

**Pennsylvania Housing Finance Agency  
Meeting of the Board  
October 13, 2016**

**Members Present:**

- \*Robin Wiessmann, Chair
- \*Craig H. Alexander
- \*Maria F. Coutts
- \*Ronald F. Croushore
- \*Kathy Possinger (serving in the stead of  
Dennis Davin, Secretary of Department  
of Community and Economic Development)
- \*Noel Eisenstat
- \*Lisa R. Gaffney
- \*John Paone
- \*Keith Welks (serving in the stead of  
Timothy Reese, State Treasurer)
- \*Mark Schwartz

\*On Telephone conference call

**Members Absent:**

- Thomas B. Hagen, Vice Chair
- Ted Dallas
- Ross Nese

**Others Present:**

- Brian A. Hudson, Executive Director
- Rebecca L. Peace, Deputy Executive Director/Chief Counsel
- William Fogarty, Director of Government Affairs
- Carl Dudeck, Director of Housing Management
- Holly Glauser, Director of Development
- Bryce Maretzki, Director of Strategic Policy & Planning
- Kate Newton, Director of Loan Servicing
- Kim Boal, Director of Information Technology
- Scott Elliott, Director of Communications
- John Zapotocky, Director of Accounting
- Thomas Brzana, Director of Business Analytics
- Steve O'Neill, Assistant Counsel
- Chris Anderson, Communications Officer
- Melissa Raffensperger, Government Affairs Associates
- \*Barbara Stephens, Senior Public Affairs Officer
- Jada Greenhowe, Assistant Counsel
- Lori Toia, Director of HEMAP
- Gail Shull, Senior Development Officer
- Lisa Case, Manager of Project Operations
- William Bailey, Senior Development Officer
- Carl Dudeck, Director of Housing Management
- David Doray, Manager of Multifamily Underwriting
- Clay Lambert, Business Policy Officer
- \*Nancy Twyman, Director of Eastern Region
- \*Eric Naftulin, Miriam and Robert Rieder Apartments

\*Shoshana Bannett, Miriam and Robert Rieder Apartments  
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, October 13, 2016 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 September 29, 2016.

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

The meeting was called to order by Chair at 10:40 a.m. The roll was called and a quorum was present.

**2. APPROVAL OF THE MINUTES FROM THE SEPTEMBER 8, 2016 BOARD MEETING**

There were no additions or corrections to the minutes.

**A motion was made that the minutes from the September 8, 2016 Board meeting be approved as submitted. This motion was seconded and unanimously approved.**

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

**A. PHARE/Marcellus Shale (Act 13) Project Approval Recommendations**

Mr. Maretzki outlined how the Pennsylvania Housing Affordability and Rehabilitation Enhancement (PHARE) Fund was created in 2010. He reported that in 2012, a bill was signed into law providing for impact fees related to the activity in the Marcellus Shale regions to provide funding to the PHARE fund.

For 2016, the Agency has received an allocation of \$6,530,000 to be used to assist projects with predevelopment activities, acquisition of property, site preparation and construction, reconstruction and repair of existing structures, improvements and infrastructure.

The Agency issued an RFP in June, 2016 to solicit proposals for the PHARE funds allocated to PHFA. The deadline for applications was August 12, 2016.

In response to the RFP, the Agency received 43 applications located in 29 counties requesting \$7,390,000 in PHARE funds. Staff has evaluated all of the applications

and is recommending that 40 applications be approved utilizing \$6,200,000 of the total allocation. PHFA retains five percent (\$250,000) of the total allocation for overall administration of the program. Mr. Marezki specifically noted the work done by Mr. Lambert and Ms. Raffensperger on his staff and thanked them for their efforts involving with this program and evaluating all of the applications submitted.

Ms. Gaffney stated that the Program and Development Review Committee concurs with staff's recommendation.

**Ms. Gaffney made a motion that the Board approve the resolution authorizing funding of 2016 Marcellus Shale-PHARE programs and projects. This motion was seconded and unanimously approved. (See Appendix 1 of these Minutes.)**

**B. Request for Tax-Exempt Bond Issuing Authority –**

**1. Miriam and Robert Rieder Apartments, Philadelphia, Philadelphia County**

Mr. Bailey reviewed the project and its financing plan. He reported that the owner is seeking tax exempt bond financing through PHFA in an amount not to exceed \$8,500,000. All of the units receive rental assistance through a project-based Housing Assistance Payments contract and this contract has been transferred to the new owners. Staff recommends approval of this funding request.

Ms. Gaffney stated that the Program and Development Review Committee concurs with staff's recommendation.

**Ms. Gaffney made a motion that the Board approve the resolution authorizing a 2016 housing related bond allocation in an amount not to exceed \$8,500,000 to Miriam and Robert Rieder Apartments. This motion was seconded and unanimously approved. (See Appendix 2 of these Minutes.)**

**2. Laurel Towers, Harrisburg, Dauphin County**

Ms. Shull reviewed the project and its financing plan. She reported that the owner is seeking the issuance of multifamily housing development notes by the Agency. The Agency would be the conduit issuer and all of the notes would be purchased by Wells Fargo Multifamily Capital. Staff recommends approval of this request.

Ms. Gaffney stated that the Program and Development Review Committee concurs with staff's recommendation.

**Ms. Gaffney made a motion that the Board approve the resolution authorizing the issuance of \$12,000,000 of Special Limited Obligation Multifamily Housing Development Notes for Laurel Towers. This motion was seconded and unanimously approved. (See Appendix 3 of these Minutes.)**

**C. Other Business**

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

**4. POLICY COMMITTEE REPORT**

**A. 2016 PHARE/Realty Transfer Tax (RTT) Plan Amendment**

Mr. Marezki reported that the Realty Transfer Tax Act (Act 58 of 2015) was signed into law in November of 2015. This Act expanded funding under the PHARE program to all 67 counties in the Commonwealth by utilizing revenue from the Realty Transfer Tax. The Agency will receive an allocation based on a formula set by the Act which will be capped at \$25,000,000 annually. It has been determined that the Agency's 2016 allocation will be \$12,670,000.

Mr. Marezki reported that an amendment is required to the PHARE Plan to incorporate the Realty Transfer Tax into the Plan. This amended Plan was available for 45 days for public comment and all relevant comments have been incorporated into this final version of the Plan.

An RFP will be issued by the Agency on October 17, 2016 with applications due by January 13, 2017. Funding recommendations will be made to the Board in April, 2017. Mr. Marezki noted that staff anticipates receiving a large number of applications under this program, especially since the pool of eligible applicants is very broad.

Mr. Schwartz expects that this program will be very helpful in creating additional affordable housing. He reported that the Policy Committee concurs with staff's recommendation that this Final Plan be approved by the Board.

**Mr. Schwartz made a motion that the Board approve the 2016 PHARE/Realty Transfer Tax Final Plan. This motion was seconded and was unanimously approved. (See Appendix 4 of these Minutes.)**

**B. PHFA Administration of Fiscal Year 2016-2017 Mixed Use Development Tax Credit**

Mr. Maretzki informed the Board that the Agency has been authorized through the Fiscal 2016-2017 state budget to administer the Mixed Use Development Tax Credit and Program. The Agency will receive an allocation of \$2,000,000 in Fiscal Year 2017-2018 for this program. The Agency has 180 days to adopt guidelines for the Tax Credit allocation and the Program. He briefly reported on the criteria for the Program and the Tax Credit allocation.

Mr. Maretzki noted that this Program encompasses a wide range of eligible “qualified taxpayers”. An RFP will be created for proposals at the appropriate time. The Department of Revenue will be involved to be sure that taxpayers are fully compliant with all tax payments. The Agency will be required to submit an annual report to the Governor and Legislature listing taxpayers applying for credits and receiving credit under this Program.

Mr. Maretzki stated that this Program is in its formative stages and staff anticipates bringing the final program documents to the Board for approval in December, 2016. It is expected that recommendations for project funding will be presented to the Board in November, 2017. A draft of the Program summary and the RFP were distributed to the Board.

Mr. Maretzki reported that the Program documents will be published in *The Pennsylvania Bulletin* and the public comment period begins on October 22, 2016.

No Board action is required at this time. The Board will be updated and this Program as it moves forward.

Mr. Hudson thanked staff for their efforts thus far on this Program.

**5. OTHER BUSINESS**

**A. November 10, 2016 Board Meeting**

Mr. Hudson reported that the November 10 Board meeting will be held via telephone conference call.

**B. December Policy and Board Meeting**

Mr. Hudson stated that the Board’s annual policy meeting will be held on Wednesday, December 7 beginning at 9:00 a.m. at the Agency. It is expected that this meeting will continue until mid-afternoon.

The Board meeting will convene at 10:30 a.m. on Thursday, December 8 at the Agency.

**6. 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 11:10 a.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, November 10, 2016 at 10:30 a.m. at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania.

Respectfully submitted,

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

Carrie M. Barnes  
Secretary

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY  
AUTHORIZING FUNDING OF 2016 MARCELLUS SHALE-PHARE PROGRAMS AND PROJECTS**

WHEREAS, the Pennsylvania Housing Finance Agency (the "Agency") exists and operates pursuant to the Housing Finance Agency Law (35 P.S. Section 1680.101 *et seq.*) for the purposes ". . . of alleviating hardship which results from insufficient production of private homes and of rental housing for persons and families of low and moderate income, including the elderly . . the deleterious effect of inadequate housing upon the general welfare of the Commonwealth . . . by broadening the market for private homes and for housing for persons and families of low and moderate-income, through the provision of specialized financing secured by mortgages to corporations, individuals, joint ventures, partnerships, limited partnerships, trusts, cooperatives and condominiums... "; and

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

WHEREAS, PHARE allows the Agency to give preference to projects that meet specific goals, to consider geographical distribution of program funds, and to make 30% of funds available for housing programs benefitting households with incomes less than 50% of the median area income; and

WHEREAS, enactment of Act 13 of 2012 ("Impact Fee Act") provides for impact fees relating to activity in the Marcellus Shale region of the Commonwealth and includes funding for PHARE in certain counties of the Commonwealth (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).

WHEREAS, in accordance with PHARE, the Agency adopted, after public comment, a plan establishing priorities and describing the method in which Marcellus Shale/PHARE program funds will be distributed; and

WHEREAS, the Agency issued a request for proposals for application to its Marcellus Shale/ PHARE fund ("MS-PHARE") and, applications were received and reviewed by staff; and

WHEREAS, the Agency has reviewed staff recommendations for funding of the applications best meeting the funding criteria for the MS-PHARE program and has chosen to reserve funding for the applications set forth below.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 13th day of October 2016, as follows:

Section 1. The Agency hereby approves funding for the following counties for programs/projects in the following amounts:

\$175,000	Allegheny	Accessibility Program	\$175,000
\$55,000	Armstrong	Emergency Housing Program	\$55,000
\$25,000	Beaver	Rental and Utility Assistance	\$25,000
\$50,000	Blair	Rental Assistance Program	\$50,000
\$710,000	Bradford	Homeowner Rehabilitation Program	\$175,000
		Home Purchase Grant Program	\$535,000
\$275,000	Butler	Acquisition/Rehabilitation Program	\$275,000
\$20,000	Centre	Rental Assistance Program	\$20,000
\$25,000	Clarion	Rental Assistance Program	\$25,000
\$60,000	Clearfield	Rental Assistance and Case Management Program	\$60,000
\$41,000	Clinton	Rental Assistance and Education Project	\$41,000

\$5,000	Crawford	South Main Neighborhood Improvement Program	\$5,000
\$63,000	Elk	Accessible Housing Program	\$38,000
		Housing Stability Program	\$25,000
\$150,000	Fayette	Neighborhood Stabilization Initiative	\$150,000
\$600,000	Greene	Parkview Knoll Apartments	\$600,000
\$50,000	Indiana	Housing Efficiency Pilot Program	\$50,000
\$50,000	Jefferson	Jefferson County Housing Emergency Repair Assistance Program	\$50,000
\$50,000	Lawrence	Countywide Housing Rehabilitation and Blight Removal Program	\$50,000
\$1,100,000	Lycoming	Muncy Greene Senior Housing Development	\$800,000
		City of Williamsport Historic Properties Rehabilitation Program	\$225,000
		Brodart Neighborhood Improvement Homes-In-Need Program	\$75,000
\$50,000	McKean	Second Ward Neighborhood Housing Program	\$50,000
\$35,000	Mercer	Homebuyer Assistance Program	\$35,000
\$40,000	Potter	Homeless Prevention Program	\$40,000
\$70,000	Sullivan	Rental Assistance Program	\$70,000
\$1,082,000	Susquehanna	Transitional Housing Re-entry Program	\$396,000
		Rental and Utility Assistance	\$124,000
		Home Buyer Assistance Grant Program	\$127,000
		Forest City Affordable Housing Program	\$435,000
\$338,000	Tioga	Department of Human Services	\$72,000
		David's By the Lake	\$83,000
		Kenner Court/Garnet House	\$91,000
		St. James Relocation Expenses Program	\$92,000
\$15,000	Venango	Veterans Fairweather Lodge	\$15,000
\$30,000	Warren	Roofing Program	\$30,000
\$750,000	Washington	Washington Trust Building	\$750,000
\$150,000	Westmoreland	Homeownership Program/Shaner Heights Rental Rehabilitation Project	\$150,000
\$141,000	Wyoming	Rental Assistance Program	\$15,000
		Home Buyer Assistance Grant Program	\$126,000

Section 2. All counties must work with Agency staff to make substantial progress towards closing the transactions/implementing programs on or before June 30, 2017 (or otherwise in compliance with the timelines submitted in their applications) or funds may be recaptured and redistributed. Amounts may be rounded. Staff is authorized to approve up to \$50,000 to any county to augment their efforts from unexpended, uncommitted and recaptured program amounts. An amount not to exceed 5% of awarded funds may be used by the county for administrative costs and an amount not in excess of 5% of available funds may be used by the Agency to offset and defray costs of administration.

Section 3. Staff is hereby authorized and directed to take all actions necessary to effectuate the above authorized reservation of funds and to provide appropriate contracts outlining monitoring, reporting, record keeping, and low income set aside requirements.

Section 4. This resolution shall take effect immediately.

**RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE AGENCY  
AUTHORIZING 2016 HOUSING RELATED BOND ALLOCATION  
Miriam and Robert Rieder Apartments**

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, private activity bond volume cap ("Volume Cap") is available to the Agency for the purpose of issuing housing bonds in accordance with the Internal Revenue Code of 1986, as amended (the "Code"), and with applicable laws and regulations in the Commonwealth; and

WHEREAS, the Agency issued its Year 2016 Multifamily Housing Application that includes a Request for Proposals for Volume Cap for Tax Exempt Bond Financing ("RFP") inviting developers of residential rental facilities to seek an allocation of Volume Cap in 2016; and

WHEREAS, Applicant, Miriam and Robert Rieder Apartments, LP, has requested an allocation of Volume Cap for the acquisition and moderate rehabilitation of seventy-eight units of housing for occupancy by seniors, ages 62 and older, in the City of Philadelphia, Philadelphia County; and

WHEREAS, the Agency has determined to provide a preliminary allocation of Year 2016 Volume Cap in an amount not to exceed \$8,500,000 for the issuance of private activity bonds by the Philadelphia Authority for Industrial Development, subject to satisfaction of certain conditions set forth below.

NOW THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 13th day of October, 2016, as follows:

Section 1. Staff is hereby authorized to take all necessary actions to provide a conditional preliminary allocation of Year 2016 Volume Cap in an amount not to exceed \$8,500,000 (which includes a contingency amount) for the tax exempt bond financing of Miriam and Robert Rieder Apartments subject to the following conditions: a.) evidence, satisfactory to the Agency, that all conditions and qualifications relating to Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), and all applicable requirements of the Agency's Year 2016 Tax Credit Program have been met; b.) evidence, satisfactory to the Agency, that all conditions and qualifications relating to Sections 103 and 142 (and related sections) of the Code have been met; c.) compliance with the timeframes and deadlines established by the Agency; d.) evidence of the commitment of construction and permanent financing as well as of the contribution of equity in amounts sufficient to ensure financial feasibility of the project; e.) evidence of the commitment to serve low income tenants for a period of not less than 30 years, which will be included in the Restrictive Covenant Agreement; f.) evidence of the satisfaction of accessibility requirements; g.) evidence of all requisite HUD approvals, including the transfer and extension of the HAP contract for at least 20 years; and h.) submission of two sets of complete full size architectural plans and specifications at least 60 days prior to the construction/bond closing to allow sufficient time for Agency review and approval; civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable; and Agency comments and recommendations made during its review must be addressed and approved prior to the construction/bond closing

Section 2. The action taken by the Agency is hereby declared to be an affirmative official act of the Agency toward the issuance of private activity bonds to finance the above named project; provided that in no event shall this official act be construed as an acceptance of any liability on behalf of the Agency nor as an indication of final selection for financing or a commitment of Volume Cap.

Section 3. This resolution shall be effective immediately.

**PENNSYLVANIA HOUSING FINANCE AGENCY**

**RESOLUTION**

**Authorizing the Issuance of \$12,000,000  
Maximum Aggregate Principal Amount of  
Special Limited Obligation Multifamily Housing Development Note  
(Laurel Towers)**

**Adopted: October 13, 2016**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF  
\$12,000,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT  
SPECIAL LIMITED OBLIGATION  
MULTIFAMILY HOUSING DEVELOPMENT NOTE  
(Laurel Towers)**

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

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

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

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

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

**WHEREAS**, Wells Fargo Multifamily Capital (the "**Funding Lender**"), or such successor entity as may be approved by the Agency, will make a loan to the Agency to provide funding for the Project (the "**Funding Loan**"), and certain documents to evidence the transaction, including the note to be issued by the Agency evidencing the Funding Loan (the "**Funding Loan Note**") and other financing documentation relating to the Project, will be prepared; and

**WHEREAS**, the Agency has determined to issue and secure the Funding Loan Note in accordance with, pursuant to and under this Resolution, a loan agreement and/or similar loan or financing agreements (such operative documents shall be referred to hereinafter collectively as the "**Funding Loan Agreement**"); and

**WHEREAS**, Laurel Towers Apartments LP, a Pennsylvania limited partnership (the "**Borrower**") sponsored by Volunteers of America National Services, a Minnesota nonprofit corporation, has requested financing from the Agency in an amount not to exceed \$12,000,000 (the "**Project Loan**") to fund a portion of the costs of acquiring and renovating one seven story building for senior occupancy, known as "Laurel Towers", comprised of 85 units (plus one manager's unit) in Harrisburg, Dauphin County, Pennsylvania (the "**Project**"); and

**WHEREAS**, the Agency will issue the Funding Loan Note and use the proceeds thereof to fund the Project Loan to the Borrower pursuant to a loan agreement between the Agency and the Borrower (the "Project Loan Agreement"); and

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

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

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

**ARTICLE I  
AUTHORITY AND DEFINITIONS**

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

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

## ARTICLE II AUTHORIZATION OF NOTE

**Section 201. Principal Amount and Designation.** The Funding Loan Note is hereby authorized to be issued, in an aggregate principal amount not to exceed \$12,000,000. The Funding Loan Note shall carry the designation set forth in the Funding Loan Agreement. The Funding Loan Note shall be issued pursuant in all respects to the terms of this Resolution.

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

**Section 203. Conditions.** This financing is subject to the fulfillment of all of the following conditions to the satisfaction of the Agency: (a) submission, review, and approval of all documentation necessary to secure construction and permanent loan financing; (b) satisfactory evidence that all conditions and qualifications relating to Section 42 of the Code and all applicable requirements of the Tax Credit Program have been met; (c) satisfactory evidence and Agency Counsel approval that all qualifications relating to Sections 103 and 142 (and related sections) of the Code have been met; (d) compliance with all timeframes and deadlines established by the Agency; (e) evidence of the commitment of construction and permanent financing in amounts sufficient to ensure financial feasibility of the Project; (f) evidence of the commitment to serve low income tenants for a period of not less than thirty (30) years, which will be included in the Restrictive Covenant Agreement; (g) evidence of the satisfaction of accessibility requirements; (h) contribution of equity in an amount sufficient to ensure the financial feasibility of the development; (i) final underwriting of the application for tax-exempt financing and low income housing tax credits; (j) evidence of final HUD approval of the pre- and post-rehab rents as stated in the application and the extension and assignment of the current HUD Section 8 HAP Contract for a period of not less than 20 years; and (k) submission of two sets of complete full size architectural plans and specifications at least 60 days prior to the commencement of construction to allow sufficient time for Agency review and approval. Civil engineering, architectural, structural, HVAC, plumbing, and electrical drawings and specifications shall be submitted, as applicable. Agency comments and recommendations made during its review must be addressed and approved prior to the commencement of the loan closing.

**Section 204. Date, Principal Amount, Maturity and Interest Rate.** The Funding Loan Note shall be dated the date of issuance, except as may be otherwise provided in the Funding Loan Agreement or the Funding Loan Note. The maturity date, interest rate or rates (which may be fixed or variable), interest payment dates, place of payment and other terms of the Funding Loan Note shall be as provided in the Funding Loan Agreement as finally executed; provided, however, that the maximum aggregate principal amount of the Funding Loan Note shall not exceed \$12,000,000; the interest rate on the Funding Loan Note shall not exceed the lesser of eight percent (8%) per annum or such rate supported by the final underwriting; and the final maturity of the Funding Loan Note shall be no later than 20 years, or such date supported by the final underwriting (whichever is shorter).

**Section 205. Payments.** The Funding Loan Note shall bear interest from its dated date and shall be payable as set forth in the Funding Loan Note and the Funding Loan Agreement, until the date of maturity of the Funding Loan Note or prepayment prior to maturity, as provided in the Funding Loan

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

**Section 206. Form.** The Funding Loan Note shall be in substantially the form and tenor prescribed in the Funding Loan Agreement.

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

**Section 208. Place of Payment.** The principal payments, including payments upon prepayment, of the Funding Loan Note shall be payable as provided in the Funding Loan Agreement.

**Section 209. Prepayment.** The Funding Loan Note shall be subject to prepayment as provided in the Funding Loan Agreement.

**Section 210. Execution of Agreement.** Any of the Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance of the Agency is hereby authorized to execute, for and on behalf of and in the name of the Agency, the Funding Loan Note, the Funding Loan Agreement and the Project Loan Agreement, with such final terms and provisions as their counsel may deem advisable, provided that the Funding Loan Note shall contain such substantive terms and provisions materially consistent with this Resolution.

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

**Section 301. Note Proceeds.** Pursuant to the Funding Loan Agreement, upon receipt of the proceeds of the Funding Loan and the issuance of the Funding Loan Note in connection therewith, such proceeds shall be advanced to the Borrower pursuant to the Project Loan Agreement.

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

### **ARTICLE IV SECURITY FOR THE NOTE**

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

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

neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of or the interest on the Funding Loan Note. Neither the members of the Board nor the officers of the Agency nor any person executing the Funding Loan Note shall be liable personally on the Funding Loan Note or be subject to any personal liability or accountability by reason of the issuance thereof.

## **ARTICLE V MISCELLANEOUS**

**Section 501. Authorization of Officers.** The Chairperson, Vice Chairperson, Executive Director, Director of Finance, Deputy Executive Director and Chief Counsel, Secretary and any Assistant Secretary of the Agency, and any other authorized officer of the Agency, are, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution, the Funding Loan Note and the Funding Loan Agreement as shall, with the advice of the Agency Counsel and Bond Counsel, be advisable.

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

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

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

**Final Plan**  
**Pennsylvania Housing Affordability and Rehabilitation  
Enhancement Fund/Realty Transfer Tax (PHARE/RTT)  
(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 new revenue source will expand the PHARE program to all 67 counties of the Commonwealth.

Under Act 58 of 2015 (RTT), PHFA's PHARE program will receive an allocation of funds based on a formula using 2014 year as a base. (The annual amount available for the PHARE program will be equal to the lesser of forty percent (40%) of the difference between the total dollar amount of the Realty Transfer Tax imposed under section 1102-C of the Tax Reform Code of 1971 collected for the prior fiscal year and the total amount of RTT estimated for the fiscal year beginning July 1, 2014.) The PHARE/RTT fund will be capped at \$25 million annually. Funding allocations and reporting will be completed in accordance with PHARE (Act 105) legislative requirements.

**Purpose**

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.

**PHARE/RTT Priorities for Funding**

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

- 1) Preservation of the current stock of rental housing or the development/creation of new affordable rental housing to address unmet local need. This includes projects/programs for the elderly in danger of losing their homes and rental assistance to help families remain in their residence.
- 2) Funding for projects/programs to address ongoing housing needs for reducing homelessness, including specific and targeted vulnerable populations (veterans, persons with disabilities, supportive housing for the elderly, re-entry population, families and youth).
- 3) Funding for comprehensive housing and redevelopment efforts that address blighted and abandoned properties impacting concerted community revitalization efforts, supported by clearly articulated community plans. This could include a variety of housing/redevelopment strategies such as acquisition, demolition, construction, rehabilitation, site remediation, and other efforts.

- 4) Creating new opportunities for affordable homeownership. This may include closing cost/ down payment assistance, financial education/counseling or other forms of assistance to potential first-time homebuyers as well as the development/construction of new homes and rehabilitation of existing housing
- 5) Other efforts that address unmet housing and community development needs. This could include projects and programs to assist persons living in manufactured communities, homeowners to remain in their homes through renovation/mortgage/utilities or other forms of housing services and assistance, addressing environmental conditions such as lead paint abatement, and emergency temporary housing needs resulting from disasters.

### **Priorities for Selection**

PHARE/RTT (Act 58) awards will be directed to projects and programs based on the following criteria for selection:

- Projects/programs which are able to 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.

### **Application Process**

In accordance with the PHARE program, the Agency will develop and publish a Request for Proposals (RFP) in the Fall, 2016 with applications due in late-Fall. It is expected that PHFA's Board will be presented with recommendations for funding in March, 2017.

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 where applicable. All funds will have expenditure deadlines and approved programs/projects must be commenced within one year of funding reward.

Additional requirements for application submission will be outlined in the annual RFP.

**Public Comment**

Comments on the implementation of the Act 58 of 2015 Proposed Plan Amendment should be submitted in writing by Tuesday, October 11, 2016 and submitted to:

**Bryce Maretzki**  
**Director of Policy and Planning**  
**Pennsylvania Housing Finance Agency**  
**211 North Front Street, P.O. Box 8029**  
**Harrisburg, PA 17105-8029**  
[bmaretzki@phfa.org](mailto:bmaretzki@phfa.org)

Written comments will be made available for public inspection at [www.phfa.org](http://www.phfa.org).

## **Public Comment Response Document**

### **October 13, 2016**

**I understand that local units of government, as well as non-profit, for-profit entities will be eligible to receive PHARE/RTT funds, but do you anticipate that APPLICANTS for these funds will need to be the County, or a nonprofit or for profit entity designated by the County (which would be evidenced by a resolution or letter to be included in the application)? I know in past years for PHARE funds, this was the case.**

No, for the RTT funds we are allowing any organization (nonprofit, for profit, corporate) to apply and there is no need for the County to be the applicant or adopt a resolution designating an applicant.

**I had heard this morning that the PHARE round may be moved back, with results announced in March 2017. I wanted to double check on this given the chatter of moving back the tax credit round next year.**

The PHARE/Marcellus Shale (Act 13) applications were due 8/12 and recommendations for funding will be presented to the Board at the October meeting (13th).

The PHARE/RTT (Act 58) RFP will open in mid-October and applications will be due in mid-January and funding recommendations will be taken to the April, 2017 board of directors meeting.

**Do you anticipate that APPLICANTS for these funds will need to be the County, or a nonprofit or for profit entity designated by the County (which was evidenced by a resolution or letter to be included in the application)? I know in past years for PHARE funds, this was the case.**

No, for the RTT funds we are allowing any organization (nonprofit, for profit, corporate) to apply and there is no need for the County to be the applicant or adopt a resolution designating an applicant.

**Will there be separate sections of the PHARE fund, one where only municipalities impacted by Marcellus shale drilling took place can apply for funding, and another open to the whole State of PA? Or will the whole PHARE fund be open to all areas of the State for funding projects? If the whole PHARE fund is now open to all of PA, I feel that the original intention of the fund has been compromised. Many areas of the State that has not been impacted at all by Marcellus drilling can now take advantage of this program. It would appear to me to be a money grab by un-impacted areas such as Philadelphia.**

Since 2012 PHARE has received an allocation of funds to address housing needs under the Marcellus Shale Impact Fee (Act 13 of 2012). This continues to be the case and is only available for counties that have active, drilled Marcellus Shale wells - currently 36 counties. We are currently reviewing the 2016 applications and will make recommendations to our Board on October 13, 2016.

In November, 2015 Governor Wolf signed Act 58 of 2015 that dedicates a portion of the increase (from

the FY2014 base year) of the Realty Transfer Tax (RTT) into the PHARE program. For FY16/17 PHARE will receive about \$12.5 million. These funds are available to all 67 counties and eligible applicants can be local governments, for-profit, non-profit corporations/organizations working on affordable housing issues. The RFP for these funds, called PHARE/RTT, will be opening in mid-October, 2016 and applications will be due in January, 2017.

PHARE will now have two components - one, for the Marcellus Shale communities (PHARE/Marcellus Shale) and the other for all counties in the Commonwealth (PHARE/RTT).

**Act 58 of 2015 Proposed Plan Amendment has reserved only 40% of the available funds for PHARE/RTT = \$25,000,000, which is a drop in the bucket for providing enough affordable homes in Pennsylvania. Not only should 100% of these funds be utilized for new homes and renovation of existing affordable homes projects, other state generated monies need to be added to the kitty to increase the supply of affordable homes and to reduce the demand which presently continues to drive the cost of rentals and home purchases up.**

Act 58 of 2015 legislation determined the formula for the revenue that would be directed to the PHARE Program. For FY16/17 the amount available is \$12.67 million but the Agency expects that the figure to increase in future years, assuming real estate sales continue to increase, until the \$25.0 million cap is reached. Changing the percentage for PHARE would require the Commonwealth legislature to amend Act 58.

**Remove the prevailing wage stipulation for project owners, developers, builders and the trades. Prevailing wage increases the cost of construction so greatly that far less homes are built or renovated for the monies received in grants and from other sources. Indeed, with prevailing wage, most of the grants from PHARE/RTT will do little more than pay for some of the prevailing wages to persons who are already making a living from non-government projects without prevailing wage, with prevailing wage merely being icing on the cake for them....while Pennsylvania continues to have a shortage of over 800,000 houses, largely because of this; and, daily over 16,000 homeless, largely because of this:**

PHFA does not have policy or legislative authority to remove the prevailing wage rate requirements imposed on state grant funded construction projects. The Pennsylvania Department of Labor and Industry reviews and makes final determinations on prevailing wage rate criteria.