by the Agency in the Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Request for Proposals; (e) compliance with all timeframes and deadlines established by the Agency; (f) evidence of the commitment of construction and permanent financing and contribution of equity in amounts sufficient to ensure financial feasibility of the Project; (g) evidence of the commitment to serve low income tenants for a period of not less than thirty-five (35) years, which will be included in the Restrictive Covenant Agreement; (h) evidence of the satisfaction of accessibility requirements; (i) final underwriting of the application for tax-exempt financing and low income housing tax credits; (j) satisfactory evidence of all requisite HUD and/or housing authority approvals, including approval of a rental subsidy with a term and in an amount sufficient to ensure the financial feasibility of the Project; (k) satisfactory evidence of all requisite Fannie Mae and Lender approvals for the origination of the Mortgage Loan and the issuance of the mortgage-backed security with respect to the Mortgage Loan; and (l) submission of two sets of complete full size architectural plans and specifications at least sixty (60) days prior to the commencement of construction to allow sufficient time for Agency review and approval. Civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable. Agency comments and recommendations made during its review must be addressed and approved prior to the commencement of the loan closing.

**Section 204. Date, Principal Amount, Maturity and Interest Rate.** The Bonds shall be dated as of the first day of the month in which they are issued, except as may be otherwise provided in the Indenture or the Bonds. The maturity date, interest rate or rates (which may be fixed or variable), interest payment dates, place of payment and other terms of the Bonds shall be as provided in the Indenture as finally executed; provided, however, that the maximum aggregate principal amount of the Bonds shall not exceed \$24,000,000; the initial interest rate on the Bonds shall not exceed the lesser of eight percent (8%) per annum or such rate supported by the final underwriting; and the final maturity of the Bonds shall be no later than twenty (20) years after issuance, or such date supported by the final underwriting (whichever is shorter).

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

**Section 206. Denominations, Numbers, Letters and Forms.** The Bonds shall be issued as registered Bonds in \$1.00 minimum denominations and any multiple of \$1.00 in excess thereof, provided

that for purposes of redeeming Bonds, the authorized denomination shall mean \$1.00. The Bonds shall be numbered consecutively, as appropriate. The Bonds shall be in substantially the form and tenor prescribed in the Indenture.

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

**Section 208. Place of Payment.** The principal payments, including payments upon redemption, of the Bonds shall be payable to the bondholders, as provided in the Indenture.

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

**Section 210. Execution of Requisite Agreements.** Any of the Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance of the Agency is hereby authorized to execute, for and on behalf of and in the name of the Agency, the Bonds, the Indenture, the Agreement, a purchase contract with the Purchaser and a land use restriction agreement with respect to the Federal income tax requirements applicable to the Bonds and the Project, with such final terms and provisions as their counsel may deem advisable, provided that the Bonds shall contain such substantive terms and provisions materially consistent with this Resolution.

### **ARTICLE III BOND PROCEEDS AND PAYMENTS OF COSTS**

**Section 301. Bond Proceeds.** Pursuant to the Agreement and the Indenture, the proceeds of the sale of the Bonds shall be applied to purchase a mortgage-backed security issued by Fannie Mae with respect to the Mortgage Loan upon the issuance of said mortgage-backed security and the proceeds of the Mortgage Loan will be advanced to the Borrower.

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

### **ARTICLE IV SECURITY FOR THE BONDS**

**Section 401. Limited Obligation.** The Bonds shall be special and limited obligations of the Agency, and shall be payable only from funds paid by or on behalf of Borrower or revenues from the mortgage-backed security issued by Fannie Mae with respect to the Mortgage Loan. The Bonds shall be secured by the collateral described in the Indenture as security for the bondholders. The Bonds shall contain a statement therein to the effect that the obligations of the Agency on the Bonds are expressly limited to and are payable solely from the sources described in the Indenture.

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

interest on the Bonds. Neither the members of the Board nor the officers of the Agency nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

## **ARTICLE V MISCELLANEOUS**

**Section 501. Authorization of Officers and Further Actions.** The Chairperson, Vice Chairperson, Executive Director, Director of Finance, Deputy Executive Director and Chief Counsel, Secretary and any Assistant Secretary of the Agency, and any other authorized officer of the Agency, are, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution, the Bonds, the Agreement and the Indenture, , as shall, with the advice of the Agency Counsel and Bond Counsel, be advisable, including the taking of any necessary or appropriate actions to modify the terms hereof in order to achieve the financing transaction.

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

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

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

**TAX-EXEMPT FINANCING**

Pennsylvania Housing Finance Agency  
September 5, 2019

**SUBJECT: Episcopal House**

Request for Tax-Exempt Financing  
Tax-Exempt/Tax Credit Development: PHFA No. TC2019-114, 210 units  
City of Allentown, Lehigh County, Region 2  
Development Officer: William G. Bailey, Jr.

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

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

**Proposal Description**

Episcopal House is located in a mixed residential and commercial area of the City of Allentown. This proposal is for the acquisition and moderate rehabilitation of one 19-story building for elderly occupancy, aged 62 and above. The building has 105 studio/efficiency units and 105 one-bedroom units. The structural system is concrete and steel with a brick exterior finish. The development contains a total of 150,824 square feet and is on approximately 1.35 acres of ground.

1. Construction Financing Plan

Construction financing will be provided in the approximate amounts of:

Agency Tax-Exempt Bond – Public Offering	\$ 12,000,000
Agency Capital Magnet Fund Loan	500,000
Agency PHARE RTT Loan	500,000
Acquired Reserves	636,602
Interim Income	290,507
Deferred Fee and Reserves	2,598,746
Equity from the Sale of Tax Credits (Boston Financial)	<u>4,430,899</u>
Total Development Cost	\$20,956,754

2. Permanent Financing Plan

Permanent financing will be provided in the approximate amounts of:

Walker & Dunlop FHA 221(d)(4) First Mortgage	\$ 12,569,700
Agency Capital Magnet Fund Loan	500,000
Agency PHARE RTT Loan	500,000
Acquired Reserves	636,602
Interim Income and Energy Rebates	303,066
Deferred Developer Fee	965,236
Equity from the Sale of Tax Credits (Boston Financial)	<u>5,482,150</u>
Total Development Cost	\$20,956,754

### 3. Development Costs

The Agency will issue tax-exempt bonds to be sold through a public offering underwritten by Stifel, Nicolaus & Company, Incorporated. The bond will be fully cash collateralized by the proceeds of the FHA 221(d)(4) loan during construction and, following construction completion, the bonds will be repaid with the proceeds of FHA loan.

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Cost	\$10,221,616	\$48,674	\$68
Replacement Cost	\$17,303,238	\$82,397	\$115
Total Replacement Costs & Reserves	\$18,455,042	\$87,881	\$122
Total Development Costs	\$20,956,754	\$99,794	\$139
Tax-Exempt Bond	\$12,000,000	\$57,143	\$80
Acquisition Costs	\$4,000,000	\$19,048	\$27

### 4. Leveraging of Other Resources

The owner anticipates that Boston Financial will provide an equity contribution of \$5,482,150 from the proceeds of the syndication of federal Low Income Housing Tax Credits, with a gross pay-in of approximately \$0.84. The development anticipates qualifying for an allocation of Low Income Housing Tax Credits in the approximate amount of \$653,742. Developments financed with tax-exempt private activity bonds or notes are generally eligible to claim a four percent credit allocation on the development's eligible basis.

### 5. Rental Estimates

Unit Type	No of Units	Avg. Net Rentable Sq. Ft.	Projected Tenant Rent	Estimated Cost of Utilities	Rental Subsidy	Total Housing Expense
Studio	15	395	\$269	\$0	\$626	\$895
Studio	33	395	\$212	\$0	\$496	\$708
Studio	52	395	\$710	\$0	\$0	\$710
Studio	2	395	\$770	\$0	\$0	\$770
Studio	3	395	\$815	\$0	\$0	\$815
Studio	1	395	\$750	\$0	\$0	\$750
1BR	36	535	\$254	\$0	\$593	\$847
1BR	52	535	\$750	\$0	\$0	\$750
1BR	12	535	\$805	\$0	\$0	\$805
1BR	4	535	\$840	\$0	\$0	\$840
<b>Total</b>	<b>210</b>					

Fifteen units will receive rental assistance under an existing HUD Section 8 Rental Assistance Contract. Sixty-nine units will receive rental assistance under a new Project Based Voucher Contract from the City of Allentown Housing Authority. One hundred twenty-six units will receive rental assistance through an internal rent subsidy. Using income averaging, 85 units will be available to tenants earning up to 50% of area median income, 104 units will be available to tenants earning up to 60% of area median income, 14 units will be available to tenants earning up to 70% of area median income and 7 units will be available to tenants earning up to 80% of area median income.

6. Relocation

The majority of tenants will be temporarily relocated to vacant units within the property and returned to completed units as they become available. All costs related to the moves will be paid by the owner. Twelve tenants with incomes above 80% of area median income will be permanently relocated. All costs related to their moves will be paid by the owner and each will receive a replacement housing payment. The development budget includes relocation costs for both temporary and permanent relocations.

7. Supportive Services

Beacon Residential Management will coordinate supportive services for the residents of Episcopal House. Services will include needs assessments, wellness programs, social and educational activities and coordination with community based service providers. The cost of the on-site Resident Services Coordinator will be funded by an ongoing HUD Service Coordinators Grant.

## **Development Team**

1. Identification of Owner

The owner of this development is Episcopal Housing Associates LP, a Pennsylvania limited partnership, with Uptown Realty LLC as its General Partner.

2. Development Team Members

Sponsor:	Wishrock Housing Partners LLC Bryan J. Shumway Portland, ME
Owner:	Episcopal Housing Associates LP Bryan J. Shumway Portland, ME
Attorney:	High Swartz LLP William F. Kerr, Jr. Norristown, PA
Architect:	The Architectural Team, Inc. Phil Renzi Chelsea, MA
Contractor:	Boyle Construction, Inc. Ed Flowerdew Allentown, PA
Management Agent:	Beacon Residential Management LP Jeff Baker Boston, MA

## Site Description

The site is located in a residential/commercial area in western portion of the City of Allentown. 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 Allentown area.

## Conditions

Final bond or note issuance will be conditioned on the following:

1. Submission, review, and approval of all documentation necessary to secure construction and permanent loan financing of the project.
2. Evidence, satisfactory to the Agency, that all conditions and qualifications relating to Section 42 of the Internal Revenue Code of 1986, as amended, and all applicable requirements of the Agency's Tax Credit Program have been met.
3. Evidence, satisfactory to the Agency, that all conditions and qualifications relating to Sections 103 and 142 (and related sections) of the Internal Revenue Code of 1986, as amended, have been met.
4. Compliance with all requirements established by the Agency in the Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Request for Proposals.
5. Compliance with the timeframes and deadlines established by the Agency.
6. Evidence of the commitment of construction and permanent financing and contributions of equity in amounts sufficient to ensure the financial feasibility of the project.
7. 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.
8. Evidence of the satisfaction of accessibility requirements.
9. Final underwriting of the application for tax-exempt bond financing and low income housing tax credits.
10. Evidence of all requisite HUD and housing authority approvals, including, but not limited to, approval of rental subsidies with a term and in amounts sufficient to ensure the financial feasibility of the project as well as renewal and assignment of the HUD Service Coordinator Grant.
11. Evidence, satisfactory to the Agency, of agreements for payments in lieu of taxes with the Allentown School District, the City of Allentown and Lehigh County with terms and in amounts sufficient to ensure the financial feasibility of the project.
12. Evidence, satisfactory to the Agency, of all requisite Lender approvals for the origination of the mortgage loan.
13. Submission of two sets of complete full-size architectural plans and specifications at least 60 days prior to the construction/bond closing to allow sufficient time for Agency review and approval. Civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable. Agency comments and recommendations made during its review must be addressed and approved prior to the construction/bond closing.

**PENNSYLVANIA HOUSING FINANCE AGENCY**

**RESOLUTION**

**Authorizing the Issuance of \$13,500,000  
Maximum Aggregate Principal Amount of  
Special Limited Obligation Multifamily Housing Development Bonds  
(Episcopal House)**

**Adopted: September 12, 2019**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF  
\$13,500,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT  
SPECIAL LIMITED OBLIGATION  
MULTIFAMILY HOUSING DEVELOPMENT BONDS  
(EPISCOPAL HOUSE)**

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

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

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

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

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

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

**WHEREAS**, Episcopal Housing Associates LP, a Pennsylvania limited partnership, or another affiliate of the sponsor, Wishrock Housing Partners LLC (the "**Borrower**"), has requested financing from the Agency in the form of tax-exempt and/or taxable bonds or notes, in one or more series or subseries, issued at the same or different times, in an aggregate amount not to exceed \$13,500,000 (the "**Bonds**") to fund the acquisition, construction, improvement, rehabilitation and equipping of a multifamily residential rental housing project known as "Episcopal House," located at 1440 Walnut Street, Allentown, Lehigh County, Pennsylvania, with 210 total units of affordable housing (collectively, the "**Project**"); and

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

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

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

**WHEREAS**, Stifel, Nicolaus & Company, Incorporated or its affiliate (the "**Purchaser**"), or such successor entity as may be approved by the Agency, is anticipated to underwrite and to be the initial holder of the Bonds pursuant to the Agreement prior to a public offering of the Bonds.

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

**ARTICLE I  
AUTHORITY AND DEFINITIONS**

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

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

## ARTICLE II AUTHORIZATION OF BONDS

**Section 201. Principal Amount and Designation.** The Bonds are hereby authorized to be issued in one or more series or subseries, in an aggregate principal amount not to exceed \$13,500,000. The Bonds shall carry the designation set forth in the Agreement. The Bonds shall be issued pursuant in all respects to the terms of this Resolution.

**Section 202. Purposes.** The Bonds are being issued as special and limited obligations of the Agency, payable solely out of the moneys derived pursuant to the Agreement and the proceeds of an FHA-insured 221(d)(4) mortgage loan (the "**Mortgage Loan**") originated by Walker & Dunlop (the "Lender") in respect of the Project. Proceeds of the Bonds shall be used for the payment of qualified costs associated with the acquisition, new construction, renovation, equipping and/or improvement of the Project, and may be applied to certain costs of issuance. The Project is in every respect intended to qualify as a "residential rental facility" under the exempt facility provisions of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "**Code**").

**Section 203. Conditions.** This financing is subject to the fulfillment of all of the following conditions to the satisfaction of the Agency: (a) submission, review, and approval of all documentation necessary to secure construction and permanent loan financing; (b) satisfactory evidence that all conditions and qualifications relating to Section 42 of the Code and all applicable requirements of the Tax Credit Program have been met; (c) satisfactory evidence and Agency Counsel approval that all qualifications relating to Sections 103 and 142 (and related sections) of the Code have been met; (d) compliance with all requirements established by the Agency in the Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Request for Proposals; (e) compliance with all timeframes and deadlines established by the Agency; (f) evidence of the commitment of construction and permanent financing and contributions of equity in amounts sufficient to ensure financial feasibility of the Project; (g) evidence of the commitment to serve low income tenants for a period of not less than thirty-five (35) years, which will be included in the Restrictive Covenant Agreement; (h) evidence of the satisfaction of accessibility requirements; (i) final underwriting of the application for tax-exempt financing and low income housing tax credits; (j) satisfactory evidence of all requisite HUD and/or housing authority approvals, including approval of a rental subsidy with a term and in an amount sufficient to ensure the financial feasibility of the Project as well as renewal and assignment of the HUD Service Coordinator Grant; (k) satisfactory evidence of agreements for payments in lieu of taxes with the Allentown School District, the City of Allentown and Lehigh County with terms and in amounts sufficient to ensure the financial feasibility of the project; (l) satisfactory evidence of all requisite Lender approvals for the origination of the Mortgage Loan; and (m) submission of two sets of complete full size architectural plans and specifications at least sixty (60) days prior to the commencement of construction to allow sufficient time for Agency review and approval. Civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable. Agency comments and recommendations made during its review must be addressed and approved prior to the commencement of the loan closing.

**Section 204. Date, Principal Amount, Maturity and Interest Rate.** The Bonds shall be dated as of the first day of the month in which they are issued, except as may be otherwise provided in the Indenture or the Bonds. The maturity date, interest rate or rates (which may be fixed or variable), interest payment dates, place of payment and other terms of the Bonds shall be as provided in the Indenture as finally executed; provided, however, that the maximum aggregate principal amount of the Bonds shall not exceed \$13,500,000; the initial interest rate on the Bonds shall not exceed the lesser of eight percent (8%) per annum or such rate supported by the final underwriting; and the final maturity of the Bonds shall be

no later than forty-eight (48) months after issuance, or such date supported by the final underwriting (whichever is shorter).

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

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

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

**Section 208. Place of Payment.** The principal payments, including payments upon redemption, of the Bonds shall be payable to the bondholders, as provided in the Indenture.

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

**Section 210. Execution of Requisite Agreements.** Any of the Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance of the Agency is hereby authorized to execute, for and on behalf of and in the name of the Agency, the Bonds, the Indenture, the Agreement, a purchase contract with the Purchaser and a land use restriction agreement with respect to the Federal income tax requirements applicable to the Bonds, with such final terms and provisions as their counsel may deem advisable, provided that the Bonds shall contain substantive terms and provisions materially consistent with this Resolution.

### **ARTICLE III BOND PROCEEDS AND PAYMENTS OF COSTS**

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

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

### **ARTICLE IV SECURITY FOR THE BONDS**

**Section 401. Limited Obligation.** The Bonds shall be special and limited obligations of the Agency, and shall be payable only from proceeds of the Mortgage Loan or funds paid by or on behalf of Borrower for such purposes. The Bonds shall be secured by the collateral described in the Indenture as security for the bondholders. The Bonds shall contain a statement therein to the effect that the obligations

of the Agency on the Bonds are expressly limited to and are payable solely from the sources described in the Indenture.

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

## **ARTICLE V MISCELLANEOUS**

**Section 501. Authorization of Officers and Further Actions.** The Chairperson, Vice Chairperson, Executive Director, Director of Finance, Deputy Executive Director and Chief Counsel, Secretary and any Assistant Secretary of the Agency, and any other authorized officer of the Agency, are, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution, the Bonds, the Agreement and the Indenture, as shall, with the advice of the Agency Counsel and Bond Counsel, be advisable, including the taking of any necessary or appropriate actions to modify the terms hereof in order to achieve the financing transaction.

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

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

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

**REQUEST FOR CONDITIONAL LOAN COMMITMENT**

Pennsylvania Housing Finance Agency  
September 12, 2019

**SUBJECT: Stone Ridge Commons**

Request for Conditional Loan Commitment  
Tax Credit Development: PHFA No. TC2018-429/N-114  
York, Springettsbury Twp., York County  
Development Officer: David Gregorits

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

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

**DEVELOPMENT DESCRIPTION:**

This request is for the new construction of two buildings with 34 units consisting of 18 one bedroom units, nine two bedroom units and seven three bedroom units. The development will have four accessible units. The development is estimated to be a total of 35,636 square feet.

**OWNER:**

Stone Ridge Commons Limited Partnership/The Woda Group.  
Andrew Cohen, Westerville, OH

**FINANCING PLAN:**

Agency Primary Mortgage Loan (5.0%, 30 years)	\$	500,000
Energy Rebates		20,400
York County HOME		600,000
Equity (PNC @ \$.93)		<u>8,865,715</u>
Total Development Cost	\$	9,986,115

**Tax Credits Reserved** \$ **953,303**

	<u>Total</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>
Construction Cost	\$6,374,531	\$187,486	\$179
Total Replacement Cost & Reserves	8,485,579	249,576	238
Total Development Costs	9,986,115	293,709	280

**SITE DESCRIPTION:**

Stone Ridge Commons is located on a 3.10 acre site in Springettsbury Township. The applicant has entered into a Purchase Agreement to acquire the site. The site is currently zoned as R-1 High Density Residential Zoning District with multi-family housing as a permitted use.

**RESOLUTION OF THE MEMBERS OF THE BOARD  
OF THE PENNSYLVANIA HOUSING FINANCE AGENCY  
APPROVING MORTGAGE FINANCING AND ADDITIONAL RESOURCES AND  
ADJUSTMENTS FOR STONE RIDGE COMMONS**

WHEREAS, the Agency is currently reviewing certain 2018 Tax Credit projects and is working with projects to provide appropriate financial resources to achieve financial feasibility given increased costs and lack of adequate funding to meet closing conditions; and

WHEREAS, staff has reviewed requests for first mortgage financing as described below for the following project, expected to close within the next few months:

Stone Ridge Commons (Springettsbury Township, York, York County); \$500,000 (30 years at 5.0%)

WHEREAS, based upon its underwriting, staff recommends that the Agency provide financing to the project as set forth above (subject to final underwriting and satisfaction of all closing conditions); and

WHEREAS, the Agency has worked with 2018 Tax Credit projects seeking additional resources to achieve closing and has determined to provide additional tax credits to satisfy funding gaps to the extent possible so as to preserve other financial resources.

NOW, THEREFORE, be it resolved by the Members of the Board of the Pennsylvania Housing Finance Agency on this 12<sup>th</sup> day of September, 2019, as follows:

Section 1. Staff is authorized and directed to take all actions necessary to provide construction and permanent mortgage loan financing to support Stone Ridge Commons, in the maximum amount and rates set forth above (which may be increased by 15% as a contingency allowance based on final underwriting of both supportable debt amount and interest rate) subject to the following conditions: (a) agreement to all terms of a regulatory agreement that establishes affordability restrictions on the project for the financing period; (b) commitment of all other necessary funding sources set forth in the underwriting and financing plan and necessary for financial feasibility; and (c) the Agency's final review and approval of the necessary financing documents and closing requirements.

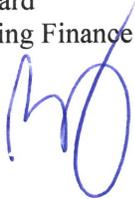
Section 2. This resolution shall take effect immediately.

Pennsylvania Housing Finance Agency

Date: September 5, 2019

Subject: TriState Capital Bank  
Loan to PHFA

To: Members of the Board  
Pennsylvania Housing Finance Agency

From: Brian A. Hudson  
Executive Director 

PHFA has previously borrowed funds from TriState Capital Bank for various program funding purposes. At this point, all of those funds have been repaid and there are no loans outstanding.

TriState Capital Bank has again approached PHFA with an attractive offer to provide flexible funding to PHFA to allow us to finance our programs. TriState Capital Bank has offered a 15 year loan (with a thirty year amortization period) payable semiannually, at an interest rate of 2.75%.

This source of funds will be used to fund some of the mortgages we have recently originated for multifamily projects, replenishing money in our general fund which would otherwise be tied up for this long term funding purpose. In addition, we are exploring other multifamily debt products that will provide long term interest rate earnings to the Agency and these funds will provide an attractive tool for this financing program.

A resolution is attached for your approval.

**PENNSYLVANIA HOUSING FINANCE AGENCY RESOLUTION AUTHORIZING  
A \$25,000,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT  
LOAN FROM TRISTATE CAPITAL BANK**

WHEREAS, pursuant to the Housing Finance Agency Law, Act of December 3, 1959, P.L. 1688, as amended (35 P.S. Section 1680.101 *et seq.*) (the "Act"), the Agency has the power and authority, *inter alia*, to provide financing for loans for the renovation, repair and improvement of owner-occupied single family residences, for the acquisition of single family homes, for the acquisition construction, renovation and rehabilitation of residential rental facilities, for specialized affordable housing financing programs; and for related and ancillary facilities; and

WHEREAS, the Agency originates and services loans for its various affordable housing financing program and funds such loans through its issuance of bonds, notes, capital sources and through the amounts available and not otherwise restricted in its general fund; and

WHEREAS, TriState Capital Bank has agreed to provide funds to replenish certain amounts currently committed or to be committed to provide financing for loans through a loan in an amount not to exceed \$25,000,000, with the Agency retaining loan servicing; and

WHEREAS, the total commitment shall not exceed \$25,000,000, shall be on terms negotiated in accordance with the provisions set forth herein and shall provide additional liquidity and flexibility to the Agency in continuing its financing programs.

**NOW THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE AGENCY ON THE 12TH DAY OF SEPTEMBER, 2019 AS FOLLOWS:**

Section 1. The Agency hereby approves and authorizes a loan in an aggregate principal amount not to exceed \$25,000,000 from TriState Capital Bank at an interest rate not to exceed 2.75% for a term not to exceed 15 years, with amortization of 30 years.

Section 2. Staff is hereby authorized and directed to take all actions necessary to effectuate the above authorized borrowing and to prepare, negotiate and execute all documentation related thereto.

Section 3. This resolution shall take effect immediately.

Pennsylvania Housing Finance Agency  
Memorandum

Date: September 9, 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 131 and Series 132

Later this month, the Agency will be closing on its \$175,383,000 Series 2019-130 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 3.375% and 4.5%. Other proceeds of this bond issue have refunded three prior bond series, reducing the Agency's borrowing costs.

We continue to originate loans in our production pipeline (currently offering rates between 3.5% and 4.5%). We are beginning to structure our next bond financing transaction.

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 131

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 131 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 12th day of September, 2019 as follows:

Section 1. Adoption of the Series 131 Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 131 (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 131 Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 131 Bonds shall not exceed \$350,000,000, (ii) the final maturity of the Series 131 Bonds shall be no later than 2060, and (iii) the initial interest rate or rates on the Series 131 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 132

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 132 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 12th day of September, 2019 as follows:

Section 1. Adoption of the Series 132 Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 132 (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 132 Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 132 Bonds shall not exceed \$350,000,000, (ii) the final maturity of the Series 132 Bonds shall be no later than 2060, and (iii) the initial interest rate or rates on the Series 132 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.