

**Pennsylvania Housing Finance Agency  
Meeting of the Board  
March 8, 2018**

**Members Present:**

- \*Thomas B. Hagen, Acting 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
- \*Robert Loughery
- \*Ben Laudermilch (serving in the stead of  
Ted Dallas, Secretary, Human Services)
- \*Ross Nese
- \*John Paone
- Keith Welks (serving in the stead of  
Joseph Torsella, State Treasurer)
- \*Mark Schwartz

\*On Telephone conference call

**Members Absent:**

Robin Wiessmann, Chair

**Others Present:**

- Brian A. Hudson, Executive Director
- Rebecca L. Peace, Deputy Executive Director/Chief Counsel
- Holly Glauser, Director of Development
- Bill Fogarty, Director of Government Affairs
- Bryce Maretzki, Director of Strategic Policy & Planning
- Kim Boal, Director of Information Technology
- Scott Elliott, Director of Communications
- Carl Dudeck, Director of Housing Management
- Kathryn Newton, Director of Loan Servicing
- Coleen Baumert, Director of Homeownership
- Charlotte Folmer, Executive Director of Commonwealth Cornerstone Group
- Joseph Knopic, Director of Finance
- \*Ali Tomich, Director of Western Region
- David Doray, Manager of Multifamily Underwriting
- Stanley Salwocki, Manager of Architecture & Engineering
- Lisa Case, Manager of Project Operations
- Clay Lambert, Business Policy Officer
- Melissa Grover, Government Affairs Associate
- Steven O'Neill, Assistant Counsel
- Chris Anderson, Communications Officer
- Thomas Gouker, Manager of Default Servicing
- \*Jordan Laird, Manager of Investments

\*Tony Grosek, Montrose Square Apartments  
Maggie Strawser, Assistant Secretary  
Carrie M. Barnes, Secretary

A meeting of the Members of the Board of the Pennsylvania Housing Finance Agency was held on Thursday, March 8, 2018 at 10:30 a.m. at the offices of the Pennsylvania Housing Finance Agency, 211 North Front Street, Harrisburg, Pennsylvania.

In compliance with the provisions of the Sunshine Act, notification of this meeting appeared in the Legal Notices Section of *The Patriot News* in Harrisburg, Dauphin County on March 1, 2018.

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

The meeting was called to order by Acting Chair Hagen at 10:35 a.m. The roll was called and a quorum was present. This meeting was held via telephone conference call because of inclement weather.

Acting Chair Hagen requested that Mr. Hudson chair the rest of the meeting because he was in transit.

**2. ELECTION OF VICE CHAIR OF THE BOARD**

Mr. Schwartz nominated Mr. Hagen as Vice Chair of the Board. There were no other nominations from the Board.

**Mr. Schwartz made the motion that Mr. Hagen be elected as Vice Chair of the PHFA Board for calendar year 2018. This motion was seconded by Mr. Welks and was unanimously approved.**

**3. APPROVAL OF THE MINUTES FROM THE DECEMBER 14, 2017 BOARD MEETING**

There were no additions or corrections to the minutes.

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

**RECOGNITION OF RETIRING PHFA EMPLOYEES**

Mr. Hudson reported that two employees of the Agency will be retiring at the end of this month.

Mr. Gouker, PHFA's Manager of Servicing in the Loan Servicing Division has been at the Agency for over 30 years. Mr. Hudson thanked Mr. Gouker for his very valuable years of service to the Agency and wished him well in his future endeavors.

Mr. Knopic, PHFA's Director of Finance will also be retiring. Mr. Knopic has been with the Agency for 42-1/2 years. Mr. Knopic's expertise will be greatly missed by the Agency specifically regarding its bond issuances. Mr. Hudson congratulated him and wished him well in his future endeavors.

Mr. Hudson reported that Mr. Laird will be assuming the Director of Finance position at Mr. Knopic's retirement. He will be officially introduced to the Board at the next meeting.

Board members expressed their appreciation to both Mr. Gouker and Mr. Knopic for their years of service.

4. **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. **Transfer of Ownership – Hudson Park, York, York County and Sassafras Terrace, Mount Joy, Lancaster County**

Mr. Dudeck briefly reviewed the specifics for both developments. He reported that the owner of these projects, TCB Central Pennsylvania MF LLC, is requesting a transfer of ownership to MF York Lancaster LLC. Staff has thoroughly reviewed the documentation regarding this transfer and recommends approval.

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

**Mr. Nese made the motion that the Board approve the resolution authorizing the transfer of ownership for Hudson Park and Sassafras Terrace. This motion was seconded. Mr. Eisenstat and Mr. Paone abstained. The motion carried. (See Appendix 1 of these Minutes.)**

B. **Recommendation of Loan Commitment - Montrose Square Apartments, Montrose, Blair County**

Mr. Doray reviewed the project specifics and the refinancing plan for this development. He noted that the building was constructed in 1979 and was renovated in 2007-2008. The purpose of this mortgage refinancing request is to preserve the housing by lowering the annual debt service, to provide capital for project improvements and to reimburse the owner for out of pocket expenditures. After reviewing all of the documentation, staff recommends approval of this request.

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

**Mr. Schwartz made the motion that the Board approve the resolution authorizing the mortgage refinancing for Montrose Square Apartments. This motion was seconded by Mr. Nese.**

Mr. Grosek, representing the owner, thanked the Board for their consideration and approval of this mortgage refinancing request.

**Mr. Hudson called for a vote on the motion that the Board approve the resolution authorizing the mortgage refinancing for Montrose Square Apartments. The motion was unanimously approved. (See Appendix 2 of these Minutes.)**

**C. Other Business**

Mr. Welks reported that the Program and Development Review Committee approved a request for a transfer of general partner interest for The Greenfields project located in Greenfield Township, Blair County. No Board action is required on this issue because the Committee has been authorized by the Board to act on these specific requests. (See Appendix 3 of these Minutes.)

**5. POLICY COMMITTEE REPORT**

Mr. Schwartz, as Chair of the Policy Committee reported that the Committee met prior to the Board meeting and reviewed the following agenda items.

**A. Draft 2019 Allocation Plan – Low Income Housing Tax Credits**

Ms. Glauser reported that each year, the Agency is required to prepare and update an Allocation Plan for the Low Income Housing Tax Credit Program. A copy of the first draft of the 2019 Allocation Plan was made available to the Board.

Ms. Glauser noted that there are several areas in which staff is suggesting changes to the Plan. Sections of the Plan which are affected include the Submission Requirements, Preferences, Award of Additional Tax Credits, Threshold Criteria, Selection Criteria and Development Process sections. Ms. Glauser briefly reviewed the suggested changes to each of the sections, specifically noting the change suggested in the Submission Requirements section which places a limit on the number of applications that may be submitted per applicant, including consultants. A brief discussion took place regarding the suggested changes.

A public hearing has been scheduled for Thursday, April 5 at the Agency to receive public comment on the 2019 Allocation Plan. Following that public hearing,

staff will evaluate the comments received and, if necessary, revise the Plan before bringing it back to the Board for final approval.

Staff is requesting the Board's approval of the draft 2019 Allocation Plan as submitted. This Plan will be posted on the Agency's internet for public viewing.

**Mr. Schwartz made the motion that the Board approve the March 8, 2018 draft of the 2019 Low Income Housing Tax Credit Program Allocation Plan as submitted by staff. This motion was seconded by Mr. Welks and was unanimously approved.**

**B. Approval of the 2018 PHARE Plan**

Mr. Maretzki reported that, at its November, 2017 meeting, the Board approved the draft Plan to be presented for public comment via a notice in *The Pennsylvania Bulletin*. There were no comments received during the 45 day open comment period.

Mr. Maretzki reported that the Request For Proposals for the PHARE Program funds will be issued this summer with applications due in October, 2018.

For 2017 applications, the Agency received approximately \$28,000,000 from the funding sources for this program. This includes approximately \$17,100,000 from the Realty Transfer Tax; approximately \$5,700,000 from Marcellus Shale; and approximately \$5,800,000 from the National Housing Trust. All of these funds will be combined to fund projects submitted under this program.

Mr. Hudson stated that this program has been working very well and a good deal of interest has been generated. Staff recommends approval of the 2018 PHARE Plan.

Mr. Maretzki reported that last year, the Agency received 235 applications for the available funds. Applications were received in 55 of the 67 Pennsylvania counties eligible for the Realty Transfer Tax monies and 26 applications were received in 32 eligible counties for the Marcellus Shale funds.

Mr. Schwartz stated that the Policy Committee concurs with staff's recommendation of approval.

**Mr. Schwartz made the motion that the Board approve the 2018 PHARE Plan as submitted. This motion was seconded by Mr. Welks and was unanimously approved. (See Appendix 4 of these Minutes.)**

**6. INVESTMENT BANKER REPORT**

There was no report this month.

7. **DEVELOPMENT STATUS REPORT**

There were no comments or questions on this report.

8. **PHFA INVESTMENT REPORT**

There were no comments or questions on this report.

9. **OTHER BUSINESS**

A. **NCSHA Legislative Conference Meetings**

Mr. Hudson reported that he, Mr. Fogarty and Ms. Grover attended the NCSHA Legislative Conference in Washington DC this past week. They met with most of the members or staff members of Pennsylvania legislators to outline the Agency's priorities in affordable housing. These meetings were very productive.

Mr. Hudson also attended a meeting with the U. S. Treasury Office set up by NCSHA. He reported that this meeting was very informative in that the housing finance agencies were able to express their concerns about financing affordable housing and were able to provide information about the role of housing finance agencies. Mr. Hudson stated that this meeting was organized primarily because the current Administration is requesting that Treasury get more involved in weighing in on various programs.

Mr. Hudson also reported that one of the key speakers at the conference was Secretary Ben Carson of the Department of Housing and Urban Development.

NCSHA has just announced that their new Executive Director is Stockton Williams. He highlighted Mr. Williams' resume for the Board.

B. **April 12 Board Meeting**

Mr. Hudson reported that the April 12 Board meeting will be an in-person meeting. Tax credit allocations will be announced at this meeting.

C. **June Board Meeting**

Mr. Hudson reported that the June Board meeting will be held in Erie. There will be a tour of PHFA funded properties on Wednesday, June 13 followed by the Board meeting on Thursday, June 14 at 10:30. The Secretary will provide information as it becomes available.

D. **Corporate Resolution**

Mr. Hudson reported that an updated resolution affirming powers of various persons and positions at the Agency requires Board approval.

**A motion was made and seconded that the Board approve the resolution affirming powers of various Agency staff. This motion was unanimously approved. (See Appendix 5 of these Minutes.)**

**10. 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. The meeting of the Board was adjourned 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, April 12, 2018 at 10:30 a.m. at the offices of the Agency, 211 North Front Street, Harrisburg, Pennsylvania.

Respectfully submitted,



Carrie M. Barnes  
Secretary

**RESOLUTION OF THE MEMBERS OF THE BOARD  
OF THE PENNSYLVANIA HOUSING FINANCE AGENCY  
APPROVING TRANSFER OF OWNERSHIP  
HUDSON PARK, PHFA NO. O-13 AND  
SASSAFRAS TERRACE (A/K/A SASSAFRAS ALLEY), PHFA NO. O-79**

WHEREAS, Hudson Park located in York County, Pennsylvania was originally financed in 1989 through an \$812,463 mortgage loan through funds provided by Agency bond financing and a \$900,000 loan through funds provided by Agency PennHomes Program; and

WHEREAS, Sassafras Terrace (a/k/a Sassafras Alley) located in Lancaster County, Pennsylvania ("Sassafras") was originally financed in 1990 through a \$1,264,362 mortgage loan through funds provided by Agency bond financing and a \$946,839 loan through funds provided by Agency PennHomes Program; and

WHEREAS, the current owner of Hudson Park and Sassafras, TCB Central Pennsylvania MF LLC, a Pennsylvania limited liability company, has requested Agency approval of the transfer of ownership of Hudson Park and Sassafras; and

WHEREAS, Hudson Park and Sassafras are subject to Agency approval of any change in the nature or character of the ownership entity throughout the term of the Agency mortgage loans; and

WHEREAS, the new owner will assume the existing mortgages and will continue to operate Hudson Park and Sassafras and shall be responsible for the fiscal and physical condition of Hudson Park and Sassafras; and

WHEREAS, staff recommends approval of the transfer of ownership of Hudson Park and Sassafras to MF York Lancaster LLC, a Pennsylvania limited liability company, subject to the conditions set forth below.

NOW, THEREFORE, be it resolved by the Members of the Board of the Pennsylvania Housing Finance Agency on this 8th day of March, 2018, as follows:

Section 1. The Agency approves the transfer of ownership of Hudson Park and Sassafras Terrace (a/k/a Sassafras Alley) to MF York Lancaster LLC.

Section 2. Staff is authorized and directed to take all actions necessary to effectuate the transfer of ownership interests; subject to review and approval of the appropriate documents for the transactions.

Section 3. This resolution shall take effect immediately.

**RESOLUTION OF THE MEMBERS OF THE BOARD  
OF THE PENNSYLVANIA HOUSING FINANCE AGENCY  
APPROVING A MORTGAGE REFINANCING FOR  
MONTROSE SQUARE, PHFA NO. R-468**

WHEREAS, on March 22, 1978, the Agency provided financing in the amount of \$2,750,000 with an interest rate of 7.38% for the development of 80 residential rental units in Montrose, Susquehanna County, Pennsylvania, known as Montrose Square, PHFA No. R-468 (the "Development") owned by Montrose Associates, L.P. ("Owner"); and

WHEREAS, staff has reviewed the Development's financial condition and has determined that refinancing the Agency's loan (with a current outstanding loan balance of \$247,000) will lower the annual debt service, will provide capital for Development improvements and will reimburse Owner for out of pocket Development expenditures thereby preserving the existing affordable housing provided by the Development; and

WHEREAS, staff recommends that the Agency refinance the existing mortgage loan by providing a loan in the amount of \$5,300,000 with an interest rate of 4.50% amortized over 30 years.

NOW, THEREFORE, be it resolved by the Members of the Board of the Pennsylvania Housing Finance Agency on this 8th day of March, 2018, as follows:

Section 1. Staff is authorized and directed to take all actions necessary to refinance the existing mortgage loan to reduce debt service, to assist with improvements to the Development and to reimburse Owner for expenditures provided by Owner to the Development by providing a loan in a principal mortgage amount not in excess of \$6,095,000 (which includes the loan and a 15% contingency allowance) with an interest rate of 4.50% amortized over 30 years subject to the following conditions: (a) Owner agrees to the terms and conditions of a regulatory agreement that extends the existing affordability restrictions for 30 years; (b) prepayment of the Agency's outstanding loan balance as of the date of closing; and (c) the Agency's final review and approval of the necessary financing documents.

Section 2. This resolution shall take effect immediately.

**RESOLUTION OF THE MEMBERS OF THE BOARD  
OF THE PENNSYLVANIA HOUSING FINANCE AGENCY  
APPROVING TRANSFER OF GENERAL PARTNER INTEREST  
THE GREENFIELDS, PHFA NO. R-706**

WHEREAS, The Greenfields, located in Greenfield Township, Blair County, Pennsylvania (the "Development") was originally financed in October 1979 in the amount of \$1,985,000 through funds provided by Agency taxable bond financing; and

WHEREAS, the current ownership entity of the Development, The Greenfields Limited Partnership, a Pennsylvania limited partnership, has requested Agency approval of the transfer of a general partner's interest; and

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

WHEREAS, the new general partner will continue to operate the Development and shall be responsible for the fiscal and physical condition of the Development as a general partner of The Greenfields Limited Partnership; and

WHEREAS, staff recommends approval of the proposed transfer of a general partner's interest of The Greenfields Limited Partnership from The Estate of John P. Seymour to MARG RURAL LLC, a West Virginia limited liability company, subject to the conditions set forth below.

NOW, THEREFORE, be it resolved by the Members of the Board of the Pennsylvania Housing Finance Agency on this 8th day of March, 2018, as follows:

Section 1. The Agency approves the transfer from The Estate of John P. Seymour to MARG RURAL LLC as a general partner of The Greenfields Limited Partnership.

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

Section 3. This resolution shall take effect immediately.

## 2018 Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund - Final

### Background

#### *Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE)*

The PHARE Fund was established by Act 105 of 2010 (the "PHARE Act") to provide the mechanism by which certain allocated state or federal funds, as well as funds from other outside sources, would be used to assist with the creation, rehabilitation and support of affordable housing throughout the Commonwealth.

The PHARE Act outlines specific requirements that include preferences, considerations, match funding options and obligations to utilize a percentage of the funds to assist households below 50% of the median area income. The PHARE Act provides a fairly broad canvas regarding the types of programs and the specific uses of any funding to allow flexibility in working with other state and federal acts and programs.

For calendar year 2018, the PHARE Fund includes funds available through Marcellus Shale (Act 13 of 2012), the Realty Transfer Tax (RTT) Funds (Act 58 of 2015) and the National Housing Trust Fund "HTF", authorized by the Housing and Economic Recovery Act of 2008 ("HERA").

**This Plan includes the following general sections: principles of PHARE, Elements of the Plan, Application requirements and timeline. Thereafter, the Plan includes specific information and program requirements relating to each of the Marcellus Shale (Act 13) funds, the RTT funds and the HTF funds.**

### Principles of PHARE

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

- 1) Maximize resource leveraging** – to the greatest extent possible, the resources allocated will be used as leverage for other public and private resources. Additionally, local non-financial assets should be identified and leveraged where possible – including transportation, schools, recreation, employment, health, community and economic development support and other amenities.
- 2) Affordability** - The Agency encourages applicants to address the issue of long term affordability based on the local housing market conditions. To the greatest extent possible, programs and projects should be designed in ways to both maintain the investment made in the housing stock

and to continue affordability after initial assistance. This could include revolving loan programs, shared equity homeownership and other strategies for addressing this objective.

- 3) **Address greatest need** – the monies will be allocated in communities where the greatest housing needs are identified based on housing needs studies and assessments, interviews, real estate price factors, housing stock analysis and market studies. The limited resources available should be used to meet the most significant and pressing housing needs but may also be used to address longer term housing needs. Preference: Projects/programs that: 1.) Assist with the rehabilitation of blighted, abandoned or otherwise at risk housing and the reuse of vacant land where housing was once located; 2.) Provide funding for owner- occupied rehabilitation, first time homebuyers, and rental assistance; or 3.) Address ongoing needs for homeless families and individuals including veterans.
- 4) **Foster partnerships** – the funds should be used to maximize sustainable partnerships that will be committed to addressing the housing needs in these communities over a significant period of time. While the funds are to be used to directly support housing to meet community needs, the projects should also help establish capacity to address those needs over the long term. Preference: Projects/programs that incorporate social service entities which offer additional services to the residents within the community where the project/program is taking place.
- 5) **Effective and efficient implementation**– ensure that the resources are used effectively and efficiently to meet the housing needs. Given the expectation that demand for many types of housing will greatly exceed the funds available, it will be critical to maximize the effectiveness and efficiency for housing investments by the PHARE Fund. Preference: Projects/programs that assist the residents with the greatest need in that particular region and can document highly effective strategies to address unmet need.
- 6) **Equitable and transparent** – create a plan and equitable allocation process that provides transparency to all stakeholders. Funding decisions and reporting will be done in accordance with legislative requirements.

## Elements of the Plan

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

It is important to recognize that this data will need to be municipality-specific to capture the unique and likely different housing needs in the various communities. In addition, the housing/real estate markets are diverse across communities and the analysis of need will require an understanding (qualitative and quantitative) of individual markets to make appropriate resource allocation decisions.

Building upon analysis already undertaken by the Agency and the Commonwealth, additional analysis may be performed to assess specific housing issues to identify housing needs (persons with special needs, elderly, larger households, physical disabilities, homeless, etc.) to appropriately target PHARE Fund resources to those in greatest need of housing. In addition to multiple types of housing analysis, PHFA will consider different income levels, nature of housing stock and the housing needs of those across a broad spectrum (homeless, near homeless, very low income, low income, temporary and seasonal workers, and permanent work force, etc.)

**Understanding of real estate market dynamics** – the plan for the utilization of these resources has been developed to address and continuously reevaluate the specific housing real estate markets in each community. The housing and real estate development “capacity” will also have significant impact on the ability of these funds to be used effectively and efficiently to meet the needs of the communities. There will be need for ongoing analysis of capacity (private, non-profit, public) as part of the plan. Some communities may not have had a significant housing market in decades while in others there may be a robust market addressing a significant portion of housing needs. The plan will help determine where additional housing development may be necessary, or where other strategies may be implemented for meeting the housing needs in those communities.

**Allocation and use** – The funding vehicle’s allocation process, created by the plan, must also be supportive of and responsive to the needs of the housing and real estate development market and should foster coordinated local housing plans and resources. Funds may be used to support predevelopment, site acquisition and infrastructure development, planning and preconstruction activity in addition to direct support of development and operation of projects and housing programs including employee assisted housing programs. Funds may be provided in various forms designed to best support the particular activity including grants; market rate, amortizing, balloon, bridge or soft loans; capital contributions; capital financing subsidy support; operating and supportive service reserve funding; rental or homeowner assistance. Funds may be specifically allocated to address timing issues presented in the development of affordable housing projects; i.e., when other financing is available, construction season, local zoning or other approvals. In addition, funding may be directed for administration by the Agency for certain projects approved for low income housing tax credits or other PHFA resources. Preliminary allocations may be made for projects/programs awaiting approval of additional resources. Projects/programs that do not commence within 1 year may have the preliminary allocation withdrawn.

**High quality design and construction** – a vital element of the plan will be the development of housing that is both of good quality design and construction and will be sustainable over a long period of time.

The opportunity to meet the growing housing needs in these communities will necessitate that this housing be available as an asset for the community for many generations. To meet that objective requires that projects funded with these resources meet the highest design and construction quality standards available and that all projects ensure sustainability to the long term (both financial and physical). Funds may be specifically allocated to support green and renewable energy sources and as leverage to consumer programs available through utility companies or other business partners.

## **PHARE Application Process**

The elements of the application and allocation process include;

- Adoption of “plan” for managing the anticipated PHARE funds by PHFA each year.
- PHFA will establish an annual application process that will allow the Agency to address local housing needs.
  - PHFA may amend the plan, application and the allocation process at any time, upon written publication of such amendments.
- Announcement of application and possible training/information session concerning the elements of the application.
- Applications accepted and reviewed by PHFA staff based on the application and plan requirements.
- As part of the RFP process, PHFA will recommend that all applicants target a minimum of 30% of their awarded PHARE funds to support households with incomes below 50% of median area income.
- Project recommendations reviewed by PHFA.
- Announcement of preliminary funding approval.

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.

## **Timeline**

The Agency will align the application and funding timelines of its programs that support multifamily affordable rental housing - Tax Credits, PennHOMES and PHARE (Marcellus Shale, RTT and HTF) - to strategically and efficiently allocate these resources.

The following is the proposed timeline for 2018 program administration:

- Tax Credit Allocation Plan and PHARE Plan – Initial Draft (PHARE – 11/17, QAP – 3/18)
- Tax Credit Allocation Plan and PHARE Plan – Final (PHARE – 3/18, QAP – 5/18)
- Intent to Submit (Tax Credit) Due (7/13)
- PHARE RFP – Issued (7/16/18)
- Tax Credit Applications Due (9/28/18)
- PHARE Applications Due (9/28/18)
- PHARE and Tax Credit Funding Awards (4/19)

## PHARE/Marcellus Shale Impact Fee (Act 13 of 2012)

### Purpose and Priorities for Funding

The Marcellus Shale Impact Fee (Act 13 of 2012) provides the funding mechanism to address the housing needs in impacted counties/communities of the Marcellus Shale region. Fifty percent (50%) of the awarded funds must be spent in 5<sup>th</sup> through 8<sup>th</sup> class counties.

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

1. Support for projects that increase the availability of affordable housing for low and moderate income persons and families, persons with disabilities and elderly persons in counties where unconventional gas wells have been drilled (regardless of production levels),
2. Provide rental assistance, in counties where unconventional gas wells have been drilled, for persons or families whose household income does not exceed the area median income, and
3. Specifies that no less than 50% of the funds are to be used in fifth, sixth, seventh and eighth class counties.

**Direct Allocation** - PHARE Fund will receive a direct yearly allocation from the portion of funds set aside for local distribution. The direct allocation is as follows: \$5.0 million each fiscal year beginning in 2013 and thereafter.

**Windfall/Spillover Funds** - Additional funds may become available because the Impact Fee Act limits amounts allocated to qualifying municipalities (as defined in the Impact Fee Act) and provides that any money remaining, after all allocations have been made to qualified municipalities, would also be deposited into the PHARE Fund.

It is likely that the funds in this program will not be sufficient to meet all the housing needs and mitigate every housing impact created by the shale gas development; therefore investment decisions will target the limited funds to projects that meet the principles outlined above and most comprehensively address the elements of the plan.

Where possible these funds will be targeted and stay focused on mitigating the very specific housing impacts created by the shale development in the impacted and designated communities. This element will likely result in the determination that while there may be worthy housing projects that could be funded with these resources, the focus of development will be on most comprehensively addressing the direct and tangible housing impacts. Priority may be given to target resources in tandem with approved county housing trust fund plans and/or plans for the utilization of local share impact fee funds.

## Eligible Applicants

Applicants eligible to receive PHARE/Marcellus Shale funds include counties that have adopted impact fees as well as municipalities who have further contributed to PHARE via windfall/spill over funds from the impact fee. While only eligible applicants may apply, nonprofit and for profit organizations may be part of the application process.

Counties and municipalities may also delegate the role of “applicant” to a nonprofit or for-profit organization for purposes of the application. In the case where a county or municipality has designated another organization, agency or department to apply on their behalf, documentation identifying such must be included in the application.

There are many diverse interests that are concerned about the anticipated housing impact and therefore how these resources will be allocated to address the need. To the greatest extent possible opportunities should be created for relevant and legitimate stakeholders to comment and advise the plan. This element will need to be managed for practicality and efficiency in order to maximize input. Preference: Applications that 1.) Provide a process where members of the community and other stakeholders may provide input on the application prior to submission; and/or 2.) Include Optional Affordable Housing funds (Act 137 of 1989) and/or local share portions of the impact fee.

PHFA also requests that applicants include information on how the county is using local shares of public resources, including local Act 13 funds and Act 137 (county-based housing trust fund) monies, to address housing needs in the community.

*Preliminary approval and funding of applications is contingent upon receipt of funds under Act 13 of 2012.*

## **PHARE/Realty Transfer Tax Fund (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 revenue source is available in 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 requirements.

### **Purpose and Priorities for Funding**

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.

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 awards will be directed to projects and programs based on the following criteria for selection:

- Projects/programs that 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.
- Documented capacity or applicant and ability to proceed with the project/program in a timely manner.

### **Eligible Applicants**

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 labor payment standards 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.

*Preliminary approval and funding of applications is contingent upon receipt of funds under Act 58 of 2015.*

## ***PHARE/National Housing Trust Fund (HTF)***

The National Housing Trust Fund ("HTF") was enacted as part of the Housing and Economic Recovery Act of 2008 ("HERA") to provide resources to develop, preserve and rehabilitate housing for very low income and extremely low income households. Funding for the HTF is derived from Fannie Mae and Freddie Mac earnings.

HTF funding will be made available to provide additional financial support to Tax Credit properties which increase the number of units set aside for Extremely Low-Income ("ELI") tenants. The Agency received approval from HUD of Pennsylvania's HTF Allocation Plan and is awaiting release of funding from HUD. Upon receipt of HUD program documents and release of funding, the Agency will announce the application process in accordance with the HTF Allocation Plan.

A copy of the approved HUD HTF Allocation Plan can be found at:

<http://www.phfa.org/legislation/act105.aspx>

RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY AFFIRMING POWERS OF THE OFFICES OF EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER, DEPUTY EXECUTIVE DIRECTOR AND CHIEF COUNSEL, DIRECTOR OF FINANCE, DIRECTOR OF ACCOUNTING, DIRECTOR OF HOMEOWNERSHIP PROGRAMS, DIRECTOR OF DEVELOPMENT, DIRECTOR OF HOUSING MANAGEMENT, DIRECTOR OF LOAN SERVICING, DIRECTOR OF BUSINESS ANALYTICS, AND OTHER DIRECTOR OFFICES AND CONFIRMING CERTAIN APPOINTMENTS OF SECRETARY AND ASSISTANT SECRETARIES

WHEREAS, the Agency exists, pursuant to the housing finance agency law, Act of Dec. 3, 1959, P.L. 1688, as amended (35 P.S. Section 1680.101 *et seq.*) (the "Act"), as a body corporate and politic, constituting a public corporation and government instrumentality of the Commonwealth of Pennsylvania with continued succession until terminated by law;

WHEREAS, the Act provides that the Agency is governed by a Board, consisting of designated members of the Agency, by office or appointment, empowered, *inter alia*, to make and alter bylaws for the management and regulation of its affairs; to enter into contracts and execute all instruments necessary or convenient for carrying out its operations; to acquire, hold and dispose of personal property, real or any interest therein; to hold, sell, lease, assign, encumber, mortgage or otherwise dispose of or compromise its interest in any real or personal property; to borrow money; to invest funds; to do any and all other things necessary or convenient to carry out the powers and purposes of the Agency, the Act or other acts; and

WHEREAS, the Act empowers the members to employ and engage the services of an executive director and such other officers, agents, employees, and professional and business advisors as may be necessary in carrying out its business and affairs; and accordingly, in authorized resolutions and bylaws, the Agency has established offices, has delegated certain powers to such offices and hereby confirms such authorizations; and

WHEREAS, there have been changes in Agency personnel and positions and there is a need for the Agency to update and reiterate powers and offices held by staff.

NOW THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 8<sup>th</sup> day of March, 2018 as follows:

Section 1. The Executive Director shall be the chief executive officer, fully authorized to carry out all general administrative functions and business affairs necessary or convenient to the Agency, its operations, its programs, its facilities, its employees and contractors, agents and vendors, with full signatory authority for all matters conducted in accordance with the directives and resolutions of the Board and is further specifically authorized to execute and authorize checks and other appropriate documents with respect to Agency accounts and financial transactions.

Section 2. The Deputy Executive Director and Chief Counsel shall perform all of the functions and duties of the Executive Director as directed by the Board and the Executive Director, may execute contracts, and agreements of all kinds on behalf of the Agency and shall have such additional powers as may be specifically authorized in resolution or directed by the Board from time to time. In the event of unavailability or incapacity of the Executive Director, the Deputy Executive Director and Chief Counsel shall perform the duties and functions of the Executive Director, including the execution and authorization of checks and other appropriate documents with respect to the Agency accounts and financial transactions, during such period of unavailability or incapacity. Legal staff may be designated by the Deputy Executive Director and Chief Counsel to perform loan and program transactions and closings on behalf of the Agency.

Section 3. The Director of Finance shall perform all functions and duties assigned by the Executive Director and by the Board and may execute contracts, documents and agreements of every kind on behalf of the Agency, including checks and other appropriate documents with respect to Agency accounts and financial transactions.

Section 4. The Director of Accounting shall perform all functions and duties assigned by the Executive Director and by the Board and may execute contracts, documents and agreements of every kind on behalf of the Agency, including checks and other appropriate documents with respect to Agency accounts and financial transactions.

Section 5. The Director of Homeownership Programs shall perform the functions and duties as assigned by the Executive Director and shall have the power to execute contracts, documents and agreements of every kind on behalf of the Agency (with the exception of executing checks on the Agency accounts) and shall have such additional powers as may be specifically authorized in resolution or directed by the Board from time to time.

Section 6. The Director of Development shall perform the functions and duties as assigned by the Executive Director and shall have the power to execute contracts, documents and agreements of every kind on behalf of the Agency (with the exception of executing checks on the Agency accounts) and shall have such additional powers as may be specifically authorized in resolution or directed by the Board from time to time.

Section 7. The Director of Housing Management shall perform the functions and duties as assigned by the Executive Director and shall have the power to execute contracts, documents and agreements of every kind on behalf of the Agency (with the exception of executing checks on the Agency accounts) and shall have such additional powers as may be specifically authorized in resolution or directed by the Board from time to time.

Section 8. The Director of Loan Servicing shall perform such functions and duties as assigned by the Executive Director and may execute documents, contracts, and agreements of every type on behalf of the Agency, (with the exception of executing checks on the Agency's accounts) and shall have such additional powers as may be specifically authorized in resolution or as directed by the Board from time to time.

Section 9. The Director of Business Analytics shall perform all functions and duties as assigned by the Executive Director and may execute documents, contracts and agreement of every type on behalf of the Agency, (with the exception of executing checks on the Agency's accounts) and shall have such additional powers as may be specifically authorized in resolution or as directed by the Board from time to time.

Section 10. The Secretary shall perform all duties as Board administrator and shall keep all of the official records and books of the Agency, shall keep minutes of all meetings of the Agency, may issue calls for meetings, shall have charge of the seal of the Agency and may affix the seal, attested by his or her signature to such instruments as may require the same. Assistant secretaries shall be appointed from time to time, in accordance with a resolution of the Board to assist the Secretary in any and all official duties.

Section 11. The following persons are ratified and confirmed in the following positions for the dates shown herein:

Brian A. Hudson, Executive Director and Chief Executive Officer (Effective July 2003)  
Rebecca L. Peace, Deputy Executive Director and Chief Counsel (Effective October 2015)  
Joseph Knopic, Director of Finance (Effective July 2003, Termination date March 23, 2018)  
Jordan S. Laird, Director of Finance (Effective March 24, 2018)  
John Zapotocky, Director of Accounting (Effective February 2015)  
Coleen Baumert, Director of Homeownership Programs (Effective August 2016)  
Kathryn Newton, Director of Loan Servicing (Effective August 2016)  
Holly Glauser, Director of Development (Effective September 2006)  
Carl Dudeck, Jr., Director of Housing Management (Effective September 2011)  
Thomas F. Brzana, Jr., Director of Business Analytics (Effective August 2016)  
Carrie M. Barnes, Secretary (Effective April 1980)  
Margaret A. Strawser, Assistant Secretary (Effective May 1996)  
Tracy Horetsky, Assistant Secretary (Effective March 2010)  
Kimberly Smeal, Assistant Secretary (Effective November 2015)  
Brittany Raess, Assistant Secretary (Effective November 2015)

Section 12. The Executive Director shall appoint such other directors as shall be appropriate to perform such functions and duties as may be assigned by the Executive Director and the Executive Director may authorize certain signatories for certain Agency accounts, checks, financial transactions as may be appropriate from time to time including individuals serving as manager of investments, investment officers, manager of accounting, internal auditors and staff accountants.

Section 13. This resolution shall take effect immediately and, in the event of any inconsistency, this resolution is intended to supplement all prior grants of authority and power set forth in specific authorizing resolutions pertaining to each of the offices set forth above or pertaining to any particular Agency transaction.