Pennsylvania Housing Finance Agency
Meeting of the Board
October 12, 2017

Members Present:  Members Absent:
*Robin Wiessmann, Chair Ron Croushore
*Thomas B. Hagen, Vice Chair Maria F. Coutts
*Craig Alexander
*Ben Laudermitlch (serving in the stead of
   Teresa Miller, Acting Secretary, Human Services)
*Kathy Possinger (serving in the stead of
   Dennis Davin, Secretary, Department
   of Community and Economic Development)
*Robert Loughery
*Noel Eisenstat
*Ross Nese
*John Paone
*Mark Schwartz
*Keith Welks (serving in the stead of
   Joseph Torsella, State Treasurer)

*On Telephone conference call

Others Present:
  Brian A. Hudson, Executive Director
  Rebecca L. Peace, Deputy Executive Director/Chief Counsel
  Holly Glauser, Director of Development
  Kim Boal, Director of Information Technology
  Nancy Twyman, Director of Eastern Region
  Ali Tomich, Director of Western Region
  Bryce Maretzki, Director of Strategic Policy & Planning
  William Fogarty, Director of Government Affairs
  Gail Shull, Senior Development Officer
  Kelly Wilson, Development Officer II
  Melissa Grover, Government Affairs Associate
  Chris Anderson, Communications Officer
  Scott Elliott, Director of Communications
  John Zapotocky, Director of Accounting
  Jordan Laird, Manager of Investments
  Joseph Knopic, Director of Finance
  Carl Dudeck, Director of Housing Management
  David Doray, Manager of Multifamily Underwriting
  Clay Lambert, Business Policy Officer
  Steve O’Neill, Assistant Counsel
  Stan Salwocki, Manager of Architecture & Engineers
  Lori Toia, Director of HEMAP
  Diane Hoffman, Manager of Accounting
A meeting of the Members of the Board of the Pennsylvania Housing Finance Agency was held on Thursday, October 12, 2017 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 October 1, 2017.

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

   The meeting was called to order by Chair Wiessmann at 10:35 a.m. The roll was called and a quorum was present.

2. **APPROVAL OF THE MINUTES FROM THE SEPTEMBER 14, 2017 BOARD MEETING**

   There were no additions or corrections to the minutes.

   Mr. Welks made the motion that the minutes from the September 14, 2017 Board meeting be approved as submitted. This motion was seconded by Ms. Possinger and was unanimously approved.

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

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

   A. **Tax-Exempt Financing Request – Allegheny Dwellings, Pittsburgh, Allegheny County**

      Ms. Shull reviewed the project and its financing plan. She noted that this new construction will replace public housing. All of the tenants will be relocated by the Housing Authority of the City of Pittsburgh and will be able to move into the new units as they are completed. Staff recommends approval of this financing request.

      Mr. Welks reported that the PDR Committee concurs with staff’s recommendation.

      Mr. Welks made a motion that the Board approve the resolution authorizing the issuance of Special Limited Obligation Multifamily Housing Development
Bonds in a maximum aggregate principal amount of $11,500,000 for Allegheny Dwellings Phase I. This motion was seconded and unanimously approved. (See Appendix 1 of these Minutes.)

B. Allocation of Tax-Exempt Issuing Authority

1. **Crawford Square Apartments, Pittsburgh, Allegheny County**

   Ms. Shull reviewed the project and its financing plan. She reported that the tenants will be relocated on-site during the rehabilitation and then returned to their units upon completion of work. There will be no permanent displacements. Staff recommends approval of this request for an allocation of tax-exempt issuing authority.

   Mr. Welks reported that the PDR Committee concurs with staff’s recommendation.

   Mr. Welks made the motion that the Board approve the resolution authorizing the issuance of a 2017 housing related bond allocation to Crawford Square Apartments. This motion was seconded and unanimously approved. (See Appendix 2 of these Minutes.)

2. **Northside Residences I, Pittsburgh, Allegheny County**

   Ms. Wilson reviewed the project and its financing plan. She reported that a number of the tenants will be relocated during construction while several others will be able to remain in their units during rehabilitation. All relocation costs have been included in the capital budget. Staff recommends approval of this request for an allocation of tax-exempt issuing authority.

   Mr. Welks reported that the PDR Committee concurs with staff’s recommendation.

   Mr. Welks made the motion that the Board approve the resolution authorizing the issuance of a 2017 housing related bond allocation to Northside Residences I. This motion was seconded by Mr. Nese and was unanimously approved. (See Appendix 3 of these Minutes.)

C. **RFP for 2018 Tax-Exempt Bond Allocations**

   Ms. Glauser reported that the Agency has experienced an increase in the requests for an allocation of tax-exempt volume cap. Currently the allocation of volume cap is being issued on a first come, first served basis.
For 2018, staff is recommending a two-step process in which a preliminary application will be submitted and then reviewed by staff to determine its financial viability and tax credit eligibility. If the project meets the preliminary applications criteria, the applicants will be invited to submit a full underwriting application.

Ms. Glauser reported that preliminary applications will be received between November 3, 2017 and April 1, 2018. Following preliminary application approval, underwriting applications will be accepted until June 1, 2018. Staff believes that this two-step process will streamline and expedite underwriting and closing of these developments.

Ms. Glauser highlighted the various requirements of each of the two-steps under this revised RFP process. She reported that staff recommends approval.

Mr. Schwartz believes that the proposed changes will be beneficial and he hopes that they will save time and ensure that projects are ready to close within their expected timeframe.

Mr. Welks reported that the PDR Committee concurs with staff’s recommendation.

Mr. Welks made a motion that the Board approve the RFP for 2018 Tax-Exempt Bond Allocations. This motion was seconded and unanimously approved. (See Appendix 4 of these Minutes.)

D. Other Business

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

4. HEMAP Committee Report

Mr. Paone, as Chair of the HEMAP Committee reported that the committee met jointly with the Audit Committee to review the HEMAP financial statements for the year ended June 30, 2017. Mitchell & Titus, the auditors for HEMAP reported that the audit is a “clean” audit with no problems or concerns. The HEMAP Committee recommends acceptance of the audit by the Board.

5. Audit Committee Report

Ms. Possinger, as Chair of the Audit Committee reported that the committee met jointly with the HEMAP Committee to review the Agency and HEMAP financial statements for the year ended June 30, 2017. KPMG, auditors for the Agency reported that the Agency has corrected prior internal control audit issues and KPMG reported that the current audit is a
“clean” audit with no problems or concerns. The Audit Committee recommends acceptance of the audit by the Board.

Ms. Possinger made the motion that the Board accept both the HEMAP and PHFA year end financial statements for the year ended June 30, 2017. This motion was seconded by Mr. Paone and was unanimously approved.

6. OTHER BUSINESS

A. November 9, 2017 PHFA Board Meeting

Mr. Hudson informed the Board that the November 9, 2017 meeting will be held via telephone conference call. Board members will be contacted by the Secretary regarding this meeting.

B. PHFA Board December Meeting Schedule

Mr. Hudson reminded the Board that the annual policy meeting will be held on Wednesday, December 13, 2017 beginning at 9:00 a.m. at the Agency. Any Board member who has an item which they would like to have placed on the agenda should contact Mr. Hudson as soon as possible. He noted that there will be a dinner for the Board that evening.

The regular December 14 Board meeting will begin at 10:30 a.m.

Both of these meetings are planned as in-person meetings and Board members are encouraged to attend.

7. ADJOURNMENT

There being no further business to be discussed, a motion was made and seconded that the meeting be adjourned. The motion was unanimously approved. Chair Wiessmann adjourned the meeting of the Board at 11:00 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 14, 2017 at 10:30 a.m. at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania.

Respectfully submitted,

Carrie M. Barnes
Secretary
PENNSYLVANIA HOUSING FINANCE AGENCY

RESOLUTION

Authorizing the Issuance of $11,500,000
Maximum Aggregate Principal Amount of
Special Limited Obligation Multifamily Housing Development Bonds
(Allegheny Dwellings Phase I)

Adopted: October 12, 2017
A RESOLUTION AUTHORIZING THE ISSUANCE OF

$11,500,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT

SPECIAL LIMITED OBLIGATION

MULTIFAMILY HOUSING DEVELOPMENT BONDS

(Allegheny Dwellings Phase I)

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 any 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, the Agency has determined to issue and secure bonds or notes in one or more series or subseries in accordance with, pursuant to and under this Resolution, a loan agreement and/or similar loan, trust, financing or purchase agreements (such operative documents shall be referred to hereinafter collectively as the "Agreement"); and

WHEREAS, Allegheny Dwellings I LLC, a Pennsylvania limited liability company (the "Borrower") sponsored by TREK Development Group, Inc. and Allies & Ross Management and Development Corporation, has requested financing from the Agency in the form of tax-exempt and/or taxable bonds or notes in an amount not to exceed $11,500,000 (the "Bonds") to fund the new construction of 25 two-story buildings and one four-story building for general occupancy, to be known as "Allegheny Dwellings Phase I", comprised of 65 units in the City of Pittsburgh, Allegheny County, Pennsylvania (the "Project"); and

WHEREAS, the Agency will lend the proceeds of the Bonds to the Borrower pursuant to the Agreement; and

WHEREAS, the Agency may use a portion of the proceeds of the Bonds to reimburse itself or the Borrower for original expenditures paid prior to the date of issuance of the Bonds; 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"); and

WHEREAS, KeyBank National Association or its affiliate (the "Purchaser"), or such successor entity as may be approved by the Agency, will purchase the Bonds from the Agency to provide funding for the Project and there have been prepared certain documents to evidence the transaction, including financing documentation relating to the Project.

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 Agreement.
ARTICLE II
AUTHORIZATION OF BONDS

Section 201. Principal Amount and Designation. The Bonds are hereby authorized to be issued in one or more series or subseries, in an aggregate principal amount not to exceed $11,500,000. The Bonds shall carry the designation set forth in the Agreement. The Bonds shall be issued pursuant in all respects to the terms of this Resolution.

Section 202. Purposes. The Bonds are being issued as special and limited obligations of the Agency, payable solely out of the moneys derived pursuant to the Agreement and the notes evidencing the certain loan or loans to the Borrower. Proceeds of the Bonds shall be used for the payment of qualified costs associated with the acquisition, new 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) contribution of equity in an amount sufficient to ensure the financial feasibility of the Project; (g) 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; (h) evidence of the satisfaction of accessibility requirements; (i) final underwriting of the application for tax-exempt financing and low income housing tax credits; (j) satisfactory evidence of all requisite HUD approvals, including approval of the project rents and of a HAP Contract for a period of at least 20 years in an amount sufficient to ensure the financial feasibility of the Project; 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 Bonds shall be dated the date of issuance, except as may be otherwise provided in the Agreement or the Bonds. The maturity date, interest rate or rates (which may be fixed or variable), interest payment dates, place of payment and other terms of the Bonds shall be as provided in the Agreement as finally executed; provided, however, that the maximum aggregate principal amount of the Bonds shall not exceed $11,500,000; the initial interest rate on the Bonds 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 Bonds shall be no later than four years after issuance, or such date supported by the final underwriting (whichever is shorter).

Section 205. Payments. The Bonds shall bear interest from their dated date and shall be payable as set forth in the Bonds and the Agreement, until the date of maturity of the Bonds or redemption prior to maturity, as provided in the Agreement. All principal shall be due at maturity or redemption prior to maturity, as provided in the Agreement.
Section 206. **Denominations, Numbers, Letters and Forms.** The Bonds shall be issued as registered Bonds in $5,000 minimum denominations and any multiple of $1.00 in excess thereof, provided that for purposes of redeeming Bonds, the authorized denomination shall mean $1.00. The Bonds shall be numbered consecutively, as appropriate. The Bonds shall be in substantially the form and tenor prescribed in the Agreement.

Section 207. **Execution of Bonds.** The Bonds 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 Bonds 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 Bonds shall be delivered to or on behalf of the Purchaser pursuant to the terms of the Agreement.

Section 208. **Place of Payment.** The principal payments, including payments upon redemption, of the Bonds shall be payable to the Purchaser, as bondholder, as provided in the Agreement.

Section 209. **Redemption.** The Bonds shall be subject to optional redemption, extraordinary optional redemption and mandatory redemption as provided in the Agreement.

Section 210. **Execution of Requisite Agreements.** 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 Bonds and the Agreement, including a trust agreement if deemed appropriate, with such final terms and provisions as their counsel may deem advisable, provided that the Bonds shall contain such substantive terms and provisions materially consistent with this Resolution.

**ARTICLE III**

**BOND PROCEEDS AND PAYMENTS OF COSTS**

Section 301. **Bond Proceeds.** Pursuant to the Agreement, upon receipt of the proceeds of the sale of the Bonds, such proceeds shall be advanced to the Borrower.

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

**ARTICLE IV**

**SECURITY FOR THE BONDS**

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

Section 402. **Credit of Commonwealth Not Pledged.** The Bonds shall contain therein a statement to the effect that the Bonds shall be special and limited obligations of the Agency payable only from the sources provided in the Agreement, that neither the Commonwealth nor any political subdivision thereof shall be liable on the Bonds 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 Bonds. Neither the members of the Board nor the officers of the Agency nor any person
executing the Bonds shall be liable personally on the Bonds 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 Bonds and the 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 Bonds 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 Bonds may be used to reimburse itself or the Borrower for qualifying expenditures paid prior to the date of issuance of the Bonds. 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.
RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING 2017 HOUSING RELATED BOND ALLOCATION
Crawford Square 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 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; and

WHEREAS, Applicant, Crawford 123 L.P., has requested an allocation of Volume Cap for the acquisition and rehabilitation of 347 units of general occupancy housing in the City of Pittsburgh, Allegheny County; and

WHEREAS, the Agency has determined to provide a preliminary allocation of Volume Cap in an amount not to exceed $37,290,000 for the issuance of private activity bonds by the Urban Redevelopment Authority of Pittsburgh, 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 12th day of October, 2017, as follows:

Section 1. Staff is hereby authorized to take all necessary actions to provide a conditional preliminary allocation of Volume Cap in an amount not to exceed $37,290,000 (which includes a contingency amount) for the tax exempt bond financing of Crawford Square 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 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 and equity in amounts sufficient to ensure the 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 of the project rents and of a HAP contract for a period of 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.
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 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; and

WHEREAS, Applicant, Northside Properties Residences I LLC, has requested an allocation of Volume Cap for the acquisition and rehabilitation of 75 units of general occupancy housing in the City of Pittsburgh, Allegheny County; and

WHEREAS, the Agency has determined to provide a preliminary allocation of Volume Cap in an amount not to exceed $14,360,000 for the issuance of private activity bonds by the Urban Redevelopment Authority of Pittsburgh, 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 12th day of October, 2017, as follows:

Section 1. Staff is hereby authorized to take all necessary actions to provide a conditional preliminary allocation of Volume Cap in an amount not to exceed $14,360,000 (which includes a contingency amount) for the tax exempt bond financing of Northside Residences I 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 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 and equity in amounts sufficient to ensure the 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 of the project rents and of the extension of the current HAP contract for a period of 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.
INTRODUCTION

Private activity bonds to finance qualified residential rental facilities are subject to the limitations imposed through the statewide unified private activity bond cap (“volume cap”) under federal tax law. The Pennsylvania Department of Community and Economic Development (“DCED”) provides for the allocation of volume cap to issue private activity bonds among the various qualified issuers in the Commonwealth of Pennsylvania. Each year, DCED provides the Pennsylvania Housing Finance Agency (the “Agency”) with certain allocations for the issuance of private activity bonds (“volume cap”) for all housing purposes.

The Agency encourages the development of quality affordable rental housing in the Commonwealth. This Request for Proposals (“RFP”) has been designed to establish a process for inviting, evaluating and selecting qualified tax exempt residential rental facilities seeking allocations of year 2018 volume cap.

The Agency encourages use of this resource for multifamily developments and will provide volume cap to as many qualified properties as are reasonably feasible, subject to the continued availability of volume cap for these purposes. All references herein to the “Code” refer to the Internal Revenue Code of 1986, as amended.

REQUEST FOR PROPOSALS SUMMARY

This RFP announces the availability of volume cap for the funding of multifamily developments on a first-come, first-served basis in 2018. Depending on the total volume cap available in the Commonwealth for housing bonds, the Agency may determine to fund such multifamily developments as meet the minimum qualifications set forth herein. The Agency may provide a preference to developments being financed by the Agency.

Please be reminded that eligibility for tax exempt bond financing does not ensure qualification or eligibility under the 2017/2018 Allocation Plan for Low Income Housing Tax Credits (“Allocation Plan”) for applicants seeking federal Low-Income Housing Tax Credits (“Tax Credits”) for a portion of the development financing. Applications must meet the requirements of the Allocation Plan in order to qualify for the Tax Credits associated with the tax-exempt bond financing.

To qualify for volume cap, residential rental facilities must meet all qualifications of the Code. Such facilities may involve the rehabilitation of existing rental facilities, new construction of facilities, modernization of public housing facilities, and construction of qualified ‘assisted living’ housing. The Agency may reject any application not providing adequate assurance of any of these qualifications or if there are unaddressed technical concerns relating to the financing.
PROGRAM DEADLINES

Timelines have been established for processing and reviewing applications. Developers are advised to evaluate their financing goals and development preparedness prior to applying for volume cap. Applications not meeting the minimum qualifications or otherwise failing to evidence an ability to meet applicable deadlines may be rejected at any time by the Agency.

For 2018, the Agency has moved to a two-step application process which includes the submission of a Preliminary Application followed by a full Underwriting Application. Preliminary Applications will be accepted by the Agency, on a first come, first served basis, on or after November 3, 2017 until April 1, 2018. The Agency will evaluate the Preliminary Application based on the requirements set forth herein within 45 days from the receipt of the Preliminary Application. If the Preliminary Application is approved by Agency staff, applicants may submit a full Underwriting Application. Underwriting Applications will be accepted until June 1, 2018. In the event a Preliminary Application is rejected by the Agency, applicants may resubmit a Preliminary Application for consideration until April 1, 2018 upon payment of the applicable Preliminary Application Fee. The Agency may extend any deadline based upon volume cap availability and the applicant’s ability to meet appropriate timeframes. All applicants are urged to submit complete Preliminary Applications early in the acceptance period to ensure adequate processing time for consideration of an allocation of volume cap and to best ensure that all financing activity will be completed within program timeframes.

The Agency will attempt to complete its review of the full Underwriting Application and present to the Board for a conditional allocation of volume cap within three months from the receipt of this submission. (Portfolio applications, consisting of the acquisition/rehabilitation of several existing, occupied developments to be financed under a common ownership as one project, will generally take longer to process.) Also, projects involving federal approvals including, but not limited to, Rental Assistance Demonstration (“RAD”) or other HUD rent increases are urged to have these processes completed prior to application. Once conditional allocation of volume cap for a housing facility is awarded, the developer and its bond finance team must hold the actual construction loan closing, issue bonds and commence construction within ninety (90) days of Board approval. To ensure time for Agency staff processing, in no event will closings be allowed after December 14, 2018. All development funding must be in place and actual construction or property rehabilitation contracts must be completed, without condition; escrow or construction bridge loan closings will not satisfy the Agency’s closing requirement. Failure to finalize all aspects of development and bond financing within this time period and to submit all required pre-closing and closing documentation to the Agency may result in recapture of the reserved volume cap and forfeiture of the non-refundable application processing fee. Developers and bond issuers are advised to review funding sources, commitments and financing structures to ensure they can meet all deadlines for year 2018 submissions. Developers using local bond issuers for their transactions will not be able to “carry forward” unused volume cap at the end of the year and the Agency will strictly monitor all deadlines.
PRELIMINARY APPLICATION REQUIREMENTS

For 2018, applicants must submit a Preliminary Application for consideration, which will consist of the submission of a Preliminary Application Fee of $3,000 (or $1,500 per project for portfolio applications) and each of the following items outlined in the 2018 Multifamily Housing Application Package (“Application Package”) and Guidelines (“Guidelines”).

- Tab 1 – Development Synopsis
- Tab 2 - Development Budget, Operating Budget, Rent Mix and 30 year pro forma (including commercial space if mixed-use building)
- Tab 7 – Appraisal (if required)
- Tab 21 – Construction and/or Permanent Financing Letters of Intent (including commercial space if mixed-use building)
- Tab 40 - Bond Strategy Summary
- Identify all required HUD and/or Public Housing Authority approvals and provide a detailed timeline for approval
- Identify all required municipal approvals (zoning, subdivision, lot consolidation, land plan) and provide a detailed timeline for approval.

Applications seeking eligibility for Tax Credits must submit the following:

- Tab 3 – Preliminary Self Ranking
- Tab 23 – Syndication/Equity Investment Information
- Tab 29 – Waiver Requests. Identify all Tax Credit Program waiver requests that will be sought in connection with the award of Tax Credits, including, but not limited to, development and unit amenities, maximum basis and development cost limits, and accessible and affordable unit policy.

Upon receipt of the Preliminary Application, Agency staff will review the above submission documents for financial viability. Tax Credit applications must also demonstrate the ability to meet the threshold criteria and minimum scoring criteria set forth in the Allocation Plan. Within 45 days of receipt of the Preliminary Application, Agency staff will provide written approval (or rejection) of the Preliminary Application.

UNDERWRITING APPLICATION REQUIREMENTS

Applicants that successfully complete the Preliminary Application will be invited to submit a full Underwriting Application, which will consist of ALL applicable submission requirements in the Application Package. The applicant and the proposed bond issuer must jointly submit online a completed Underwriting Application plus one hard copy. (The Application Package is available on the Agency’s website, www.phfa.org.) The Underwriting Application must be consistent with the approved Preliminary Application including, but not limited to, the proposed rent and income structures, approved operating budget, development team members, financial sources and structures, development site. Any substantial change or modification from the approved Preliminary Application may result in the Agency’s rejection of the Underwriting Application.
If Agency tax exempt bond financing is requested, please provide notice to the Agency at least 30 days prior to Preliminary Application submission. Applications seeking volume cap in excess of $25 million may be required to utilize Agency financing.

Each application for tax exempt issuing authority must be prepared in accordance with the Guidelines and must include all required submission requirements in the Application Package, including fees.

**Narrative Description of the Development**

A narrative must outline how the development meets each of the following criteria:

- Qualification under the relevant bond financing sections of the Code;
- Qualification for Tax Credits under Section 42 of the Code, if applicable, and a supporting letter from counsel or a certified public accountant experienced in the Tax Credit Program;
- Qualification of the development team and the bond financing team;
- Evidence of financial feasibility of the facility and detailed description of bond financing structure;
- Evidence of commitment of all necessary financing sources;
- Ability to support a 35 year minimum affordability period for low income tenants or a demonstrable feasible plan to convert the development to affordable homeownership at the end of the 15 year initial compliance period; and
- Demonstration of an adequate market for the units, without adversely affecting or impairing existing or proposed rental properties in the proposed development locale and without resulting in overconcentration of affordable units.

**A. Letter Outlining Bond Financing Structure and Identifying Financing Team**

A letter must be included with the application, addressed to the Agency, signed by the owner, general partner, or sponsor as well as the proposed bond issuer (if other than the Agency) outlining the bond financing structure and identifying each of the following (with names, addresses and phone numbers):

- The proposed bond issuer;
- Development ownership entity and principal partners or guarantors;
- Bond counsel to the issuer (for local bond issuers only);
- Underwriters or placement agents, if any;
- Underwriter’s counsel, if any; and
- All other entities involved in the financing (i.e.; rating agencies; bond insurer; letter of credit bank; bond trustee; and credit enhancement entity).
In outlining the bond structure, the letter should include, at a minimum, the following:

- The amount of the volume cap request.
- Whether there will be more than one series or subseries of bonds (whether tax exempt or taxable), and if the bonds will be used for construction financing, permanent financing, or both.
- The term of bonds. If any portion of the bonds will be taken out by another financing source, identify the source and provide a letter outlining take out terms.
- The purchaser of the bonds if there will be a private placement.

In the event the Agency is not the bond issuer, the bonds must receive an investment quality rating from one of the nationally recognized rating agencies (or otherwise meet the Agency criteria to ensure that the bonds are maximizing and reasonably achieving market opportunities).

**B. Submission of Application Fees Identified in the Guidelines**

Upon submission of a Preliminary Application for a single project being financed with Tax Exempt bonds, the applicant is required to pay an Preliminary Application Fee equal to $3,000. A $1,500 Preliminary Application Fee is due for each existing housing development included in a portfolio application (which is generally one consisting of more than one existing housing development.) Applicants that are authorized to move forward and interested in submitting a full Underwriting Application are required to pay one-half of the estimated Tax Credit Allocation Fee (3% of the annual credit) with the Underwriting Application. The final Tax Credit Allocation Fee will be based on the amount of Tax Credits preliminary determined to be available to the project in the Agency's 42(m) letter, to be issued prior to the closing of the Tax Exempt Financing. If the Agency is requested to complete the Section 42(m) review for another issuing agency, an additional $5,000 fee is due with the request (and all materials must be submitted at least there (3) weeks before closing). These are nonrefundable fees and will be retained by the Agency if the Project fails to meet timelines or proceed to closing for any reason.

Additionally, any and all costs incurred in this application process are the sole responsibility of the applicant. Upon approval of the tax exempt bond financing from the Agency’s Board, deposits toward the bond issuance fees will be required. For projects using the Agency as bond issuer, reimbursement agreements covering all costs and expenses to be incurred by the Agency will be required. Also, please note that the Agency will assign all professionals to the financing team if it serves as bond issuer (including bond counsel and trustee)

**MINIMUM CRITERIA FOR AGENCY REVIEW**

For Agency consideration, developments must meet the minimum qualifications set forth below:

- The volume cap requested may not exceed the amount needed to reasonably support the financing structure. (The Agency may disallow applications for volume cap for construction financing if the applicant has another source of
permanent financing, such as PennHOMES, which reduces the financing on a dollar for dollar basis. Such disallowance is not intended to discourage leveraging HOPE VI and other public housing funds);

- Evidence of qualification under the relevant bond financing sections of the Code;
- Evidence of qualification for Tax Credits, if applicable;
- Evidence of qualification of development team and bond financing team;
- Evidence of financial feasibility of facility and cost efficiency of bond financing structure. The Agency reserves the right to impose a cap on any volume cap requests.
- Evidence of commitment of all long term development financing sources;
- Evidence of ability to support a 35 year minimum low income set aside period or a feasible financial conversion to affordable homeownership at the end of the qualified project period;
- Evidence and support of adequate market for the units;
- Demonstration that the development will not adversely impact other affordable housing properties in the identified market area or result in overconcentration of affordable units; and
- Evidence of accessibility and/or VisitAbility design features in the development to the greatest extent economically feasible.
- Evidence of outreach to minority, women’s, disadvantaged and/or veteran’s businesses to be part of the development team.
- Demonstration that the development will be able to close on all financings and commence construction or rehabilitation within six (6) months from the application submission date or December 14, 2018, whichever is earlier, which may include evidence of zoning, regulatory, lender and all third party approvals.
- All funded applications will be required to comply with Agency reporting and recordkeeping, and unit accessibility requirements set forth in the Agency's program.

**FUNDING PRIORITIES OF THE PROGRAM**

The Agency will give priority to developments that best demonstrate the following characteristics:

- Ability to quickly and efficiently close their financing, commence and complete construction;
- Maximal efficiency of all financing resources and structure;
- Provision of quality housing within the community for persons with greatest need;
- Affordability of development’s rents;
- Evidence the development affirmatively furthers fair housing in conformance with specific goals identified in the Assessment of Fair Housing of the Commonwealth or of a regional or local government or political subdivision;
- Reasonableness of costs for financing structure;
- Reasonableness of construction costs; and
- Reasonableness of all third party fees.

The Agency may consider such additional criteria it deems necessary in its discretion to achieve maximum benefit of the resources available to it for financing low and moderate income residential rental facilities. Such additional factors include, inter
alia, consideration of geographic and regional representation and resource allocation, community and economic impact and achieving the most qualified developments with the scarce resources through the imposition of a maximum per-development allocation of volume cap. The Agency may disallow or may impose cost adjustments upon developments with identity of interest between any of the principal parties.

The Agency reserves the right to discontinue, modify, suspend or amend this program at any time, with or without further notice to any interested party. All decisions of the Agency are subject to such additional conditions, restrictions and requirements as determined by the Agency in its sole discretion. In addition, the Agency’s selection of developments for possible allocation of volume cap is subject to final availability of resources. The Agency also reserves the right to impose any conditions on the financing that it deems reasonable in its discretion.

To ensure developments are managed by organizations with adequate tax credit experience, the Agency requires all applicants to participate in the ownership of the development during the entire 35 year minimum affordability period. All transfers of ownership interests other than in the investor limited partner or member require prior agency approval. Investor partners and members are not permitted to succeed the initial general partner or managing member without the express prior approval of the Agency.

In order to provide a resource for households seeking affordable housing throughout the Commonwealth, the Agency will require all developments financed with volume cap to participate in its interactive database for affordable housing units. Developments will be required to provide information including, but not limited to, unit amenities, household size, household income and move-in information and any ongoing unit vacancies in a secure and timely manner to the Agency throughout the project affordability and compliance period. All projects must also use the Agency's mandated form of Lease Addendum.

**APPLICATION SUBMISSION/CONTACT INFORMATION**

Copies of this RFP and the required Guidelines are available on the Agency’s website, [www.phfa.org](http://www.phfa.org). Questions may be addressed to the Development Division at (717)780-3860. Additional information or guidance may also be published from time to time on the Agency’s website.

All fees, signed narratives, and all required exhibits and attachments must be included with the Preliminary Application and Underwriting Applications. All Applications must be signed and may not be submitted via facsimile or e-mail. All information submitted by the applicant or gathered by the Agency in the review of the application is the sole property of the Agency and may be made public.

The Agency is committed to a policy which prohibits discrimination against persons based upon race, religion, gender, national origin, handicap, familial status or age in its programs and employment.