

**Pennsylvania Housing Finance Agency  
Meeting of the Board  
May 14, 2015**

**Members Present:**

Robin Wiessmann, Chair  
Thomas B. Hagen, Vice Chair  
Craig H. Alexander  
Maria F. Coutts  
Dennis Davin  
Noel E. Eisenstat  
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:**

K. Scott Baker  
Ronald F. Croushore  
Lisa R. Gaffney

**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  
Melissa Raffensperger, Policy Associate  
Michael O'Neill, Assistant Counsel  
JoLynn Story, Associate Counsel  
Jada Greenhowe, Assistant Counsel  
Lauren Starlings, Assistant Counsel  
Lori Toia, Director of HEMAP  
Maggie Strawser, Legal Executive Assistant  
Lisa Case, Manager of Project Operations  
Brian Shull, Manager of Preservation Programs  
Clay Lambert, Business Policy Officer  
Michael Kosick, Director of Technical Services  
John Zapotocky, Manager of Finance and Accounting  
Thomas Brzana, Director of Loan Servicing  
Kelly Wilson, Development Officer

Sherry Daniels, Development Officer  
La’Kisha Thomas, Development Officer  
Lynette Davenport, MAP Officer  
Joseph Knopic, Director of Finance  
Douglas Haughton, Development Officer  
Linda Newport, Manager of Contract Administration  
Stan Salwocki, Manager of Architecture and Engineering  
Ann Mermelstein, Senior Development Officer  
Christine Gerbig, Senior Development Officer  
Renaë Hodges, Communications Officer  
Michael Kosick, Director of Technical Services  
Sue Belles, Manager of Loan Programs  
Charlotte Folmer, Senior Asset and Compliance Officer  
Beth Silvick, Senior Development Officer  
William Bailey, Senior Development Officer  
Diane Hoffman, Manager of Accounting  
Barbara Stephens, Public Affairs Officer  
Carla Falkenstein, Director of Western Region  
Steven Chopek, Manager of Housing Services  
Mary Kate Poole, Janney Montgomery Scott  
Ralph Vartan, Vartan Group  
Lisa Yaffe, Community Development Strategy  
Ralph Jones, US Bank  
Carlos Montoya, Bank of America  
James Eby, Community Builders  
Bobby Ribic, PA Senate  
Mike Mebic, Development Council  
Alan Jaffe, JP Morgan  
Michael Baumrin, RBC  
Cindy Daley, Housing Alliance  
Charlotte L. Nelson, Assistant Secretary  
Carrie M. Barnes, Secretary

A meeting of the Members of the Board of the Pennsylvania Housing Finance Agency was held on Thursday, May 14, 2015 at 11:00 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 April 30, 2015.

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

The meeting was called to order by Chair Wiessmann at 11:05 a.m. The roll was called and a quorum was present.

2. **APPROVAL OF THE MINUTES FROM THE APRIL 9, 2015 BOARD MEETING**

There were no additions or corrections to the minutes.

**Mr. Hagen made a motion that the minutes from the April 9, 2015 Board meeting be approved as submitted. This motion was seconded by Mr. Nese and was unanimously approved.**

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

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

A. **Low Income Housing Tax Credit Program – Allocation of Resources**

Mr. Welks reported that staff reviewed Agency's processing of the projects which have been submitted for consideration of Federal Low Income Housing Tax Credits.

Ms. Glauser noted that 103 proposals were received for tax credits requesting an amount in excess of \$103,000,000 and \$21,800,000 in PennHOMES funds. The Agency's federal tax credit authority for the current year is \$29,410,580 less forward commitments of \$15,631,000. She stated that 44 of the proposals were in urban areas and 59 were in suburban areas.

Each application was reviewed thoroughly by staff and senior management and all proposals were ranked according to the selection criteria as approved by the Board. Certain adjustments and modifications were recommended to the Allocation Plan including minimum ranking and preferences to achieve geographic distribution.

Following the review criteria as established, it has been determined that 39 projects are eligible for funding at this time.

Ms. Glauser thanked the Agency's staff for their work in this process which took approximately four months.

Mr. Welks noted that the Program and Development Review Committee also received an overview of the entire tax credit allocation process from staff during its meeting.

**Mr. Welks made the motion that the Board approve the resolution approving the year 2015 Federal Low Income Rental Housing Tax Credit allocation process and authorizing certain Agency actions regarding program funding. This motion was seconded by Mr. Eisenstat and was unanimously approved. (See Appendix 1 of these Minutes.)**

**B. Portfolio Preservation Refinancing – Marion Terrace and Tyrone Family**

Mr. Dudeck reported that the owners of the Marion Terrace and Tyrone Family projects have requested permission to prepay their mortgages.

Mr. Dudeck stated that to permit prepayment requests, staff must be assured that the development will remain in Pennsylvania's affordable housing stock for at least an additional 30 years; the Agency must not incur any economic losses due to the refinancing; and the HUD's Housing Assistance Payments contract must be renewed for an additional 20 years.

After reviewing each of the projects, Mr. Dudeck stated that all of the conditions have been addressed and staff recommends the approval of both prepayment requests.

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

**Mr. Welks made the resolution authorizing the portfolio preservation refinancing for Marion Terrace. This motion was seconded by Mr. Nese and was unanimously approved. (See Appendix 2 of these Minutes).**

**Mr. Welks made the resolution authorizing the portfolio preservation refinancing for Tyrone Family. This motion was seconded and was unanimously approved. (See Appendix 3 of these Minutes).**

**C. Other Business**

Mr. Welks reported that the Committee also approved the reallocation of 2014 tax credits to 2015 tax credits for the St. Michael's on the Hill project located in Jessup, Lackawanna County. No Board action is required on this issue.

**4. INVESTMENT BANKER REPORT**

Mr. Baumrin, representing RBC Capital Markets, distributed an Economic and Interest Rate Outlook booklet.

He noted that the economy stalled in the first quarter but it is anticipated that it will rebound in the second quarter of this year. The severe weather likely caused the previous weak performance. He reported that inflation appears to be under control as new jobs are created and unemployment decreases.

It is possible that the first rate increase by the Federal Reserve may be announced this coming September.

Mr. Baumrin stated that homeownership continues to decline and the percentage of delinquencies and foreclosures is still above normal levels. Renting remains the main market for housing and the spread between the cost of owning a home and renting will continue to expand. RBC expects the demand for homeownership to increase because of the lack of supply of affordable rental units.

Generally speaking, Mr. Baumrin expects interest rates to increase very slowly and housing starts to strengthen.

There were no comments or questions from the Board.

**5. DEVELOPMENT STATUS REPORT**

There were no comments or questions from the Board on this report.

**6. PHFA INVESTMENT REPORT**

There were no comments or questions from the Board on this report.

**7. OTHER BUSINESS**

**A. Sale of Historic Homes on Locust Street**

Mr. Hudson reported that the Agency has agreed to sell the historic homes it owns on Locust Street and he is requesting the Board's approval to complete the sale.

He reported on the difficulties the Agency has been encountering regarding the proposed expansion of the Agency's headquarters. The Agency will continue to evaluate ways to accommodate its increased need for space.

**A motion was made that the Board approve the resolution authorizing certain matters relating to the sale of certain PHFA owned structures on Locust Street. The motion was seconded by Mr. Paone and was unanimously approved. (See Appendix 4 of these Minutes.)**

**B. PHFA's Housing Forum**

Mr. Hudson reported that there was overwhelming attendance at the Agency's Housing Forum held at the Harrisburg Hilton on May 7 and 8. This forum is held every two years and was a huge success this year.

Mr. Hudson thanked Scott Elliott and his staff for an excellent job of planning the entire event.

**C. Tax Credit Allocation Plan**

Ms. Glauser and Mr. Hudson thanked the PHFA staff members involved in evaluating and assisting in the rankings of the proposals submitted for funding. It was an enormous task and they complimented all those staff persons involved for a job well done.

**D. Real People, Real Results**

Mr. Hudson thanked PHFA's Bryce Maretzki and the Housing Alliance of Pennsylvania for their efforts in preparing a brochure entitled "Real People, Real Results". This brochure discusses the State Housing Trust Fund and explains the program. Mr. Hudson also thanked PNC Bank for their involvement in funding and printing the brochure.

Mr. Hudson explained that the Agency has been the administrator of this program, the Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE), since its inception three years ago.

**8. ADJOURNMENT**

There being no further business to be discussed, a motion was made and seconded that the meeting be adjourned. The motion was unanimously approved. Chair Wiessmann adjourned the meeting of the Board at 11:35 a.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, June 11, 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 PENNSYLVANIA HOUSING FINANCE AGENCY  
APPROVING THE YEAR 2015 FEDERAL LOW INCOME RENTAL HOUSING TAX CREDIT  
ALLOCATION PROCESS AND AUTHORIZING CERTAIN AGENCY ACTIONS REGARDING  
PROGRAM FUNDING**

WHEREAS, the Pennsylvania Housing Finance Agency (the "Agency") exists and operates by virtue of and pursuant to the housing finance agency law, (1959, Dec. 3, P.L. 1688, as amended, 35 P.S. 1680.101, et seq.) (hereinafter, "the Act"); and

WHEREAS, pursuant to Executive Order 87-9, the Agency is designated as the tax credit allocating agency of the Commonwealth of Pennsylvania; and

WHEREAS, pursuant to Section 42(m) of the Internal Revenue Code of 1986, as amended, (the "Code"), the Agency adopted a qualified allocation plan (the "Year 2015 Plan") authorizing the low income rental housing tax credit program (the "Year 2015 Program"), sought and received approval by the Governor of the Year 2015 Plan and made Year 2015 Plan and applications available to interested applicants; and

WHEREAS, in approving the Year 2015 Plan, the Board of the Agency directed staff to present the results of the ranking and scoring process undertaken in the Year 2015 Program to the Board for review prior to announcing preliminary reservations of federal low income tax credits to projects; and

WHEREAS, staff has outlined and reviewed with the Board the process undertaken in evaluating Year 2015 Program applicants;

WHEREAS, upon review, the Board has determined to adjust certain preferences originally established in the Year 2015 Plan, to modify a set aside and to waive the minimum ranking scoring in order to meet geographic diversity and to best achieve the Commonwealth's housing goals;

WHEREAS, the Agency expects to have approximately \$13,000,000 in funding for rental housing through applications in eligible communities submitted through the PHARE program, possible allocations through the federal housing trust fund, funds through the federal HOME program, and funds recaptured or repaid from prior year funding (collectively "Agency Funds").

NOW THEREFORE, be it resolved by the Board of the Pennsylvania Housing Finance Agency on the 14<sup>th</sup> day of May, 2015, as follows:

Section 1. The Board has determined that the staff has properly applied the ranking and scoring process adopted by the Board for allocation of tax credits in the Year 2015 Program.

Section 2. Staff is authorized to take all steps to implement the Year 2015 Program reservations derived therefrom and to make conditional forward commitments of Year 2016 tax credits to ensure that all 2015 tax credit resources are allocated and that PHFA is eligible for national pool consideration.

Section 3. Staff shall administer the allocation of Agency Funds and shall provide ongoing reports to the Board of the pipeline of developments supported by tax credits and Agency Funds.

Section 4. This Resolution shall take effect immediately.

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY  
AUTHORIZING PORTFOLIO PRESERVATION REFINANCING  
FOR MARION TERRACE, PHFA NO. R-115**

WHEREAS, Hanover Associates, a Pennsylvania limited partnership ("Owner") is the current owner of a Section 8 project with outstanding Agency financing, known as Marion Terrace (the "Project"); and

WHEREAS, Owner has requested that the Agency agree to the sale of the Project and prepayment of the outstanding Agency mortgage loan; and

WHEREAS, the Agency has reviewed the Project, the remaining Section 8 contract terms and rent levels, the proposed new debt structures, and has calculated the economic losses which will be incurred by the Agency if such Project is refinanced: and

WHEREAS, the Agency has determined that it is willing to allow the sale and prepayment if the Owner agrees to pay all of the lost revenues to the Agency which are associated with the bond financing and existing regulatory structure and agrees to extend and assign the existing Section 8 for the maximum term retaining the Agency as Contract administrator, and if the new Project owner is willing to undertake a long term affordability strategy for the Project and the financing does not create economic hardship on the Project; and

WHEREAS, based on its review and through its negotiations with the Owner and the new owner, the Agency has determined that these conditions will be met.

NOW THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 14th day of May, 2015, as follows:

Section 1. Staff is authorized to take the following actions regarding the Project and to do all things necessary to effect the referenced mortgage refinancing, subject to the Agency accepting a prepayment of the Agency's mortgage loan (outstanding principal \$1,728,066) with an additional payment of \$112,636 for lost economic value.

Section 2. As a condition of the sale and prepayment of the Agency's mortgage, new owner must agree to enter into an extended use agreement, to retain the Project in the Section 8 portfolio to the maximum extent possible and to extend the affordability period for the Project for 30 years.

Section 3. Staff is further directed to ensure receipt of all necessary HUD approvals of the transaction.

Section 4. This resolution shall take effect immediately.

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY  
AUTHORIZING PORTFOLIO PRESERVATION REFINANCING  
FOR TYRONE FAMILY A/K/A TYRONE TOWNHOMES, PHFA NO. R-258**

WHEREAS, Blair Associates, a Pennsylvania limited partnership ("Owner") is the current owner of a Section 8 project with outstanding Agency financing, known as Tyrone Family a/k/a Tyrone Townhomes (the "Project"); and

WHEREAS, Owner has requested that the Agency agree to the sale of the Project and prepayment of the outstanding Agency mortgage loan; and

WHEREAS, the Agency has reviewed the Project, the remaining Section 8 contract terms and rent levels, the proposed new debt structures, and has calculated the economic losses which will be incurred by the Agency if such Project is refinanced: and

WHEREAS, the Agency has determined that it is willing to allow the sale and prepayment if the Owner agrees to pay all of the lost revenues to the Agency which are associated with the bond financing and existing regulatory structure and agrees to extend and assign the existing Section 8 for the maximum term retaining the Agency as Contract administrator, and if the new Project owner is willing to undertake a long term affordability strategy for the Project and the financing does not create economic hardship on the Project; and

WHEREAS, based on its review and through its negotiations with the Owner and the new owner, the Agency has determined that these conditions will be met.

NOW THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 14th day of May, 2015, as follows:

Section 1. Staff is authorized to take the following actions regarding the Project and to do all things necessary to effect the referenced mortgage refinancing, subject to the Agency accepting a prepayment of the Agency's mortgage loan (outstanding principal \$329,741) with an additional payment of \$24,187 for lost economic value.

Section 2. As a condition of the sale and prepayment of the Agency's mortgage, new owner must agree to enter into an extended use agreement, to retain the Project in the Section 8 portfolio to the maximum extent possible and to extend the affordability period for the Project for 30 years.

Section 3. Staff is further directed to ensure receipt of all necessary HUD approvals of the transaction.

Section 4. This resolution shall take effect immediately.

RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE  
AGENCY AUTHORIZING CERTAIN MATTERS RELATING TO THE SALE OF CERTAIN  
PHFA OWNED STRUCTURES ON LOCUST STREET

WHEREAS, pursuant to the Housing Finance Agency Law, 35 P.S. Section 1680.101 et seq., ..“the Agency has the power... to acquire, hold and dispose of real property, or any interest therein, to be used by the agency for the purpose of its offices and operations”; and

WHEREAS, in December 2012, the members authorized the acquisition of certain structures located adjacent to other Agency real estate on Locust Street for purposes associated with the expansion of the agency's offices and operations; and

WHEREAS, the Agency has determined that the buildings are not necessary as part of the Agency's proposed expansion of its offices and operations; and

WHEREAS, the Agency has received inquiries from prospective purchasers to acquire the buildings and is desirous of selling the properties.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 14th day of May, 2015 as follows:

Section 1. The Executive Director and Chief Counsel are hereby authorized and directed to take appropriate actions to sell the properties on Locust Street which are adjacent to the 201 Front Street building site at a price of \$140,000 and to take all necessary actions, to negotiate and enter into agreement of sale, execute deeds and such other documents and agreements related to such disposition.

Section 2. Effective Date. This Resolution shall take effect immediately.