

**PUBLIC MEETING NOTICE**  
**Pursuant to Act 84 of 1986 - Sunshine Act**

The monthly meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on **Thursday, February 13, 2020 at 10:30 a.m.** at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania. The purpose of this meeting is to conduct normal Agency business and to approve the issuance of certain Agency securities. Inquiries should be directed to the Secretary.

If you are a person with a disability and wish to attend this meeting and require an auxiliary aid, service or other accommodation to participate, please contact the Secretary by Tuesday, February 11, 2020 to discuss how the Pennsylvania Housing Finance Agency may best accommodate your needs.

Anyone wishing to be recognized by the Chair to address the Members of the Board at this meeting must contact the Secretary no later than Tuesday, February 11, 2020 either in writing or by telephone and detail the nature of their presentation.

Margaret Strawser  
Secretary  
Phone: 717.780.3845  
TTY (in Pennsylvania): 711

**BOARD MEETING AGENDA**  
**THURSDAY, FEBRUARY 13, 2020**

**10:30 A.M.**

**A G E N D A**

1. CALL TO ORDER AND ROLL CALL
2. ELECTION OF VICE CHAIR OF THE BOARD
3. APPROVAL OF THE MINUTES FROM THE DECEMBER 12, 2020 BOARD MEETING
4. POLICY COMMITTEE REPORT
  - A. 2020 PHARE PLAN APPROVAL
  - B. Other Business
5. APPROVAL OF SINGLE FAMILY MORTGAGE REVENUE BONDS SERIES 2020-133 AND SERIES 2020-134
6. INVESTMENT BANKER REPORT
7. PHFA INVESTMENT REPORT
8. OTHER BUSINESS
9. ADJOURNMENT

**Pennsylvania Housing Finance Agency  
Meeting of the Board  
December 12, 2019**

**Members Present:**

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

\*On Telephone conference call

**Members Absent:**

Mark Dombrowski  
Ross Nese

**Others Present:**

Brian A. Hudson, Executive Director  
Rebecca L. Peace, Deputy Executive Director/Chief Counsel  
Holly Glauser, Director of Development  
Coleen Baumert, Director of Homeownership  
Jordan Laird, Director of Finance  
Bryce Maretzki, Director of Strategic Planning & Policy  
Scott Elliott, Director of Communications  
Adrienne Trumpy, Director of Accounting  
Kathryn Newton, Director of Loan Servicing  
Melissa Grover, Director of Governmental Affairs  
Ali Tomich, Director of Western Region  
Jay Hausher, Director of Eastern Region  
Charlotte Folmer, Director of Commonwealth Cornerstone Group  
Tom Brzana, Director of Business Analytics  
Carl Dudeck, Director of Housing Management  
Terri Redmond, Director of Counseling  
Lori Toia, Director of HEMAP  
Susan Delgado, Director of Human Resources  
Kimberly Boal, Director of Information Technology  
David Doray, Manager of Multifamily Underwriting  
Lisa Case, Manager of Project Operations  
Chris Anderson, Communications Officer  
Jada Greenhowe, Assistant Counsel

Steve O'Neill, Assistant Counsel  
Iman McAllister, Assistant Counsel  
Lauren Starlings, Assistant Counsel  
Ken Bobb, Senior Construction Document Examiner  
Kurt Livering, Manager of Financial Operations  
Stan Salwocki, Manager of Architecture and Engineering  
Lisa Rudy, Insurance Officer II  
Naomi Garcia Vega, Manager of Escrow  
Frank Bobak, Senior Systems Analyst  
Brittany Raess, Purchase Officer I  
Larry Jackson, Manager of Internal Audit  
Shana Erdley, Senior Insurance Officer  
Debbie Hammond, Manager of Property Preservation Unit/SECA Coordinator  
Diane Hoffman, Manager of Accounting  
Shelby Rexrode, Policy Officer  
David Gregorits, Development Officer  
Clay Lambert, Business Policy Officer  
Allison Hutchings, Executive Administrative Assistant  
Michael Baumrin, RBC Capital Markets  
Mitch Gallo, RBC Capital Markets  
Jim Stretz, Stifel  
Robert Foggio, Jefferies LLC  
Alan Jaffe, Jefferies LLC  
Peter Weiss, JP Morgan Securities  
Gloria Boyd, JP Morgan Securities  
Paul Haley, Barclays  
Greg Brunner, M & T Securities  
Kia Buckner, Horsey Buckner & Heffler, LLP  
\*Michael Kearney, Mullin & Lonergan  
Leo Pandeladis, Department of Banking and Securities  
Jeannie Galloway, Department of Banking and Securities  
Margaret Strawser, Assistant Secretary  
Kimberly Smeal, Assistant Secretary  
Carrie M. Barnes, Secretary

A meeting of the Members of the Board of the Pennsylvania Housing Finance Agency was held on Thursday, December 12, 2019 at 9:30 a.m. at the offices of the Pennsylvania Housing Finance Agency, 211 North Front Street, Harrisburg, Pennsylvania

In compliance with the provisions of the Sunshine Act, notification of this meeting appeared in the Legal Notices Sections of *The Patriot News* in Harrisburg, Dauphin County on December 3, 2019.

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

The meeting was called to order by Chair Wiessmann at 9:40 a.m. The roll was called and a quorum was present.

**RECOGNITION OF RETIREES**

Mr. Hudson recognized several members of PHFA's staff who will be retiring.

The following individuals will be retiring at the end of December 2019. William Bailey, Senior Development Officer in the Agency's Norristown Office with 20 years of service; Frank Bobak, Senior Systems Analyst in the Development Division with 28 years of service; Lisa Rudy, Insurance Officer II in the Loan Servicing Division with 30 years of Service; Rebecca Peace, Deputy Executive Director and Chief Counsel in the Legal Division with 34-1/2 years of service; Naomi Vega, Manager of Escrow in the Loan Servicing Division with 36 years of service and Carrie Barnes, Executive Assistant to the Executive Director and Secretary to the Board in the Executive Division with 41-1/2 years of service.

He also noted that two individuals will be retiring in January, 2020. Charlotte Folmer, Director of the Commonwealth Cornerstone Group with 18 years of service and Nicole Johnson, Housing Management Representative II in the Housing Management Division with 26 years of service.

He wished all the retirees well and thanked them for their dedication and long service to the Agency. The Board offered their congratulations and appreciation.

2. **APPROVAL OF THE MINUTES FROM THE NOVEMBER 6, 2019 BOARD MEETING**

There were no additions or corrections to the minutes as presented.

**Mr. Schwartz made the motion to approve the minutes from the November 6, 2019 Board meeting. This motion was seconded by Mr. Welks and was unanimously approved.**

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

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

A. **Property Workout**  
**Ecumenical Communities, Harrisburg, Dauphin County**

Mr. Dudeck reported that Ecumenical Communities has been experiencing financial difficulties and can no longer support the debt service on the mortgage. The

owner has kept the mortgage payments current but the property is operating with negative working capital. In order to assist the owner and the project, staff is recommending that the primary loan be converted to a support mortgage loan.

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

**Mr. Welks made the motion that the Board approve the resolution authorizing the mortgage restructuring of Ecumenical Communities. This motion was seconded by Mr. Lenker and was unanimously approved. (See Appendix 1 of these Minutes.)**

**B. Preliminary Reservation of Tax-Exempt Issuing Authority Monarch PA Preservation Portfolio, Multiple Counties**

Ms. Glauser reported that the Agency has received a request for a reservation of tax-exempt volume cap to preserve 18 rural properties throughout the Commonwealth. All of the developments were originally funded through the USDA 515 program. Staff has preliminarily determined that this proposal may qualify for tax-exempt financing in an approximate amount of \$25,000,000.

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

Mr. Kearney, representing the owner thanked the Committee and the Board for their consideration of this request. He noted that this proposal is significant primarily because that it will provide long overdue upgrades and improvements to each of these affordable housing developments.

**Mr. Welks made the motion that the Board approve the resolution authorizing a housing related bond allocation and resources to support tax-exempt bond financing for Monarch PA Preservation Portfolio. This motion was seconded by Mr. Lenker and was unanimously approved. (See Appendix 2 of these Minutes.)**

**C. Other Business**

Mr. Welks stated that the Board previously issued the authority to the Program and Development Review Committee to approve the reallocation of tax credits to projects encountering difficulties in meeting the placed in service deadlines of the program. He informed the Board that the Committee unanimously approved the reallocation of tax credits to North Hills Manor located in Upper Dublin Township,

Montgomery County; Gateway West located in Reading, Berks County; Susie Clemens House located in Hatfield, Montgomery County; York Family Residences located in York, York County and City's Edge located in Pittsburgh, Allegheny County. (See Appendix 3 of these Minutes.)

**4. POLICY COMMITTEE REPORT**

Mr. Schwartz reported that the Board's all-day policy meeting was held yesterday, December 11, 2019.

He noted that staff made presentations to the Board including a financial overview of both HEMAP and the Agency; reports on homeownership, counseling, PHARE, multifamily, and a legislative update along with many other informational aspects of the Agency. He believes that this informational meeting is very beneficial to the Board.

**5. JOINT AUDIT/HEMAP COMMITTEE REPORTS**

Mr. Paone, as chair of the HEMAP Committee, reported that a joint meeting of the Audit and HEMAP Committees was held to review the audit for both the Agency and the HEMAP program. The Agency's auditors, KPMG, and the HEMAP auditors, HorseyBuckner&Heffler, made presentations to the committee members.

Ms. Buckner representing HorseyBuckner&Heffler reported that the HEMAP program is operating as it should and there were no findings or deficiencies found. It was a clean audit.

Mr. Welks, as Acting Chair of the Audit Committee, reported that there were no significant findings in the Agency's audit, all questions were answered by staff and the Agency received a clean audit from KPMG.

Ms. Cheppel representing KPMG reported that the cooperation from staff was excellent and the only area of concern is with the conversion to Black Knight but she is sure that those issues will be worked out as staff becomes more knowledgeable with the software. She noted that it is a learning process.

**Mr. Welks made the motion that the Board approve both the HEMAP and the Agency's audits as presented. This motion was second by Mr. Paone and was unanimously approved.**

**6. INVESTMENT BANKER REPORT**

Mr. Jaffe of Jefferies presented an economic and market update.

He stated that there are no expectations that interest rates will be cut at least through the end of 2019. He noted that the labor market is solid and stable with more job openings than workers to fill the openings. Income and net worth continue to rise.

With regard to housing, the availability of affordable housing remains an issue but some improvement has begun to occur since the end of 2018.

Mr. Jaffe reported that this year has been a banner year for the tax-exempt market with a great deal of activity. Housing issues topped \$21,000,000,000 which is the largest amount in ten years. Tremendous growth has occurred in this area and it is expected to continue into 2020.

Mr. Schwartz asked if there was any significant tax legislation in the future. Mr. Jaffe responded that he wasn't sure about tax legislation especially since it is an election year.

Chair Wiessmann asked if Mr. Jaffe could discuss the impact of the FHFA making changes to the GSE. Mr. Jaffe stated that no one is certain if and when any changes might be made. Mr. Hudson added that he has met with the new head of FHFA but nothing in this regard came out of that meeting.

7. **DEVELOPMENT STATUS REPORT**

There were no comments or questions on this report.

8. **PHFA INVESTMENT REPORT**

There were no comments or questions on this report.

Chair Wiessmann called for an Executive Session to discuss personnel matters. The Board meeting was temporarily adjourned at 10:28 a.m.

Chair Wiessmann re-convened the meeting of the Board at 10:45 a.m. A quorum was present.

10. **PERSONNEL COMMITTEE REPORT**

**Mr. Schwartz made a motion that the Board approve the decisions discussed and approved in Executive Session regarding personnel. This motion was seconded by Mr. Welks. Chair Wiessmann abstained and recused herself from the vote. The motion carried.**

Chair Wiessmann asked that the minutes reflect that she recused herself from both discussion and voting during the Personnel Committee meeting. She thanked the Board for their confidence in her.

11. **OTHER BUSINESS**

A. **Agency Set-Asides for 2020**

Mr. Hudson reported that staff is recommending set-asides for Agency programs in an amount not to exceed \$40,500,000 as follows: Homebuyer/owner Counseling Programs (\$2,000,000); Downpayment/Closing Cost Assistance Program (\$1,500,000); Federal Home Loan Bank Homeless Initiative (\$1,500,000); ReCLAIM Program (\$4,500,000); Reentry Program Initiative (\$1,000,000); Pilot (West) Student Loan Mortgage Program (\$10,000,000); and Pilot (East) Student Loan Mortgage Program (\$20,000,000).

He also noted that a Housing Policy Fellowship Program has been created to assist the Agency in researching the affordable housing issues in the Commonwealth. Rachel Fawcett has been chosen as the year 2020 fellow. She currently works at the Pennsylvania Housing Research Center at Penn State University.

**A motion was made that the Board approve the resolution authorizing the set-aside and reservation of available funds for Agency programs and initiatives in 2020. This motion was seconded and unanimously approved. (See Appendix 4 of these Minutes.)**

B. **Authorizing Corporate Resolution**

Mr. Hudson reported that from time to time the Agency's corporate resolution needs to be updated. This is a "house keeping" item.

**A motion was made that the Agency's authorizing corporate resolution be updated and approved as submitted. This motion was seconded and unanimously approved. (See Appendix 5 of these Minutes.)**

12. **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 10:50 a.m.

The next monthly meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held at the Agency's offices at 211 North Front Street, in Harrisburg, Pennsylvania 17101 on Thursday, February 13, 2020 at 10:30 a.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Margaret Strawser". The signature is written in black ink and is positioned below the phrase "Respectfully submitted,".

Margaret Strawser  
Secretary

Pennsylvania Housing Finance Agency  
Memorandum

Date: February 13, 2020

To: Members of the Board  
Pennsylvania Housing Finance Agency

From: Robin L. Wiessmann  
Executive Director & CEO

Re: Housing Trust Fund (PHARE)  
2020 Final Plan

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

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

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

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

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

Act 58 of 2015 provides revenue from the Realty Transfer Tax (RTT) to PHARE. These additional funds will expand the PHARE program to all 67 counties of the Commonwealth. PHARE will receive an allocation of funds based on a formula using the 2014 year as a base. The formula makes revenue

available to the fund equal to the lesser of forty percent (40%) of the difference between the total dollar amount of the Realty Transfer Tax imposed under section 1102-C of the Tax Reform Code of 1971 collected for the prior fiscal year and the total amount of RTT estimated for the fiscal year beginning July 1, 2014. The allocation to the fund was previously capped at \$25 million annually, but with enactment of the final FY19/20 budget, the cap was increased to \$40 million annually. The Department of Revenue will certify the final figures on July 31<sup>st</sup> of each year.

The National Housing Trust Fund ("HTF") was enacted as part of the Housing and Economic Recovery Act of 2008 ("HERA") to provide resources to develop, preserve and rehabilitate housing for very low income and extremely low income households. Funding for the HTF is derived from Fannie Mae and Freddie Mac earnings. HTF funding will be made available to provide additional financial support to Tax Credit properties which increase the number of units set aside for Extremely Low-Income ("ELI") tenants.

PHARE requires PHFA to adopt a plan establishing priorities each year and describing the method in which program funds will be distributed. The Draft plan was published in the PA Bulletin on December 21, 2019 for a 45 day public comment period. No public comments or revisions were received during this period.

With this addition, staff is proposing the attached Final Plan for the PHARE Fund for your approval. The RFP for the program funds will be issued this summer with applications due in October/November, 2020.

The 2020 RFP will include specific activity categories for applicants to designate projects/programs and estimated set-aside funding for each category. The proposed categories are;

- 1) 4% LIHTC Projects – this category would be exclusive to proposed 4% (volume cap) LIHTC projects that are creating or preserving affordable MF rental housing.
  - Priority Level (A) – allocate up to \$10.00M
- 2) Preservation/Rehabilitation – this category would be for smaller-scale preservation/rehabilitation projects that could include SF/MF, owner-occupied, weatherization, acquisition and other projects focused on preserving/rehabilitation existing housing.
  - Priority Level (A) – allocate up to \$6.00MM
- 3) Rental Housing Creation – this category would include activities that are focused on the creation/development of new affordable rental housing that could include – acquisition, pre-development, new construction and substantial rehabilitation and conversion to affordable rental housing (projects which **do not** include LIHTC as part of their financing plan).
  - Priority Level (A) – allocate up to \$5.00MM
- 4) Homelessness Prevention – this category would include all projects/programs and activities that are focused on the prevention, reduction/elimination of homelessness (or at-risk of becoming) that include – rapid re-housing, transition housing, emergency shelter, legal assistance and other eviction prevention efforts, rental/utility assistance and targeted case management to assist.
  - Priority Level (B) – allocate up to \$6.00MM

- 5) Housing Innovations/Pilots – this category of projects/programs would include the testing/piloting of a unique approach to address an unmet housing need, innovations in housing development/rehabilitation for either SF/MF but should include clear evidence of the innovation and its evaluation for new learning in the field.
  - Priority Level (C) – allocate up to \$5.00MM
- 6) Homeownership – this category would include activities related to increasing homeownership that could include – acquisition, pre-development, new construction, significant renovation and conversion to homeownership, closing cost/down payment and other effort to create new homeownership opportunities.
  - Priority Level (D) – allocate up to \$4.00MM
- 7) Housing Counseling – this category would include activities related to directly providing various types of housing counseling that could include – pre and post purchase, financial education, foreclosure prevention and other forms of direct client counseling to help homeowners or renters.
  - Priority Level (E) – allocate up to \$2.00MM

#### **Additional Requirements**

- A. If applicable, within each of these categories, applicants may select/designate up to two (2) specific populations that the project/program will be prioritizing. The specific populations identified are;
  - Senior (65+)
  - Veterans
  - Persons with Physical Disability
  - Persons with Mental Health Disability
  - Persons re-entering the community from incarceration
  - Youth
  - Single Parents
  - LGBTQ+
  - Victims of Domestic Violence
  - Persons recovering from substance abuse
- B. Each application must select one category for their project/program that will involve at least **90%** of PHARE request for funding and the same level of "impact" reporting. (Projects will still be allowed to use a maximum of 5% for "administration/overhead".)

# 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 2020/21, 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 needs 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.

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

**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 2020 program administration:

- Tax Credit Allocation Plan and PHARE Plan – Initial Draft (PHARE – December 2019, QAP – March 2018, Two Year Plan)
- Tax Credit Allocation Plan and PHARE Plan – Final (PHARE – February 2020, QAP – July 2018, Two Year Plan)
- Intent to Submit (Tax Credit)            September 2020
- PHARE RFP – Issued                            September 2020
- Tax Credit Applications Due                November 2020
- PHARE Applications Due                    November 2020
- PHARE Funding Awards                    July 2021

## **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.

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

## **PHARE/National Housing Trust Fund (HTF)**

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

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

A copy of the approved HUD HTF Allocation Plan can be found at:

<http://www.phfa.org/legislation/act105.aspx>

Pennsylvania Housing Finance Agency  
Memorandum

Date: February 13, 2020

To: Members of Board of  
Pennsylvania Housing Finance Agency

From: Robin L. Wiessmann  
Executive Director & CEO

Re: Pennsylvania Housing Finance Agency  
Single Family Mortgage Revenue Bonds,  
Series 133 and Series 134

On September 26, 2019, the Agency closed 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.

Subsequently, the Agency closed on its \$137,035,000 Series 2019-131 Single Family Mortgage Revenue Bonds on December 26, 2019 for purposes of providing new mortgages and refunding prior bonds.

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 and will be finalizing Series 132 shortly.

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 133

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 133 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 13th day of February, 2020 as follows:

Section 1. Adoption of the Series 133 Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 133 (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 133 Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 133 Bonds shall not exceed \$350,000,000, (ii) the final maturity of the Series 133 Bonds shall be no later than 2060, and (iii) the initial interest rate or rates on the Series 133 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 134

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 134 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 13th day of February, 2020 as follows:

Section 1. Adoption of the Series 134 Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 134 (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 134 Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 134 Bonds shall not exceed \$350,000,000, (ii) the final maturity of the Series 134 Bonds shall be no later than 2060, and (iii) the initial interest rate or rates on the Series 134 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.

# PENNSYLVANIA HOUSING FINANCE AGENCY

Investment Report as of June 30, 2019

<u>Securities</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Estimated Market Value</u>
U.S. Government Direct Obligations	76,661,125	32.52%	82,658,162
U.S. Government Agency Obligations	<u>159,049,299</u>	<u>67.48%</u>	<u>196,919,864</u>
<b>Total</b>	<b><u>\$235,710,424</u></b>	<b><u>100.00%</u></b>	<b><u>\$279,578,026</u></b>

<u>Maturities</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Yield</u>
Due within 1 year	1,370	0.00%	8.080%
Due within 1 - 2 years	8,361,276	3.547%	1.843%
Due within 2 - 10 years	119,734,213	50.80%	2.239%
Due after 10 years	<u>107,613,565</u>	<u>45.65%</u>	5.177%
<b>Total</b>	<b><u>\$235,710,424</u></b>	<b><u>100.00%</u></b>	