

**Pennsylvania Housing Finance Agency
Meeting of the Board
December 8, 2016**

Members Present:

Robin Wiessmann, Chair
Thomas B. Hagen, Vice Chair
Craig H. Alexander
Maria F. Coutts
*Ronald F. Croushore
Ben Laudermilch (serving in the stead of
Ted Dallas, Secretary, Human Services)
Kathy Possinger (serving in the stead of
Dennis Davin, Secretary of Department
of Community and Economic Development)
*Noel Eisenstat
Lisa R. Gaffney
Ross Nese
John Paone
*Keith Welks (serving in the stead of
Timothy Reese, State Treasurer)
Mark Schwartz

*On Telephone conference call

Members Absent:

Others Present:

Brian A. Hudson, Executive Director
Rebecca L. Peace, Deputy Executive Director/Chief Counsel
William Fogarty, Director of Government Affairs
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
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
Carl Dudeck, Director of Housing Management
David Doray, Manager of Multifamily Underwriting
Clay Lambert, Business Policy Officer
Jordan Laird, Manager of Investments
Coleen Baumert, Director of Homeownership
Joseph Knopic, Director of Finance
Nancy Twyman, Director of Eastern Region
Carla Falkenstein, Director of Western Region

Renaë Hodges, Communications Officer
Charlotte Folmer, CCG Executive Director
Shana Erdley, Insurance Officer
Lisa Case, Manager of Project Operations
Lauren Starlings, Assistant Counsel
John Zapotocky, Director of Accounting
JoLynn Stoy, Associate Counsel
Stan Salwocki, Manager of Architecture & Engineering
Michael Baumrin, RBC Capital Markets
Alan Jaffe, Jefferies
Mike Judge, Bank of America
Jim Stretz, George K. Baum
Joe Manitto, Barclays
George Jaeger, Bank of America
Joe Tait, Raymond James
Alan Flannigan, Department of Banking
Maggie Strawser, Assistant Secretary
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, December 8, 2016 at 9:30 a.m. at the offices of the Pennsylvania Housing Finance Agency, 211 North Front Street, Harrisburg, Pennsylvania.

In compliance with the provisions of the Sunshine Act, notification of this meeting appeared in the Legal Notices Section of *The Patriot News* in Harrisburg, Dauphin County on November 27, 2016.

1. CALL TO ORDER AND ROLL CALL

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

2. APPROVAL OF THE MINUTES FROM THE NOVEMBER 10, 2016 BOARD MEETING

There were no additions or corrections to the minutes.

Mr. Hagen made the motion that the minutes from the November 10, 2016 Board meeting be approved as submitted. This motion was seconded by Mr. Nese and was unanimously approved.

3. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT

A. Reallocation of Tax Credits

1. Mulberry Street Properties and Roberto Clemente Homes

Ms. Gaffney reported that the Program and Development Review Committee approved the reallocation of tax credits for Mulberry Street

Properties and Roberto Clement Homes. No Board action is required on this agenda item.

B. Prepayment of Mortgage

1. Allegheny Commons

Mr. Dudeck reviewed the project specifics. He reported that the primary loan for this project was repaid in June 2016. The owner has continued to provide operating advances and capital contributions to the project even though it has never generated a return nor repaid any of the Support Loan to the Agency.

The owner is requesting that the Agency accept payment of 50 percent of the outstanding Support Loan as payment in full for the Support Loan for this project.

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 approving a property workout for Allegheny Commons. This motion was seconded by Ms. Coutts and was unanimously approved. (See Appendix 1 of these Minutes.)

C. Other Business

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

4. POLICY COMMITTEE REPORT

A. PHFA Administration of Fiscal Year 2016-2017 Mixed Use Development Tax Credit Program

Mr. Marezki reported that as part of the Fiscal Year 2016-2017 enacted budget, the Agency has been authorized to create and administer the Mixed Use Development Tax Credit Program (newly named the Community Revitalization Fund Tax Credit Program). He briefly reviewed the purposes of the program as set by the Legislature.

The Agency has been given 180 days to create and adopt guidelines. A public comment period has already been held on the proposed guidelines and copies were distributed to the Board for review.

An RFP for projects will be issued following the adoption and passage of a final Fiscal Year 2017-2018 budget and sale of the credits since the \$2,000,000 tax credit

allocation budgeted for this program will not be available until budget year 2017-2018. Mr. Maretzki anticipates bringing the first projects to the Board for consideration in early 2018. The Agency will be required to report annually to the Governor and Legislature on this program.

Staff is requesting the Board's approval to move forward with this program.

As Chair of the Policy Committee, Mr. Schwartz reported that the Committee recommends authorizing staff to continue working on this program.

Mr. Schwartz made the motion that the Board approve the guidelines as submitted for the Community Revitalization Fund Tax Credit Program and authorize staff to proceed with the program. The motion was seconded and was unanimously approved. (See Appendix 2 of these Minutes.)

Mr. Maretzki thanked Clay Lambert on his staff for his work on this program.

B. Amendment to 2016 Allocation Plan – Low Income Housing Tax Credit Program

Ms. Glauser stated that at the July 2016 Board meeting, tax credits were issued to 39 qualified developments utilizing a forward commitment of 2017 and 2018 tax credits. In order for the Agency to continue administering the Low Income Housing Tax Credit Program until the next Allocation Plan is adopted, an amendment specifically authorizing the continued processing of forward reservations for 2017 and 2018 tax credits must be approved. Staff is requesting Board approval of the Amendment to the 2016 Allocation Plan.

A public hearing will be held on December 14 to obtain public comments regarding this forward commitment of funds.

Mr. Schwartz made the motion that the Board approve the Amendment to the Agency's Low Income Housing Tax Credit Program Allocation Plan for the year 2016. This motion was seconded by Mr. Nese and was unanimously approved. (See Appendix 3 of these Minutes.)

Ms. Glauser added that if any changes are made to the Allocation Plan Amendment following the December 14 public hearing, staff will inform the Board. She does not, however, anticipate any changes.

C. **Other Business**

1. **Board Policy Meeting**

Mr. Schwartz thanked Board members who attended the all-day policy meeting yesterday. He believes that staff did an excellent job of detailing the Agency's programs, budgets and other activities to the Board and he thanked staff for their in-depth presentations. Board members concurred that it was a very informative day.

2. **2017 Set-Aside of Agency Funds**

Mr. Schwartz reported that staff is recommending a set-aside in the amount of \$1,500,000 from Agency's reserves for the continued funding of the Homebuyer/owner Counseling Programs in 2017. There was no discussion on this issue.

Mr. Schwartz made the motion that the Board approve the set-aside of \$1,500,000 from Agency reserves for the Homebuyer/owner Counseling Programs for calendar year 2017. This motion was seconded by Mr. Paone and was unanimously approved. (See Appendix 4 of these Minutes.

5. **INVESTMENT BANKER REPORT**

Mr. Baumrin of RBC Capital Markets distributed an investment report to the Board. He stated that it is just too soon after the election to determine what the new fiscal package will be. He noted that consumer retail spending has risen and there are strong economic labor numbers. Employment has looked strong and it appears that inflation will be around two percent in the coming year.

Mr. Baumrin reported that housing remains slow with slow starts for new construction. He noted that the cost of homeownership is low at this time.

Mr. Baumrin stated that employment numbers have been increasing and this might be an indication of the growing confidence with regard to the economic outlook. It appears that more workers are being hired at higher wages, thus translating into increased consumer spending. The Federal Reserve seems poised to raise rates shortly.

Mr. Baumrin noted that the bond market appears to be rallying and he stated that the Agency completed three very significant bond deals this calendar year. He believes that they were significant because they enabled the Agency to restructure some of its variable rate debt while obtaining very competitive interest rates for its homeownership program.

Mr. Schwartz asked how the rumored tax changes would affect the Agency and Mr. Baumrin stated that at this point, no one can predict what might happen.

There were no other comments or questions from the Board.

6. DEVELOPMENT STATUS REPORT

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

7. PHFA INVESTMENT REPORT

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

8. OTHER BUSINESS

A. No January, 2017 Board Meeting

Mr. Hudson reported that there will not be a January 2017 Board meeting. In the event something requires the Board's attention, members will be contacted by the Secretary.

Mr. Hudson thanked the Board for their support during the year and wished everyone a very Happy Holiday.

Chair Wiessmann wished everyone a healthy and prosperous holiday season.

9. 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 10:05 a.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, February 9, 2017 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 A PROPERTY WORKOUT FOR
ALLEGHENY COMMONS, PHFA O-874**

WHEREAS, Allegheny Commons in Pittsburgh, Allegheny County (the "Development") received PHFA financing in 2005 to support the construction and permanent financing of 136 general occupancy units; and

WHEREAS, the Development is owned by Allegheny Commons Limited Partnership, a Massachusetts limited partnership, with Allegheny Commons Winn Limited Partnership as general partner (the "Owner"); and

WHEREAS, the Agency provided a primary loan in the amount of \$3,255,500, an interest reduction payment loan in the amount of \$833,014 and a support loan in the amount of \$1,500,000 funded through the Agency's PennHOMES Program ("PennHOMES Mortgage Loan"); and

WHEREAS, in February 2014, the Owner paid off the interest reduction payment loan; and

WHEREAS, in June 2016, the Owner refinanced with Red Mortgage Capital, LLC and prepaid the Agency's primary loan at which time the Owner and the Agency discussed prepayment of the PennHOMES Mortgage Loan whereby the Agency would accept an amount equal to 50% of the outstanding PennHOMES Mortgage Loan as payment in full, but the Owner decided not to prepay; and

WHEREAS, the Owner has contacted the Agency requesting that the Agency accept an amount equal to 50% of the outstanding PennHOMES Mortgage Loan as payment in full; and

WHEREAS, the Agency has reviewed the request and has decided to approve prepayment of the PennHOMES Mortgage Loan as set forth below.

NOW, THEREFORE, be it resolved by the Members of the Pennsylvania Housing Finance Agency on this 8th day of December, 2016, as follows:

Section 1. The Agency staff is authorized to accept an amount equal to 50% of the outstanding PennHOMES Mortgage Loan as payment in full and to take all actions necessary to accomplish the same.

Section 2. This resolution shall take effect immediately.

Community Revitalization Fund Tax Credit Program Guidelines **FINAL**

Introduction:

Act 84 of 2016 of 2016 amended the Tax Reform Code of 1971 by adding Article XIX-E, the Mixed-Use Development Tax Credit program, which is administered by the Pennsylvania Housing Finance Agency (“PHFA” or “Agency”) and authorizes the Agency to sell \$2 million of state tax credits to qualified taxpayers for the purpose of establishing the Mixed–Use Development Fund (the “fund”).

Distributions from the fund will be awarded to eligible construction or rehabilitation projects in target areas of the Commonwealth with an identifiable need for increased affordable housing opportunities and commercial corridor development. The program provides financing to critical projects as part of an overall strategy for revitalizing communities by maximizing public and private resources, fostering sustainable partnerships committed to addressing community needs and ensuring that resources are used to effectively and efficiently meet those needs.

Eligibility:

PHFA is authorized to sell Mixed-Use Development tax credits through directed or negotiated sale to any qualified taxpayer. A qualified tax payer is any natural person, business firm, corporation, business trust, limited liability company, partnership, limited liability partnership, association or any other form of legal business entity that is subject to a tax imposed by Article III, IV, VI, VII, VIII, IX, XI, or XV of the Tax Reform Code of 1971, excluding tax withheld by an employer under Article III.

The credit issued to a qualified taxpayer may be applied against any qualified tax liability. A qualified tax liability is any of the following taxes imposed by the Tax Reform Code of 1971:

- Article III: Personal Income Tax (excluding tax withheld by an employer)
- Article IV: Corporate Net Income Tax
- Article VI: Capital Stock and Franchise Tax
- Article VII: Bank and Trust Company Shares Tax
- Article VIII: Title Insurance Company Shares Tax
- Article IX: Insurance Premiums Tax
- Article XI: Gross Receipts Tax
- Article XV: Mutual Thrift Institutions Tax

In addition to criteria established in the bid solicitation, applicants seeking to purchase Mixed-Use Development tax credits must also:

1. Demonstrate compliance with all PHFA criteria, as outlined in the bid solicitation, which includes, but is not limited to good standing with PHFA programs and financial viability (i.e., not bankrupt or under the protection of receivership.) Upon receipt of the bid offer, PHFA will perform its compliance check.
2. The applicant must be in compliance with the laws and regulations of the Commonwealth of Pennsylvania. Upon receiving the bid packet from PHFA, the Pennsylvania Department of Revenue (“DOR”) will perform the compliance check.

Application and Sale Process:

PHFA will develop specific bid criteria, an application and an application timeframe. The bid criteria and application will be made available to the general public and targeted markets on or before May 1, 2017, and shall be posted on the Agency’s website (www.phfa.org).

While specific instructions to applicants will be set forth on the website, the process and timeline will generally be as follows:

- May 1, 2017: Invitations for the bids to be submitted by eligible taxpayers is announced and application form is available on the Agency website.
- May 15, 2017: 2 pm- All bids and required materials must be received by the Agency.

A preliminary draft form of the Application For Purchase of Tax Credits form is included as Appendix A. PHFA may obtain additional information and supplemental details which may impact the bid process on or around May 1, 2017. In this regard, PHFA reserves the right to amend the bid process accordingly. This may include establishment of a minimum price per tax credit, a maximum amount per applicant, and other criteria. Under the provisions of the sale and in accordance with PHFA guidance, all qualified taxpayers seeking credits will be required to submit an irrevocable offer to PHFA. The Agency reserves the right to terminate, suspend, amend or withdraw the bid solicitation and may reject all bids in the event it does not receive sufficient bids or in the event the bids result in a minimum raise of less than the established reserve.

In accordance with the law, bids providing maximum benefit and return to the Commonwealth will be favored. Additional criteria to be used by PHFA in making awards may include the following: nature of proposed pay in structure; limited third party fees and costs; geographic distribution; distribution among different types of taxpayer entities.

Selection and Disbursement:

Provided that sufficient bids have been received, and contingent upon DOR review and approval of all compliance matters, tax credit awards are expected to be made within ninety (90) days of the close of the bidding period. Upon acceptance of an offer for the purchase of a tax credit, PHFA shall provide written notification of approval, including the amount of tax credit to be allocated. Award recipients shall deposit a capital commitment equal to 100 percent of the total amount to be paid for the purchase of the credit with PHFA in accordance with instructions from PHFA (in no event shall the funding be deposited more than ninety (90) days from the date of approval.) Upon receipt of payment, the taxpayer will receive the corresponding tax credit certificate from PHFA.

Failure to deposit the required capital commitment within the prescribed timeframe may result in the following:

- Withholding of the tax credit certificate;
- Commonwealth debarment, forfeiture or liquidation of any pledged collateral
- The recapture and reallocation of the credits;
- A penalty assessment equal to 10% of the unpaid capital contribution in addition to any costs and fees incurred by PHFA. If a penalty is assessed, such penalty shall be paid to PHFA within thirty (30) days after a written demand for payment is made by first class mail.

A taxpayer that defaults on payment of capital contribution may, after receipt of notice of penalty, avoid such penalty by transferring any tax credit allocation to another qualified taxpayer within thirty (30) days of the date that the capital contribution was due to PHFA or the date specified in the default letter. Any transferee must comply with all guidance issued by PHFA regarding the credit and must tender the required capital payment within thirty (30) days of the date of transfer.

Upon issuance of the tax credit, PHFA will provide a copy of the credit certificate and a credit reconciliation workbook to DOR in the format prescribed by DOR to upload the credit to the appropriate account and track credit utilization.

Claiming the Tax Credit:

A taxpayer may claim a tax credit against any qualified tax liability upon presenting a tax credit certificate verified by PHFA to DOR. The tax credit certificate must be presented to both PHFA and DOR no later than the last day of the second calendar month of the calendar year in which the credit is available in order to claim the tax credit.

Guidelines for Tax Credit Use:

A tax credit received by DOR in a taxable year shall first be applied against the taxpayer's qualified tax liability for the current taxable year as of the date on which the tax credit was issued before any carried over tax credits can be applied against any qualified tax liability.

- The taxpayer entity may carry forward any unused tax credits for no more than the seven succeeding taxable years. Each year in which the credit is carried forward, the amount of tax credit will be reduced by the cumulative amount that was used in the immediately preceding tax year.
- The tax credit may not be carried back and is not refundable.

Sale or Assignment:

The tax credit may be sold or assigned in whole or in part to another qualified taxpayer after receiving approval from PHFA, which consists of a tax compliance verification on the seller conducted by the Department of Revenue and an evaluation by PHFA to ensure that Buyer is in good standing with PHFA criteria. Notification of proposed sale or assignment of tax credits must be submitted at least sixty (60) days in advance of any sale or transfer, with all requisite information required by PHFA (including all information contained on the **APPLICATION FOR PURCHASE OF TAX CREDITS** and upon submission of a outlining all costs and fees charged in the transaction.) PHFA and DOR will review for compliance with all established criteria and will advise the proposed purchaser or assignee if the sale or transfer has been approved. Third party costs and fees may be limited in these transactions.

- A purchased or assigned tax credit may be applied to 100 percent of the tax liability of the purchaser or assignee.
- The purchaser or assignee shall claim the tax credit in the year in which the purchase or assignment is made and may not carryover, carryback, receive a refund, re-sell or re-assign the tax credit.
- Pass-through Entities:
 - Upon receipt of an award of tax credits, a pass-through entity may elect, in writing and upon PHFA and DOR approval, to transfer all or a portion of unused tax credits to shareholders, members or partners in proportion to the share of the entity's distributive income to which the particular shareholder, member or partner is entitled.
 - The transferred tax credit must be claimed in the taxable year in which the transfer is made and is not eligible for carryover, carry back, refund, sale or assignment.
 - Such tax credit may not be used for the same qualified expenditures by the shareholder, member or partner and the pass-through entity

Annual Reporting Requirement:

Mixed-Use Development tax credit recipients, purchasers or assignees shall notify PHFA of the utilization of the tax credit by May 1 annually, until the credit has been used in its entirety. The notice of utilization must include the date that the credit was claimed, towards what qualified tax liability the credit was applied, the balance of credits available. If no portion of the credit was used for a taxable year in which the credit was available, a notice of utilization must be provided indicating that no portion of the credit was used.

Supplemental Information and Materials:

Upon the sale of Mixed-Use Development tax credits, the Agency will establish a fund. This fund will be used to provide financing to projects meeting the goals of the Mixed-Use Development program. Specific application information about the criteria to be used by the Agency in evaluating and selecting projects for financing under the Mixed-Use Development Program will be made available by the Agency on its website and through announcement of availability of funds in *The Pennsylvania Bulletin*.

Questions regarding the availability, sale or use of the tax credits should be directed to PHFA at MUDtaxcredit@phfa.org or to Department of Revenue at 717-772-3896 or email: mforti@pa.gov.

**APPLICATION FOR PURCHASE OF
TAX CREDITS**

| | |
|---|---|
| 1. Name of Purchaser (Qualified Taxpayer) | |
| 2. Address – Street | |
| City | State ZIP code |
| 3. Federal employer identification number (EIN) | 4. NAIC number |
| 5. Name of Contact Person of Qualified Taxpayer | 6. Phone and Email of Contact Person |
| 7. PA Department of Revenue ID Number | 8. PA Sales and Use Tax License Number: |
| 9. PA Employer Withholding Account Number | 10. PA Unemployment Compensation Number |
| 11. Face amount of Tax Credits Purchaser irrevocably commits to purchase: | 12. Purchase price of Tax Credits Purchaser irrevocably commits to purchase |

| | |
|---|---|
| 1. Name of Purchaser (Qualified Taxpayer) | |
| 2. Address – Street | |
| City | State ZIP code |
| 3. Federal employer identification number (EIN) | 4. NAIC number |
| 5. Name of Contact Person of Qualified Taxpayer | 6. Phone and Email of Contact Person |
| 7. PA Department of Revenue ID Number | 8. PA Sales and Use Tax License Number: |
| 9. PA Employer Withholding Account Number | 10. PA Unemployment Compensation Number |
| 11. Face amount of Tax Credits Purchaser irrevocably commits to purchase: | 12. Purchase price of Tax Credits Purchaser irrevocably commits to purchase |

THE UNDERSIGNED OFFICER OF _____
("Purchaser"), being duly sworn,

Participating Purchaser (a Qualified Taxpayer)
hereby irrevocably commits Purchaser to purchase the face amount of Tax Credits for the purchase price set forth in Subsection XXX subject to the transaction closing by July 1, 2017.

The Qualified Taxpayer acknowledges that in order to become a Purchaser participating in the Mixed Use Development Tax Credit Program, the Qualified Taxpayer must be in compliance with PHFA requirements, and the laws and regulations of the Commonwealth of Pennsylvania, to the satisfaction of the Department of Revenue, the Department of Labor and Industry, and the Department of Insurance.

Signature

Printed name and title

Daytime phone (Area code and number)

State of _____

County of _____

Subscribed and sworn to before me this _____ day of _____, 2017.

(Notary Seal)

Signature of Notary Public

My commission expires _____

Tax Certificate – Example**Mixed-Use Development Tax Credit Program Tax Credit Award Notification**

Name of Taxpayer _____

Address: _____

City: _____

State: _____

Zip: _____

FEIN: XX-XXXXXX

Revenue ID: 1000XXXXXXXXXX

Notice Date: July 1, 2017

Effective Date of Credit: January 1, 2018

Expiration Date of Credit: December 31, 2024

Attention: _____

Dear XXXX,

In compliance with Article XIX-E of the Tax Reform Code of 1971, the Pennsylvania Housing Finance Agency has reviewed this application for the Mixed-Use Development Tax Credit Program.

\$XXX,XXX Total Mixed-Use Development Tax Credits approved for utilization beginning in calendar year 2018 against tax liabilities incurred after January 1, 2017.

**Mixed-Use Development Tax Credit Program
Program Overview and Request for Proposals (RFP)**

Questions and Comments

- Can a PA resident individual purchase investment tax credits to offset her federal and state income tax liability? Such individual has a high level of taxable income from existing business activities. Can she purchase federal and state tax credits to offset her taxable income?
- We are using our bank to borrow the purchase price. What do you need from the bank to reassure you that we have the funds available? Do you need a bank commitment letter or a bank letter of credit or what would be appropriate security for PHFA?

**Amendment to the Pennsylvania Housing Finance Agency's
Allocation Plan for Year 2016
Low Income Housing Tax Credit Program**

The Pennsylvania Housing Finance Agency (the "Agency") administers the Federal Low Income Housing Tax Credit Program ("Tax Credit Program") in the Commonwealth of Pennsylvania ("Commonwealth"). On October 8, 2015, the Agency adopted a plan (the "Allocation Plan") outlining the allocation priorities and procedures to be followed in distributing Federal Low Income Housing Tax Credits ("Tax Credits") based on the housing needs of the Commonwealth. The Allocation Plan was approved by the Governor after a public hearing on October 29, 2015.

On March 4, 2016, the Agency accepted Applications for Tax Credits ("Applications") and on July 14 2016, awarded Tax Credits to selected developments based on the threshold and selection ranking criteria set forth in the Allocation Plan. In making these awards, the Agency allocated available 2016 Tax Credits and forward reserved Tax Credits that may become available in year 2017 and 2018 based on geographic distribution, specific project needs, housing goals or program considerations in the sole discretion of the Agency.

In accordance with the Allocation Plan, the Agency may issue supplemental policy and guideline announcements affecting this Allocation Plan and the administration of Tax Credit program and pursuant thereto is amending and supplementing the Allocation Plan as more fully described herein. The purpose of this Amendment is to outline how the Agency will administer the program and to provide certain processing guidance pending adoption of the next qualified allocation plan.

Forward Reservation and Allocation of 2017 and 2018 Tax Credits

Developments that received a forward reservation of 2017 or 2018 Tax Credits must follow all of the requirements, guidelines and processing timelines set forth in the Allocation Plan including but not limited to, the threshold criteria, selection criteria ranking, carryover allocation, 10% test and placed in services deadlines.

In the event additional Tax Credits become available after December 31, 2016, but prior to the Agency's adoption of its next qualified allocation plan, the Agency, in its discretion, may re-allocate such Tax Credits to developments holding a reservation of Tax Credits to fully support its financial feasibility, in an amount not exceed the lesser of 5% of the initial Tax Credit reservation amount or \$60,000 (limited to the per project cap of \$1,200,000) on a first-come, first-served basis based on availability. Developments that must be placed in service in 2017 will receive preference for the additional Tax Credits. The additional Tax Credits are only available for developments that have closed on their equity investment or can demonstrate the capacity to secure an equity investment, satisfactory to the Agency. Qualified Applicants must neither have changed any selection criteria nor made any significant modifications, as determined by the Agency, from the initial Application.

2017 Tax Exempt Financed Developments

In accordance with the 2017 Request for Proposals for Tax Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocation, tax exempt financed developments utilizing Tax Credits in their financing plan and submitted after November 1, 2016 will be evaluated based on the 2016 Allocation Plan and the 2016 Guidelines. Developments receiving tax exempt financing for at least 50 percent of the aggregate basis of the property including land are not required to receive an allocation of Tax Credits through competitive allocation from the Agency. The eligible basis of the development would qualify for the Tax Credits without

competing through the regular allocation process; however, the Agency may require that the Application meet the threshold criteria and minimum threshold points under the Selection Criteria. Developments receiving tax exempt financing on less than 50 percent of the aggregate basis will be eligible for Tax Credits on only that portion of the eligible basis financed by the tax exempt bonds. For the remaining portion, the owner must apply and compete for an allocation of Tax Credits from the Agency in the established allocation process, but the Agency may establish a lower threshold for qualified applicants.

Additional Processing Information and Guidance

In the event there are changes in federal law subsequent to the adoption of this Amendment to the Allocation Plan or additional regulatory guidance or clarifications regarding the Tax Credit Program become available, the Agency reserves the right to modify, to supplement or to make additional conforming amendments to this Allocation Plan and all related documents without formal amendment or additional public hearings. In addition to notifying affected Tax Credit Program Applicants, information about such subsequent changes will be posted on the Agency's website at *www.phfa.org*.

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING THE SET-ASIDE AND RESERVATION OF AVAILABLE FUNDS
FOR AGENCY PROGRAMS AND INITIATIVES IN 2017**

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 which are unable to obtain such financing in the general market. . . thus improving and stimulating the distribution of investment capital for housing . ." and is authorized by Section 1680.503a to create such funds and accounts as are necessary for its corporate purposes; and

WHEREAS, the Agency has determined that funding for Agency programs and initiatives is necessary and appropriate as follows:

| | |
|-------------------------------------|-------------|
| Homebuyer/owner Counseling Programs | \$1,500,000 |
|-------------------------------------|-------------|

WHEREAS, the Agency has determined that the above set-aside may be made available without impairing the economic stability of the Agency and without affecting any existing security of pledged interests through fund balance earnings and unexpended program funds.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 8th day of December 2016, as follows:

Section 1. The Agency hereby approves and authorizes the set-aside of an aggregate amount of \$1,500,000 for program funding in 2017 as described in the preamble above.

Section 2. Staff is hereby authorized and directed to take all actions necessary to effectuate the above authorized set-aside and reservation.

Section 3. This resolution shall take effect immediately.