Members Present:
*Thomas B. Hagen, Vice Chair
*Craig H. Alexander
*K. Scott Baker
*Maria F. Coutts
*Ronald F. Croushore
*Dennis Davin
*Noel E. Eisenstat
*Lisa R. Gaffney
*Keith Welks (serving in the stead of Christopher Craig, Executive Deputy State Treasurer)
*Joanne Glover (serving in the stead of Ted Dallas, Acting Secretary, Department of Human Services)
*Ross Nese
*John Paone
Mark Schwartz

*On Telephone conference call

Members Absent:
Robin Wiessmann, Chair

Others Present:
Brian A. Hudson, Executive Director
Rebecca L. Peace, Chief Counsel
Carl Dudeck, Director of Housing Management
Scott Elliott, Director of Communications
Holly Glauser, Director of Development
Bryce Maretzki, Director of Strategic Policy & Planning
Kate Newton, Director of Homeownership Programs
Bill Fogarty, Director of Government Affairs
Kim Boal, Director of Information Technology
Joe Knopic, Director of Finance
John Zapotocky, Director of Accounting
Thomas Brzana, Director of Loan Servicing
Melissa Raffensperger, Policy Associate
Michael O’Neill, Assistant Counsel
JoLynn Story, Associate Counsel
Jada Greenhowe, Assistant Counsel
Lauren Starlings, Assistant Counsel
Clay Lambert, Business Policy Officer
Maggie Strawser, Legal Executive Assistant
Chris Anderson, Communications Officer
Renae Hodges, Communications Officer
A meeting of the Members of the Board of the Pennsylvania Housing Finance Agency was held on Thursday, March 12, 2015 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 March 3, 2015.

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

   The meeting was called to order by Acting Chair, Thomas Hagen, at 10:30 a.m. The roll was called and a quorum was present.

2. **APPROVAL OF THE MINUTES FROM THE FEBRUARY 12, 2015 BOARD MEETING**

   There were no additions or corrections to the minutes.

   A motion was made by Mr. Schwartz that the minutes from the February 12, 2015 Board meeting be approved as submitted. This motion was seconded and was unanimously approved.

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

   Ms. Gaffney, as Chair of the Program and Development Review Committee, reported that the Committee met prior to the Board meeting. She reported that the Committee approved the request for transfer of general partnership interest for the W. C. Atkinson Apartments project located in Coatesville, Chester County. (See Appendix 1 of these Minutes.)

4. **POLICY COMMITTEE REPORT**

   Mr. Schwartz, as Chair of the Policy Committee, reported that the Committee met prior to the Board meeting to review and discuss the following item.

   A. **Housing Trust Fund/Marcellus Shale – Approval of the 2015 Final Plan**

   Mr. Maretzki reported that as a result of the public comment period of the Final Plan, only a few minor language changes were suggested and have been incorporated into the Plan. He noted one specific change which has been made is that the Agency
will no longer publish the estimated amount of funds allocated to each county. Individual counties may contact the Agency to obtain their funding information.

Mr. Maretzki reported that to date, the program has received over $25,000,000. Funds have been disbursed to 104 projects in the 37 impacted counties in the Marcellus Shale region throughout the Commonwealth.

Mr. Schwartz suggested one minor language change which the Board agreed should be made to emphasize the goal of providing long term affordability. That change will be made before the Plan is published in its final form.

There being no further comments or changes, Mr. Schwartz made the motion that the 2015 Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE) Plan be approved as amended. This motion was seconded and was unanimously approved. (See Appendix 2 of these Minutes.)

Mr. Schwartz thanked staff for their work on this program. Mr. Maretzki specifically highlighted Ms. Raffensperger and Mr. Lambert’s work on this program.

5. **TriState Capital Bank Financing Note**

Mr. Hudson reported that in 2013 the Agency borrowed funds from TriState Capital Bank to replenish funds in the Agency’s homeownership renovate and repair program which permitted the program to continue offering below market loans to lower income homeowners.

TriState Capital Bank has again offered to provide additional flexible capital for Agency programs. This financing would be a direct loan placement with TriState Capital Bank and would free up Agency funds to continue to provide loans in the Agency’s various funding programs.

Staff is requesting Board approval.

A brief discussion took place regarding the benefits to the Agency of entering into this financing proposal. Discussion also focused on the interest rate, structure, and how the funding would be utilized.

**Mr. Schwartz made the motion that the Board approve the resolution authorizing a $10,000,000 maximum aggregate principal amount loan from TriState Capital Bank. This motion was seconded and unanimously approved. (See Appendix 3 of these Minutes.)**
5. OTHER BUSINESS

A. NCSHA Housing Credit Connection Conference
   Mr. Hudson reported that NCSHA’s Housing Credit conference will be held in Los Angeles from June 1, 2015 until June 4, 2015. Any Board member who would like to attend should contact the Secretary as soon as possible.

B. NCSHA Legislative Conference
   Mr. Hudson reported that he, Mr. Fogarty and Ms. Raffensperger were in Washington DC on March 8 and 9 attending this legislative conference. They were able to meet with all of the members of the Pennsylvania delegation, or their staffs to discuss important legislation affecting housing finance agencies, and PHFA in particular.

   Mr. Hudson acknowledged the work of Mr. Fogarty and Ms. Raffensperger in scheduling the appointments. He thanked them for their diligence.

7. ADJOURNMENT

   There being no further business to be discussed, a motion was made and seconded that the meeting be adjourned. The motion was unanimously approved. Acting Chair Hagen adjourned the meeting of the Board at 10:55 a.m.

   The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, April 9, 2015 at 10:30 a.m. at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania.

   Respectfully submitted,

   Carrie M. Barnes
   Secretary
RESOLUTION OF THE MEMBERS OF THE BOARD
OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
APPROVING TRANSFER OF GENERAL PARTNER INTEREST
W.C. ATKINSON APARTMENTS, PHFA NO. O-38

WHEREAS, W.C. Atkinson Apartments, located in Coatesville, Chester County, Pennsylvania (the "Development"), was originally financed in March 1993 in the aggregate amount of $512,364 through funds provided by Agency taxable bond financing and the Agency's PennHOMES Program; and

WHEREAS, the current ownership entity of the Development, W.C. Atkinson Associates, a Pennsylvania limited partnership, has requested Agency approval of the transfer of the general partner's interest; and

WHEREAS, the Development is subject to Agency approval of any change in the nature or character of the ownership entity throughout the term of the Agency mortgage loan; and

WHEREAS, the new general partner will assume the existing mortgage and will continue to operate the Development and shall be responsible for the fiscal and physical condition of the Development as the general partner of W.C. Atkinson Associates; and

WHEREAS, HDC Investments, Inc. has agreed to deliver $100,000 to the Agency to fund an operating reserve for the Project to be held and maintained by the Agency; and

WHEREAS, staff recommends approval of the proposed transfer of the general partner's interest of W.C. Atkinson Associates from HDC Investments, Inc. to W.C. Atkinson Memorial Community Service Center, Inc., a Pennsylvania nonprofit corporation, subject to the conditions set forth below.

NOW, THEREFORE, be it resolved by the Members of the Board of the Pennsylvania Housing Finance Agency on this 12th day of March, 2015, as follows:

Section 1. The Agency approves the transfer from HDC Investments, Inc. to W.C. Atkinson Memorial Community Service Center, Inc. as general partner of W.C. Atkinson Associates subject to the Agency's receipt of $100,000 from HDC Investments, Inc. to fund an operating reserve for the Project to be held and maintained by the Agency.

Section 2. The Executive Director and other Agency staff are authorized and directed to take all actions necessary to effectuate the transfer; subject to staff review and approval of the appropriate documents for the transaction.

Section 3. This resolution shall take effect immediately.
2015 Final Plan

Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE)

Principles and Elements of Plan

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 did not allocate any funding but did outline 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.

Marcellus Shale Impact Fee

The Marcellus Shale impact fee legislation, Act 13 of 2012, (the "Impact Fee Act") specifically allocates certain amounts from the impact fee into the PHARE Fund to address the following needs, including:

- 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),
- 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
- 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 2012 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.

**Purpose**

The PHARE Act provides the mechanism to address the housing needs in impacted counties/communities of the Marcellus Shale region.

**Principles**

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

- 50% of the funds must be spent in 5th through 8th class counties;
- 30% of the funds must benefit persons/families below 50% of the median area income.

**#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. Preference: Applications that also include Optional Affordable Housing funds (under 53 PaCS, Ch.60) and/or local share portions of the impact fee.

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

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

**#3) Foster partnerships** – the funds should be used to maximize sustainable partnerships that will be committed to addressing the housing needs in these communities over a significant period of time. While the funds are to be used to directly support housing to meet the needs in the impacted communities, the projects should also help establish capacity to address those needs over the longer term. Preference: Projects/programs that incorporate social service entities that offer additional services to the residents within the community where the project/program is taking place.
#4) Effective and efficient – ensure that the resources are used effectively and efficiently to meet the housing needs of the impacted communities. Given the expectation that demand for many types of housing will greatly exceed the funds available, it will be critical to maximize the effectiveness and efficiency for housing investments by the PHARE Fund. Preference: Projects/programs that assist the residents with the greatest need in that particular region.

#5) Equitable and transparent – create a plan and allocation process that will equitably meet the housing needs in impacted communities and establish a process that provides transparency to all stakeholders. Funding decisions and reporting will be done in accordance with the legislative requirements.

Elements of the Plan

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

It is important to recognize that this data will need to be municipality-specific to capture the unique and likely different housing needs in the various communities. In addition, the housing/real estate markets are diverse across the impacted 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 in the impacted communities and 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, especially due to the impact of the Marcellus Shale development. In addition to 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 “micro” markets could be significantly different in the impacted communities and the plan is sufficiently flexible to address those differences.

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. Based on the preliminary finding from the Lycoming College research [http://www.phfa.org/forms/housing_study/2011/marcellus_report.pdf](http://www.phfa.org/forms/housing_study/2011/marcellus_report.pdf), PHFA has some insight into the existing housing development capacity in some of the impacted communities. This will serve as a foundation for investment in increasing the capacity. There will be need for ongoing analysis of capacity (private, non-profit, public) as part of the plan. In some of these communities there has been no significant housing market in decades while in others there is a robust market that may be addressing some part of the housing needs. The plan will help determine where additional housing development
Capacity 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 trust fund 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, 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. In order to meet that objective it will require 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.

**Targeting of resources** – 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.

**Stakeholder input** – the plan for allocation of resources will provide for broad stakeholder input concerning the principles and elements of the plan.
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: Applicants who provide a process where members of the community and other stakeholders may provide input on the application prior to submission.

**Application/Allocation Process**

Based on both the legislative requirements of the PHARE Act and the Impact Fee Act, PHFA has developed an application/RFP for eligible applicants interested in applying for the funds.

Eligible applicants 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.

The elements of the application and allocation process include:

- Adoption of “plan” for managing the anticipated funds by PHFA.
- 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.
- Project recommendations reviewed by PHFA.
- Announcement of preliminary funding approval.
- PHFA will establish an annual application process that will allow the agency to address housing needs in the impacted communities.
- PHFA may amend the plan, application and the allocation process at any time, upon written publication of such amendments.
- PHFA, as part of the RFP process, will require all applicants to target a minimum of 30% of their funding to support households with incomes below 50% of median area income.
- PHFA will require applicants to include information on how the county is using its Act 137 (Local Housing Trust Fund) monies to address housing needs in the community. This will be included as part of the Comprehensive Plan section of the RFP.

*Preliminary approval and funding of applications is contingent upon receipt of funds under Act 13 of 2012.*
PENNSYLVANIA HOUSING FINANCE AGENCY RESOLUTION AUTHORIZING
A $10,000,000 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 to provide financing for loans through a loan in an amount not to exceed $10,000,000, with the Agency retaining loan servicing; and

WHEREAS, the total commitment shall not exceed $10,000,000, 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 MARCH, 2015 AS FOLLOWS:

Section 1. The Agency hereby approves and authorizes a loan in an aggregate principal amount not to exceed $10,000,000 from TriState Capital Bank at an interest rate not to exceed 3.6% for a term not to exceed 10 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.