

**Pennsylvania Housing Finance Agency
Meeting of the Board
July 12, 2018**

Members Present:

*Robin Wiessmann, Chair
*Thomas B. Hagen, Vice-Chair
*Maria F. Coutts
Ronald F. Croushore
*Kathy Possinger (serving in the stead of
Dennis Davin, Secretary of Department
of Community and Economic Development)
*Jennifer Koppel
Gary E. Lenker
*Robert Loughery
*Ben Laudermilch (serving in the stead of
Teresa Miller, Secretary, Human Services)
*Ross Nese
*John P. O'Neill
*Mark Schwartz
*Keith Welks (serving in the stead of
Joseph Torsella, State Treasurer)

*On Telephone conference call

Members Absent:

John Paone

Others Present:

Brian A. Hudson, Executive Director
Rebecca L. Peace, Deputy Executive Director/Chief Counsel
Holly Glauser, Director of Development
Bryce Maretzki, Director of Strategic Policy & Planning
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, Commonwealth Cornerstone Group
Ali Tomich, Director of Western Region
Jordan Laird, Director of Finance
John Zapotocky, Director of Accounting
Melissa Grover, Government Affairs Associate
Steven O'Neill, Assistant Counsel
David Doray, Manager of Multifamily Underwriting
Stanley Salwocki, Manager of Architecture & Engineering
Chris Anderson, Communications Officer
*Bill Bailey, Senior Development Officer
Linda Stewart, Manager of Tax Credit Program
Bill Fogarty, Director, Government Affairs
Clay Lambert, Business Policy Officer

Lisa Case, Manager of Project Operations
Jada Greenhowe, Assistant Counsel
Lori Toia, Director, Homeowners Emergency Mortgage Assistant Program
Diane Hoffman, Manager of Accounting, Homeowners
Emergency Mortgage Assistant Program
Robert Theil, NewCourtland Senior Services
Jennifer Shockley, Association Manager, Pennsylvania Developers' Council
*Nicholas Dema, Blumberg Apartments Phase III
*Catherine Droser, Blumberg Apartments Phase III
*Caster Binion, Glen Hazel RAD
*Darrell Davis, Glen Hazel RAD
*Jerome Frank, Glen Hazel RAD
*Chris Paul, Glen Hazel RAD
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, July 12, 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 July 8, 2018.

1. CALL TO ORDER AND ROLL CALL

The meeting was called to order by Chair Wiessmann at 10:30 a.m. The roll was called and a quorum was present.

Chair Wiessmann welcomed John O'Neill as the newest member of the Agency's Board and stated that she is looking forward to working with him on PHFA's Board. Mr. O'Neill thanked her for her recognition.

2. APPROVAL OF THE MINUTES FROM THE JUNE 14, 2018 BOARD MEETING

There were no additions or corrections to the minutes.

Mr. Lenker made a motion that the minutes from the June 14, 2018 Board meeting be approved as submitted. This motion was seconded by Mr. Croushore 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. Approval of Tax-Exempt Financing

1. Glen Hazel RAD, Pittsburgh, Allegheny County

Mr. Bailey reviewed the proposed project and its financing plan. He reported that this request is for the allocation of tax-exempt bonds in an amount not to exceed \$30,500,000. The Agency would be the conduit issuer of the bonds which will be privately placed with Red Stone Tax Exempt Funding, LLC. A second, subordinate series of bonds would be privately placed with the Housing Authority of the City of Pittsburgh.

Mr. Bailey stated that staff recommends approval.

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

Mr. Welks made the motion that the Board approve the resolution authorizing the Issuance of \$30,500,000 Maximum Aggregate Principal Amount of Special Limited Obligation Multifamily Housing Development Bonds to the Glen Hazel RAD project. This motion was seconded.

Mr. Binion, of the Housing Authority of the City of Pittsburgh thanked the Board for the allocation for this project and stated that they are looking forward to getting underway.

Mr. Welks called for a vote on the motion that the Board approve the resolution authorizing the Issuance of \$30,500,000 Maximum Aggregate Principal Amount of Special Limited Obligation Multifamily Housing Development Bonds for the Glen Hazel RAD project. This motion was unanimously approved. (See Appendix 1 of these Minutes.)

2. Blumberg Apartments Phase III, Philadelphia, Philadelphia County

Mr. Bailey reviewed the proposed project and its financing plan. He reported that this request is for the allocation of tax-exempt bonds in an amount not to exceed \$18,000,000. The Agency would be the conduit issuer of the bonds which will be privately placed with Citizens Bank, NA. All of the units in this project will be eligible for HUD's Rental Assistance Demonstration Program.

In 2015, residents of the former Blumberg Public Housing Property were relocated prior to demolition. The relocated tenants will have the option to return to this project when it is completed.

Mr. Bailey stated that staff recommends approval.

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

Mr. Welks made the motion that the Board approve the resolution authorizing the Issuance of \$18,000,000 Maximum Aggregate Principal Amount of Special Limited Obligation Multifamily Housing Development Bonds to the Blumberg Apartments Phase III project. This motion was seconded.

Mr. Dema of the Philadelphia Housing Authority thanked the Board for the allocation for this project and stated that they will continue their efforts to redevelop this neighborhood.

Mr. Hudson asked Mr. Dema to elaborate on this phase of the redevelopment plan. Mr. Dema stated that the plan is to develop a combination of nearly 1200 rental housing units as well as homeownership opportunities in the area. The comprehensive plan includes many aspects of services for the residents.

Mr. Welks called for a vote on the motion that the Board approve the resolution authorizing the Issuance of \$18,000,000 Maximum Aggregate Principal Amount of Special Limited Obligation Multifamily Housing Development Bonds for the Blumberg Apartments Phase III project. This motion was unanimously approved. (See Appendix 2 of these Minutes.)

3. Other Business

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

4. 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. Final Approval of 2019-2020 Low Income Housing Tax Credit Allocation Plan

Ms. Glauser briefly highlighted the proposed changes to the Low Income Housing Tax Credit Allocation Plan. These changes are being proposed as a result of the public hearing held on April 5, 2018. Subsequently, the Agency invited additional comments on the Allocation Plan which was posted on the Agency's website. The areas in which changes are being proposed include the following sections: Adoption of a Two Year Allocation Plan; Submission Requirements; Set-Aside Pools and Preferences; Income Averaging and Affordability of Units; Supportive Services; Commitment of Funds and Development Experience.

Ms. Glauser reported that following the Board's approval of the Allocation Plan, it will be sent to the Governor for signature.

Mr. Schwartz stated that this was a difficult undertaking and he commended staff for their work on updating the Plan and specifically addressing the issue of including developments promoting supportive services for persons being released from incarceration.

Chair Wiessmann stated that the Department of Banking and Securities has become involved in the issue of assisting those who have been incarcerated as they re-enter society. She is pleased to see that the Agency is taking an active role in addressing this need.

Mr. Hudson indicated that there are a number of other agencies, including the Office of Attorney General, Department of Community and Economic Development, Department of Corrections and the Department of Human Services as well as County officials (such as Bucks County) which will be involved beginning this Fall. He hopes that the combined efforts result in a solution to this need.

Mr. Schwartz made the motion that the Board approve the Low Income Housing Tax Credit Allocation Plan for 2019-2020 as submitted by staff. This motion was seconded and was unanimously approved. (See Appendix 3 of these Minutes.)

B. Approval of the Year 2019 RFP for Tax-Exempt Volume Cap

Ms. Glaser reported that applications for 2019 tax-exempt volume cap will be provided on a first come first served basis. This will once again be a two-step process. A preliminary application will determine the financial viability and tax credit eligibility and then will be followed by a full underwriting application. This process worked well for the Agency last year.

Staff recommends approval of this RFP.

Mr. Schwartz reported that the Policy Committee concurs with staff's recommendation and commended staff for their work on this RFP.

Mr. Schwartz made the motion that the Board approve the RFP for 2019 Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations as submitted by staff. This motion was seconded and was unanimously approved. (See Appendix 4 of these Minutes.)

5. **JOINT HEMAP AND AUDIT COMMITTEES REPORT**

A. **HEMAP Budget for Fiscal Year Ending June 30, 2019**

Mr. Schwartz reported that the HEMAP Committee met jointly with the Finance Committee the week prior to the Board meeting to review this budget. He asked Mr. Hudson to report on the HEMAP budget.

Mr. Hudson stated that the HEMAP still has a balance of approximately \$15,000,000 from the mortgage servicing settlement. The number of applications being received for mortgage assistance has decreased to between 250 to 275 per month; consequently, the Agency has increased its approval rate to 20 percent. The cash on hand should be enough to sustain the program for the next two years, or possibly more. Yearly collections are approximately \$7,500,000 which is very good. Disbursements are approximately \$5,500,000 per year. Overall the program is in very good shape.

Staff recommends approval of the HEMAP budget as submitted.

Ms. Koppel made the motion that the HEMAP budget be approved as submitted. This motion was seconded by Mr. Croushore and was unanimously approved. (See Appendix 5 of these Minutes.)

B. **PHFA Budget for Fiscal Year Ending June 30, 2019**

Ms. Possinger reported that the Finance Committee met the week prior to the Board meeting to review this budget.

She reported that the Finance Committee reviewed the entire budget with staff. The General Fund net income is projected to be approximately \$2,500,000 with no new staff positions requested. She noted that the significant changes to the budget are primarily related to the building expansion project. The Finance Committee recommends approval of the PHFA budget as submitted.

Ms. Possinger made the motion that the PHFA budget be approved as submitted. This motion was seconded by Mr. Welks and was unanimously approved. (See Appendix 6 of these Minutes.)

5. **APPROVAL OF SINGLE FAMILY MORTGAGE REVENUE BONDS, SERIES 2018-127 AND REFUNDING OF SERIES 2008-101C**

Mr. Hudson reported that the Agency has decided to refund the remaining \$11,000,000 of bonds issued in 2008 as Series 101C into this next bond issue. These bonds were privately placed with the Federal Home Loan Bank of Pittsburgh and were issued at a very

attractive interest rate for taxable bonds. All of the other bonds in the 2008-101 issue have been redeemed. These bonds will be refunded as fixed rate bonds resulting in an interest rate savings and a further reduction in the Agency's variable rate exposure. Series 2018-127 will be a tax-exempt transaction with new money and other refunding bond candidates.

Mr. Hudson noted that the Federal Home Loan Bank of Pittsburgh has been a very active purchaser of Agency's bonds over the years and has bought more than \$700,000,000 in Agency bonds over the years.

Mr. Hudson stated that he is requesting Board approval for staff to proceed with these bond issues and to delegate the approval of the final terms and conditions related to this transaction to the Finance Committee.

Mr. Lenker made the motion that the Board approve the resolution authorizing the issuance of Single Family Mortgage Revenue Bonds, Series 2018-127 and the issuance of bonds to refund Series 2008-101C bonds and delegating the authority to the Finance Committee to finalize all terms and conditions of the issuance. This motion was seconded by Mr. Croushore.

Mr. Schwartz asked about the remaining total of variable rate bonds the Agency still has in its portfolio. Mr. Hudson reported that approximately \$465,000,000 remains. He noted that at their highest point, the Agency had \$1,800,000,000 in variable rate bond exposure. Staff has been diligently working to reduce this amount over the past several years.

Chair Wiessmann called for a vote on the motion that the Board approve the resolution authorizing the issuance of Single Family Mortgage Revenue Bonds, Series 2018-127 and the issuance of bonds to refund Series 2008-101C bonds and delegating the authority to the Finance Committee to finalize all terms and conditions of the issuance. This motion was unanimously approved. (See Appendix 7 of these Minutes.)

7. OTHER BUSINESS

A. PHARE Funding Update

Mr. Marezki reported that funding for the PHARE program continues to come in. By July 31, the Department of Revenue will certify the amount of funds to be distributed under the Realty Transfer Tax for the current year. The Agency expects the figure to reach the legislatively required cap of \$25,000,000. Monies from the Marcellus Shale impact fee are approximately \$7,100,000 which is \$2,000,000 more than last year because of increased natural gas drilling. The National Housing Trust

Fund monies are expected to be \$7,800,000. The Agency therefore has approximately \$39,000,000 available for funding the PHARE program.

Mr. Maretzki noted that the RFP's for funding will open in September 2018 with applications due in November 2018.

Mr. Nese asked about funds received each year and Mr. Maretzki noted that the Realty Transfer Tax has increased from \$12,000,000 to \$17,100,000, and now at the expected \$25,000,000. He reported that the monies received from Marcellus Shale have gone up and down the past several years. The NHT funds have increased the past couple of years.

Mr. Maretzki stated that he was pleased with the funds coming into the PHARE program.

B. No August 2018 Board Meeting

Mr. Hudson reported that there will be no August 2018 PHFA Board meeting. Should there be a need for any type of Board action, the Secretary will contact the members.

8. EXECUTIVE SESSION

Chair Wiessmann temporarily adjourned the meeting of the Board and called for an Executive Session to discuss personnel issues. The meeting was temporarily adjourned at 11:20 a.m.

Chair Wiessmann reconvened the meeting of the Board of the Pennsylvania Housing Finance Agency at 11:40 a.m.

9. PERSONNEL COMMITTEE REPORT

Vice Chairman Hagen reported on the actions of the Personnel Committee in the absence of Committee Chair Paone.

Vice Chairman Hagen reported that the Personnel Committee recommends to the Board that the maximum percent of salary increase for Agency staff remain at three percent (3%) annually.

Vice Chairman Hagen made the motion that the maximum percent of salary increase for Agency staff remain at three percent annually and that the salary increases for the Executive Director and Deputy Executive Director be approved as was discussed in Executive Session. This motion was unanimously approved.

Vice Chairman Hagen will submit a report regarding the salary levels for the Executive Director and Deputy Executive Director based on the Board's action.

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 11:43 a.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, September 13, 2018 at 10:30 a.m.

Respectfully submitted,

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

Carrie M. Barnes
Secretary

PENNSYLVANIA HOUSING FINANCE AGENCY

RESOLUTION

**Authorizing the Issuance of \$30,500,000
Maximum Aggregate Principal Amount of
Special Limited Obligation Multifamily Housing Development Bonds
(Glen Hazel RAD)**

Adopted: July 12, 2018

**A RESOLUTION AUTHORIZING THE ISSUANCE OF
\$30,500,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT
SPECIAL LIMITED OBLIGATION
MULTIFAMILY HOUSING DEVELOPMENT BONDS
(GLEN HAZEL RAD)**

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, indenture of trust or similar instrument 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, Glen Hazel RAD LLC, a Pennsylvania limited liability company, or another affiliate of the sponsor, the Allied & Ross Management and Development Corporation (the "**Borrower**"), has requested financing from the Agency in the form of tax-exempt and/or taxable bonds or notes, in one or more series or subseries, issued at the same or different times, in an aggregate amount not to exceed \$30,500,000 (the "**Bonds**") to fund the acquisition, construction, improvement, rehabilitation and equipping of a multifamily residential rental housing project known as "Glen Hazel RAD," located in the Hazelwood neighborhood of Pittsburgh, Allegheny County, Pennsylvania, with 225 total units of affordable housing (collectively, 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, Red Stone Tax Exempt Funding LLC or its affiliate and the Housing Authority of the City of Pittsburgh or its affiliate (collectively, the "**Purchaser**"), or such successor entity or entities as may be approved by the Agency, are anticipated to be the initial holders of the Bonds pursuant to the Agreement.

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 \$30,500,000. 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. The 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 requirements established by the Agency in the Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Request for Proposals; (e) compliance with all timeframes and deadlines established by the Agency; (f) evidence of the commitment of construction and permanent financing and contribution of equity in amounts sufficient to ensure financial feasibility of the Project; (g) evidence of the commitment to serve low income tenants for a period of not less than thirty-five (35) 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 the award of a 20 year rental subsidy from the Housing Authority of the City of Pittsburgh under the Rental Assistance Demonstration Program 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 as of the first day of the month in which they are issued, 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 \$30,500,000; 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 forty-two 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 \$1.00 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 bondholders, 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 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 bondholders. 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 and Further Actions. 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, including the taking of any necessary or appropriate actions to modify the terms hereof in order to achieve the financing transaction.

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 is entitled to exclusion 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.

PENNSYLVANIA HOUSING FINANCE AGENCY

RESOLUTION

**Authorizing the Issuance of \$18,000,000
Maximum Aggregate Principal Amount of
Special Limited Obligation Multifamily Housing Development Bonds
(Blumberg Apartments Phase III)**

Adopted: July 12, 2018

**A RESOLUTION AUTHORIZING THE ISSUANCE OF
\$18,000,000 MAXIMUM AGGREGATE PRINCIPAL AMOUNT
SPECIAL LIMITED OBLIGATION
MULTIFAMILY HOUSING DEVELOPMENT BONDS
(BLUMBERG APARTMENTS PHASE III)**

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, indenture of trust or similar instrument 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, Blumberg Apartments Phase III Limited Partnership, a Pennsylvania limited partnership, or another affiliate of the sponsor, the Philadelphia Housing Authority (the "**Borrower**"), has requested financing from the Agency in the form of tax-exempt and/or taxable bonds or notes, in one or more series or subseries, issued at the same or different times, in an aggregate amount not to exceed \$18,000,000 (the "**Bonds**") to fund the acquisition, new construction, improvement and equipping of a multifamily residential rental housing project known as "Blumberg Apartments Phase III," located at 22nd and Bolton Streets, Philadelphia, Philadelphia County, Pennsylvania, with 83 total units of affordable housing (collectively, 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, Citizens Bank, N.A. or its affiliate (the "**Purchaser**"), or such successor entity as may be approved by the Agency, is anticipated to be the initial holder of the Bonds pursuant to the Agreement.

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 \$18,000,000. 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. The 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 requirements established by the Agency in the Tax-Exempt Qualified Residential Rental Facilities Seeking Private Activity Bond Allocations Request for Proposals; (e) compliance with all timeframes and deadlines established by the Agency; (f) evidence of the commitment of construction and permanent financing and contribution of equity in amounts sufficient to ensure financial feasibility of the Project; (g) evidence of the commitment to serve low income tenants for a period of not less than thirty-five (35) 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 the award of a 20 year rental subsidy from the Philadelphia Housing Authority under the Rental Assistance Demonstration Program 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 as of the first day of the month in which they are issued, 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 \$18,000,000; 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 thirty-six months 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 \$1.00 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 bondholders, 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 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 bondholders. 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 and Further Actions. 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, including the taking of any necessary or appropriate actions to modify the terms hereof in order to achieve the financing transaction.

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 is entitled to exclusion 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.

**PENNSYLVANIA HOUSING FINANCE AGENCY
ALLOCATION PLAN FOR PROGRAM YEARS 2019-2020
LOW INCOME HOUSING TAX CREDIT PROGRAM**

PROCESSING OVERVIEW AND PROCEDURES FOR PROGRAM YEARS 2019-2020

The Pennsylvania Housing Finance Agency (the "Agency") administers the Federal Low Income Housing Tax Credit Program ("Tax Credit Program") in the Commonwealth of Pennsylvania. Pursuant to federal law governing the Tax Credit Program, the Agency adopts a plan (the "Allocation Plan") outlining the allocation priorities and procedures to be followed in distributing Federal Low Income Housing Tax Credits ("Tax Credits") based on the housing needs of the Commonwealth. Adoption of the Allocation Plan requires approval by the Governor after a public hearing.

The Agency intends to review the Applications for Tax Credits ("Applications") it receives and to select among the Applicants based on the selection ranking criteria, with **priority given to projects which fill an object need or which best demonstrate an ability to move forward**. The Selection Criteria has been amended to reflect specific needs and market conditions which may differ based on type of property, targeted populations and housing needs.

The Agency may issue supplemental policy and guideline announcements affecting this Allocation Plan. Furthermore, the Agency reserves the right to suspend or otherwise alter the submission requirements and timelines in its discretion. Please refer to the Agency's website at *www.phfa.org*.

SUBMISSION REQUIREMENTS

All information submitted by the Applicant or requested by the Agency in the review of the Application is the sole property of the Agency and may be made public. The Agency's processing procedures, fee schedules and limitations, and current rent and income limits are set forth in the Agency's 2019-2020 Multifamily Housing Application Package and 2019-2020 Multifamily Housing Program Guidelines (the "2019-2020 Guidelines"), which will be available on the Agency's website at *www.phfa.org*, and may be amended from time to time. It is the Applicant's responsibility to be familiar and compliant with all Tax Credit Program requirements, the regulations, and the Internal Revenue Code (the "Code"), in effect both now and in the future, as applicable to any Application in this Program.

This Allocation Plan shall govern Applications for annual awards of Tax Credits over a two (2) year period for funding consideration in 2019 and 2020. For a development to be considered for a reservation of Tax Credits in 2019, the entire Application package, including all exhibits, must be received by the Agency no later than **3:00 p.m. on November 16, 2018 (or such other deadline as may be established by the Agency on its website)**. Applications (which include receipt of an electronic submission and hard copy) not received by the closing date of the submission cycle will not be considered. **In advance of submitting the entire Application package on November 16, 2018, Applicants must submit an Intent to Submit a Tax Credit Application - Fact Sheet (see 2019-2020 Guidelines for form) and Development Synopsis on or before August 31, 2018.** This submission is a mandatory requirement for the Tax Credit Program. The Agency will evaluate the Applications based upon the requirements set forth herein and may request additional information from Applicants at any time during the processing of an Application in its discretion. **Application dates and program deadlines for the year 2020 will be published with additional program guidance in 2019.** Applicants may not apply for an award of 2020 Tax Credits prior to the release of the 2020 Application guidance. Additionally, Applications that do not receive an award Tax Credit in 2019 must resubmit an Application for Tax Credits in 2020.

The entity(ies) identified as an Applicant(s) in the Application must have a general partner interest in the final ownership entity of the development. The Applicant(s) must be actively involved in both the development and ongoing control and management of the development as evidenced in the partnership agreement governing the ownership entity for the development Applications. Sale, transfer or assignment of an Applicant's interest in the proposed Tax Credit development is prohibited while the Application is pending. After reservation of Tax Credits, any such transfers, sales and assignments prior to placement in service and issuance of an IRS Form 8609 require prior written approval by Agency staff and may require submission of a new Application, additional processing fees and/or may result in recapture of Tax Credits by the Agency.

The Agency will impose a limit of no more than four (4) applications per year per entity serving as a general partner, either solely or as a co-general partner. Additionally, for 2019 Applications, the Agency will impose a limit of no more than ten (10) Applications per year for consultants. The Agency will not consider re-submissions of Applications submitted in October 2017 when determining the aforementioned limit in 2019. This ten (10) Application per consultant limit will be imposed for all Applications submitted in 2020. The Agency does not currently limit the number of applications per developer or consultant to proposals seeking 4% Tax Credits. Depending on application volume and availability of resources, the Agency may limit the number or size of awards per developer or consultant.

The Application package submitted for review must include all of the information in the order set forth in the Application Checklist. **Any material deficiency in the Application or omission from the mandatory submissions set forth in the Application Checklist may result in immediate rejection or alternatively, negative ranking points.** All Applications must meet program eligibility requirements set forth in the Code. Applications and required exhibits may not be submitted via fax or email to the Agency. Any Application which does not contain sufficient information to be reviewed will be returned. The Agency reserves the right to reject or return any Application at any time during the Application processing period.

Any Application, once received by the Agency, may not be altered, amended or modified except as approved by staff during underwriting and program review or except for developments participating in an Agency financing program, which may undergo subsequent substitute processing and ranking by the Agency. Applications will be ranked based only upon the information contained in the Application package. Agency staff will review the development's construction costs, fees, sources of funds, operating income and expenses to determine the development's financial feasibility and long term viability. The Agency may review local and/or state analysis of impediments to fair housing prepared in connection with federal funding programs and **may prioritize Applications which evidence opportunities to affirmatively further fair housing.** Applications that meet all threshold requirements, need and marketability and that are financially feasible and viable will then be ranked according to the Selection Criteria. Applications that do not meet threshold requirements, are financially infeasible, do not demonstrate long term viability, or which exceed the maximum number of Applications per Applicant may be returned at any time. The Agency also reserves the right, in its sole discretion, to reject any Application in the event that the costs or fees associated with the proposed development are deemed to be excessive or unreasonable. Additionally, the Agency may discontinue processing any Application if the Agency determines in its sole discretion that the development will not be able to receive a reservation of Tax Credits due to the oversubscription of Tax Credits in any Set-Aside, Pool or Preference.

Upon review of the Application, Agency staff may, but is under no obligation to, advise the Applicant of incongruities, discrepancies or incomplete items and may allow the Applicant to clarify or supplement the original submission. Such requests will be made in writing to the Applicant and response will be required within the timeframe set forth therein, which will generally be no later than five business days from notification by staff. Applicants are urged to review their original Applications carefully prior to submission to the Agency. Corrections allowed during the staff review process will neither include replacement, substitution or amendment of material items used by staff in the ranking of an Application nor remedy the scoring of an Application as an incomplete submission. See the Guidelines for additional guidance and information about processing Applications.

Notwithstanding the above, Agency staff may take any actions deemed necessary by the Agency to process Applications and administer this program, which may include modifying and adjusting any allocation as it deems necessary to promote housing goals including its goal of creating and enhancing housing choices in areas of opportunity (maximizing leveraging of available program resources, and encouraging geographic distribution), and to respond to specific market needs and/or program objectives.

Furthermore, Agency staff is specifically instructed and authorized to make *de minimis* adjustment to any Application in processing, at any time as deemed appropriate and necessary, to carry out the housing goals of the Agency. (For these purposes, *de minimis* means an adjustment of approximately 5% of the conditional reservation or allocation.)

APPLICATION ELIGIBILITY CRITERIA

In order to be considered for a conditional reservation of Tax Credits, all Applicants must submit an Application. The Agency will not accept or process requests for Tax Credits without the submission of an Application, and will only process Applications meeting all of the following eligibility criteria. Failure to meet any of these eligibility criteria may result in rejection of the Application.

1. Agency staff will review the Tax Credit Program compliance history and performance of the Applicant (or any related entity or material participant) and the management agent of the proposed development. The Applicant must certify that it is in compliance with all Tax Credit Program requirements for each Tax Credit development in which it has a material ownership interest. If the Applicant (or any related entity) or management agent of the proposed development is currently involved in a Tax Credit development that has been reported to the Internal Revenue Service ("IRS") as being out of compliance with any Agency program requirement (or has an outstanding Restrictive Covenant Agreement violation) and such noncompliance has not been brought back into compliance prior to the submission of the Application, the Application may be rejected at any time prior to reservation of Tax Credits. In the alternative (or in addition, as determined by the Agency), attendance and satisfactory completion of an Agency-approved course in the compliance requirements of the Tax Credit Program may be required. The Agency will determine whether a compliance issue is of a material or nonmaterial nature and whether it is of a recurring nature based on the facts and circumstances. Note that while any material compliance issue may result in rejection of an Application, nonmaterial noncompliance issues may result in the adjustment of points during the ranking process. The Agency may reject any Application from an Applicant who fails to submit and maintain timely unit and project information on the Agency's interactive database ("PA Housing Search"), participate in the Agency's energy benchmarking program or provide supplemental data upon request.
2. If the Applicant (or any related entity or material participant) is involved or has been involved in an Agency funded development (including Tax Credit properties) that is: delinquent in payments to the Agency, has materially defaulted on any of its obligations including, meeting required submissions and deadlines, or has misrepresented any material information on a previous applications, the Agency may reject the Application. Upon receipt of an Intent to Submit (or at any point during the pendency of an application), the Agency will notify Applicants of any delinquency default or noncompliance. Failure to cure delinquencies, defaults or similar actions within thirty (30) days of such notice will result in the rejection of future Applications.
3. Applications may be returned if the Applicant (or any related entity or material participant) has failed to meet any established program deadline date which resulted in loss or recapture of Tax Credits, potential loss of other financial assistance or funding resources, or has failed to meet a preference, selection criteria or a condition of a previous Tax Credit award.
4. Applicants (or any related entities or material participants) who have unpaid fees due to the Agency or with

outstanding state tax liability may be ineligible to participate in the Tax Credit Program.

5. Developments that have resulted from or will result in the permanent displacement of low income residents will be ineligible for Tax Credit Program participation unless the Applicant provides evidence satisfactory to the Agency that an appropriate relocation plan has been developed. Furthermore, to the greatest extent feasible, all existing low income residents must be offered their choice to either be temporarily relocated until such time, upon completion of the development, as they are able to return to an appropriately sized affordable unit in the development, or receive relocation benefits. Applicants are required to document the efficacy of notice given to residents to the satisfaction of the Agency.
6. Applications for Acquisition Tax Credits will not be accepted for any existing occupied Tax Credit development during its initial compliance period unless the initial compliance period will have expired prior to the end of 2019 or 2020, as applicable, and the property meets all other Acquisition Tax Credit rules.
7. Applicant must provide evidence satisfactory to the Agency of its financial and organizational capacity to ensure the completion of the development in accordance with the requirements of the Code. The Agency will consider the total cost and number of projects owned or managed by the Applicant in making this determination. Additionally, the Agency reserves the right to review supporting documentation, including annual audited financial statements, to evaluate the Applicant's financial capacity.
8. Applications for Tax Credits must demonstrate a commitment to serve low income residents for a period of not less than 35 years or, in the alternative, offer homeownership opportunities to qualified residents after the initial 15 year compliance period. For the commitment to serve low income residents for a period of not less than 35 years, Applicant will certify this commitment in the Application and the Restrictive Covenant Agreement will contain a provision waiving any right to petition the Agency to terminate the extended use term (as described in the Code). If the alternative of homeownership opportunities is selected, proposals must present a financially viable homeownership program for residents who inhabit the units during the compliance period. The program must incorporate an exit strategy, homeownership counseling and a minimum amount of funds (not less than \$1,000 per unit) set aside by the developer to assist the residents with the purchase. This amount may not be included in the project budget. The only types of units eligible for consideration are townhouse and single family attached and detached structures. The Agency may approve other unit types conducive for these purposes if structured as cooperative or condominium ownership. The Applicant will certify this commitment in the Application and the Restrictive Covenant Agreement will contain provisions ensuring enforcement of the related covenants by affected qualified residents. Should the units not be converted to homeownership, the Restrictive Covenant Agreement will contain a provision waiving any right to petition the Agency to terminate the extended use term for all units remaining as rental units. A certification from the design architect verifying the units are townhouse or single family attached or detached structures (or otherwise appropriate for homeownership by tenants as determined by the Agency) will be required as part of the Application.
9. The development team must have sufficient experience, as determined in the sole discretion of the Agency, to effectively own, design, construct, manage and operate a Tax Credit development. The development team members include the Applicant, architect, general contractor, attorney, and the management agent. As appropriate, the experience of a housing consultant (including their ability to secure equity investment and provide services through initial occupancy) or a housing management consultant may be considered in lieu of the Applicant or management agent, respectively.
10. In addition to the above threshold eligibility criteria, Applicant must provide evidence satisfactory to the Agency that the Applicant (or any related entity), proposed management agent, or other material participant is not in violation of fair housing, housing accessibility or nondiscrimination laws or has not discriminated against Section 8 voucher and certificate holders or recipients of any state or local tenant or project based rental assistance. The Agency specifically reserves the right to take any appropriate action and to deny any future Tax Credit Application from any Applicant (or related entity) who evicts or terminates the tenancy

of low income residents, except for good cause, throughout the entire project compliance period (including the extended use period) applicable to any existing Tax Credit development.

11. The Agency may reject an Application from any Applicant (or related entity) who participates in a transaction or program to achieve early termination of a Restrictive Covenant Agreement (or other document(s) evidencing long term restrictions applicable to the Tax Credit Program) as determined by the Agency in its sole discretion. Such action may include rejection of the Application, termination of processing, recapture of Tax Credits (if an IRS Form 8609 has not been issued) or, if applicable, issuance of an IRS Form 8823 or notification to the appropriate governmental authorities. As evidence of such finding of violation, the Agency may rely upon its own investigations or may rely upon any order of a court with jurisdiction or upon notice of such a finding from any federal or state agency with investigative or regulatory jurisdiction regarding the subject matter, such as the Internal Revenue Service, U.S. Department of Justice, U.S. Department of Treasury, U.S. Department of Housing and Urban Development, Pennsylvania Human Relations Commission or Pennsylvania Office of Attorney General or may make a determination based upon the failure to report or affirmatively disclose information to the Agency.

“Material participant” for purpose of this section includes any entity who by written agreement may significantly affect, in the opinion of the Agency, the development or operation of the property. Such written agreement may include ground leases, operating subsidies, partnership agreements, management contracts or operating regulatory agreements.

12. Applications must demonstrate that the housing needs of local public housing waiting lists have been met. Applicants may meet this requirement by providing either: (1) a current letter from the local public housing authority stating how the development is specifically meeting the housing needs of residents on the public housing waiting list; (2) a copy of the comprehensive plan outlining the current local public housing authority waiting list and evidence that the development will meet such resident needs; or (3) evidence of receipt of mailing to the local public housing authority prior to the date of the Tax Credit Application a letter which evidences the commitment of the developer to work cooperatively to meet the needs of persons on the local public housing waiting list.
13. Applications must include evidence, satisfactory to the Agency, that an equity investor has been secured for the development at a market pay-in value and the terms and conditions related to the investment are reasonable.

SET-ASIDES, POOLS AND PREFERENCES

The Agency will provide Tax Credits through several Set-Asides, Pools and Preferences. Should additional Tax Credits become available for whatever reason at any time in 2019 or 2020, the Agency will not issue an amendment to this Allocation Plan but will instead make allocations of such additional Tax Credits based upon priorities and preferences set forth in this Allocation Plan as it deems appropriate and as further set forth herein. The amounts available in each Set-Aside may be adjusted by the Agency to ensure adequate and appropriate funding of the Applicants meeting the Program criteria.

Set-Aside Percentages

<u>Set-Asides</u>	<u>Percentage of Tax Credits to be Allocated</u>
Geographic Set-Aside	
Urban Pool*	50.00%
Suburban/Rural Pool	50.00%
Total	100.00%

* See “Exhibit Urban Areas” for complete list of the applicable municipalities. Fifty percent (50%) of this amount will initially be set aside to fund developments located in municipalities other than Philadelphia.

The Agency has established preferences for certain types of developments in each Pool which include general occupancy, senior occupancy (ages 62 and over), properties furthering the preservation of affordable housing, applications for supportive housing, community revitalization developments, areas of opportunity and Strategic Investment developments (as more fully described herein). The Agency may also provide a preference to developments using Commonwealth-sponsored pilot programs, including developments promoting supportive housing for persons being released from incarceration, developments providing employment opportunities for property or community residents, developments or Applicants evidencing meaningful participation in Section 811 program, Applications submitted with a Community Housing Development Organizations (“CHDOs”) being a material participant as either owner, developer or sponsor, developments located in Commonwealth designated Opportunity Zones, or meeting specific market need or Agency housing goals.

Preferences for certain types of housing have been established as minimum goals by the Agency in meeting certain housing needs of the Commonwealth. Applicants may be considered in more than one category and will have been deemed to have met both for purposes of meeting the stated housing goals. Due to the amount of Tax Credits which may be available, these minimum goals may be adjusted or modified accordingly. Applicants meeting more than one of these categories may be advantaged during the ranking/scoring process.

1. General Occupancy - The Agency will reserve Tax Credits to, at a minimum, three (3) general occupancy properties in each Pool.
2. Senior Occupancy 62+ with Services - The Agency will reserve Tax Credits to, at a minimum, two (2) senior occupancy developments targeting persons 62 years of age and above in each Pool. Eligibility for this preference will require demonstration that services will be provided to residents to enable them to continue to live independently.
3. Preservation Developments – The Agency will reserve Tax Credits to, at a minimum, four (4) preservation properties in the aggregate between the two Pools. To be considered eligible for this preference, existing affordable properties should demonstrate that Tax Credits are necessary to extend the long term affordability and habitability of the development or that there is a likelihood of conversion to market rate housing (which must be supported by a current market study in a form and substance acceptable to the Agency). The Agency will conduct a comprehensive site visit on all preservation properties and will review the capital needs assessment, occupancy and financial reports and supplemental information to identify those properties which demonstrate the greatest need of preservation.
4. Supportive Housing – The Agency will reserve Tax Credits to, at a minimum, two (2) developments in each Pool which promote supportive housing opportunities to targeted populations including persons who are homeless; non-homeless households requiring supportive services including those with mental, physical, sensory, or developmental disabilities; persons with substance abuse disorders; persons diagnosed

with HIV/AIDs and related diseases; persons being released from incarceration, and other special populations approved by the Agency on a case-by-case basis (which may include consideration for the specialized needs associated with affordable housing for veteran households). A minimum of fifteen percent (15%) of the units must be set aside to qualify for this preference. Designated units must be rented only to the target population (subject to fair housing laws). The Agency may determine to fund only one Supportive Housing development from this preference each pool if the Application has a very high score and the amount of tax credits requested exceeds \$1,250,000. Eligible Applicants may include those eligible and willing to participate in the HUD Section 811 Demonstration Program.

5. Innovation in Design - The Agency will hold a juried competition encouraging demonstrated innovation in housing which may be illustrated through excellence in design, implementation of current and future energy efficient technologies and materials and leveraging community and capital resources and will reserve Tax Credits to the winning development(s). See Checklist in 2019-2020 Guidelines for materials needed to participate in the competition. The selected Applicant will work with the Agency to establish, document and employ the best practices for future housing policies and standards.
6. Strategic Investment – The Agency will reserve Tax Credits to, at a minimum, three (3) Applicants in each Pool which the Agency determines support specific housing economic opportunities (such as areas of housing shortage due to Marcellus Shale, urgent community needs or other unusual economic development pressures) or the overall housing goals of the Commonwealth, as determined by the Agency.

The Agency, in its discretion, may consider any Application for Strategic Investment. The Agency may consider regional distribution, scale of community impact, extraordinary market and population needs, unique funding and leveraging opportunities, (such as HUD's Choice Neighborhoods Initiative), disaster recovery response and competitive rankings of Applications, in making Strategic Investment awards including how the development maximizes the inclusion of affordable accessible units in its design.

7. Community Revitalization/Mixed Income (**Urban Pool only**) –The Agency will reserve Tax Credits to, at a minimum, three (3) developments which support a broader community revitalization program which has the capability of changing fundamentally the character of a neighborhood, enhancing the lives and amenities available to residents of the community, is focused on implementing a "mixed income" strategy, and/or which seeks to counteract the pattern through which some metropolitan areas are being segregated by income or race.

The Agency will look at how, in measurable terms, the following aspects are associated with the comprehensive revitalization program of which the development is a part:

- Supports the construction and rehabilitation of housing to meet the needs of households of all income types, including the very low income
- If the development proposes to offer rents at or close to the Tax Credit program maximum (i) the availability of housing choice vouchers to make some of its units affordable to the area's lowest income households and/or (ii) the projected existence elsewhere in the neighborhood of development(s) that can be expected to provide such affordability
- Access to public transportation
- Access to public parks and open space
- Access to community serving enterprises
- Encourages the reuse and rehabilitation of existing infrastructures
- Coordination of proposed site amenities that enhance the overall neighborhood
- Coordination with an overall community revitalization effort
- Of sufficient size and scope to have a significant and lasting positive impact on the community (including increasing or stabilizing tax base and economic diversity)
- Expands quality of life and fulfills a need for health care choices and other crucial service opportunities for residents of the community

- Municipal support articulated in a publicly approved community plan or in the form of significant funding commitments
- Presence of supporting local neighborhood initiatives
- Consistent with the local community's plan to affirmatively further fair housing.

8. Areas of Opportunity (**Suburban/Rural Pool only**) - The Agency will reserve Tax Credits to, at a minimum, three (3) developments which expand housing opportunities and design choices in areas suitable for long-term economic growth with an existing or planned infrastructure to support future growth in the area, in order to promote mixed-use and/or mixed-income development within a community setting. These developments will be located in areas of strong schools and employment opportunities and in communities which may have not received representative resources in the past.

Nonprofit Set-Aside

The Agency will continue to encourage development by nonprofits which have demonstrated commitment to improving the living environment, public health, or safety of local populations in Tax Credit developments and will target a minimum of twenty-five percent (25%) of the state per capita allocation amount towards developments involving qualified nonprofit organizations (the "Nonprofit Set-Aside"). To be eligible, all nonprofits must meet the following requirements:

A nonprofit organization will qualify for consideration under the Nonprofit Set-Aside if it is described in paragraphs (3) or (4) of Section 501(c) of the Code, is exempt from tax under Section 501(a) and will materially participate in the Tax Credit development throughout the compliance period. In addition, the nonprofit organization must have the fostering of low income housing as one of its exempt purposes. The nonprofit organization must own (directly or through a partnership) at least a 51% interest in the general partner of the partnership entity in accordance with current laws and IRS regulations throughout the development's compliance period. The nonprofit organization may neither be an affiliate of, nor controlled by, a for profit organization. An opinion of counsel addressing the status of the nonprofit organization and qualification for the Nonprofit Set-Aside may be required.

Priority may be given to nonprofits which have a substantial base of operations within the county or municipality of the proposed development. To show a substantial base of operations, the nonprofit must demonstrate that it has provided quality charitable services to persons in the county or municipality without substantial interruption for at least the last two years, or performed other such activities which demonstrate, to the satisfaction of the Agency, that the organization will further the living environment, public health, or safety of persons in the proposed development. The Agency may require certification of IRS Form 990 filings and evidence of good standing with all nonprofit IRS filing requirements.

Requests for Additional Tax Credits

In its discretion, the Agency may allocate such Additional Tax Credits in an amount not to exceed 5% of the initial Tax Credit reservation amount to developments holding a reservation of Tax Credits to support its financial feasibility. Additional Tax Credits are only available for developments that can demonstrate the capacity to close on all financings, including securing additional equity investments. Failure to close by this date will result in pending Applications being removed from consideration. Qualified Applicants must neither have changed any selection criteria nor made any significant modifications, as determined by the Agency, from the initial Application as the initial award of Tax Credits was based on specific selection criteria including development team, total projects costs, sources of funds, units, resident population and building design. Furthermore, in order to qualify for a reservation of Additional Tax Credits, the applicant must demonstrate that an amount equivalent to a minimum of 15% of the developer's fee has been reinvested.

SELECTION OF APPLICATIONS

The Agency will strive to reserve Tax Credits in a manner which results in a geographic distribution statewide. Applications for Tax Credits will be evaluated and ranked based on the Selection Criteria. It is the Agency's intent to follow the preferences established for targeting resources and will award Tax Credits to the highest scoring Applications meeting the stated preferences. Provided Tax Credits are available after the Agency determines that the preferences have been met, the Agency will award Tax Credits to the next highest ranking Application. In the event the Agency determines that an Application has been delayed or faces substantial cost burdens due to some good cause beyond the control and dominion of the Applicant, especially in the event there is a NIMBY or legal challenge to siting of an otherwise viable project, the Agency may provide a preference to fund the Applicant for an alternative viable project which meets similar goals and housing targets in an alternative location (which meets at least a minimum score under the Allocation Plan). The Agency recognizes that lower ranking Applications may be awarded Tax Credits in order to meet the stated preferences, however, the Agency has determined that in order to receive an award of Tax Credits, an Application must meet a minimum point threshold of one hundred and twenty (120) points for all developments except for those qualifying for the Preservation Preference or utilizing tax exempt financing with 4% Tax Credits which shall be one hundred ten (110) points.

ADDITIONAL RESOURCES, SUBSEQUENT EVENTS AND SUPPLEMENTAL INFORMATION

The amounts available in each Set-Aside, Pool or Preference may be adjusted by the Agency at any time to ensure adequate and appropriate funding of the Applications meeting the Agency's goals and Program criteria. Should additional Tax Credits or additional resources become available for whatever reason at any time in 2019 or 2020, especially federal or State funding program opportunities for a specific population such as veterans, emergency response, persons with special needs or persons with disabilities or unique land bank financing opportunities, the Agency will not issue an amendment to this Allocation Plan but will instead make allocations of such additional Tax Credits or resources based upon priorities and preferences set forth in this Allocation Plan as it deems appropriate.

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

The amounts available in Set Aside or Pool may be adjusted by the Agency at any time to ensure adequate and appropriate funding of the Applications meeting the Program criteria. Further, the Agency may allocate more than the available Tax Credits in each Set-Aside or Pool in order to fully fund a project reservation which has scored sufficient points to warrant funding but for which funds remaining in the Set-Aside or Pool cannot fund the full credit amount needed for feasibility. For developments returning Tax Credits from a previous or current year's allocation, the Tax Credits may be redistributed at the Agency's discretion.

After the Agency reserves Tax Credits for Applications, the Agency may allocate such Tax Credits as may be available to any Application which either did not receive a reservation or which needs additional credits to fully support its financial feasibility. In addition, the Agency may make binding commitments to allocate Tax Credits through a forward allocation process based on geographic distribution, specific project needs, housing goals or program considerations in the sole discretion of the Agency. Applicants may not apply for or request a forward allocation.

Tax Credits are not guaranteed to any party, regardless of the ranking or points achieved through the evaluation process. The Agency will review the geographic location, developers and types of projects to attempt to achieve distribution throughout the Commonwealth. In addition, the Agency may impose a \$1,250,000 per developer per cycle maximum on the Tax Credits or otherwise restrict the amount of Tax Credits to any particular developer or project at the discretion of the Agency. Based upon the demand for Tax Credits and development rankings, the Tax Credits reserved for any one Applicant (or related entity or material participant including consultants) or development in any specific jurisdiction or within a particular Set-Aside may be limited at the discretion of the Agency. Furthermore, Applications with costs that the Agency deems to be excessive based on the facts and circumstances may be rejected or suspended from processing. Moreover, the Agency reserves the right to amend, modify or waive specific nonmaterial submission requirements or requisite documentation to achieve affordable housing programs or affirmatively further fair housing in the Commonwealth.

MAXIMUM PER UNIT BASIS LIMITATIONS

The Agency has established a maximum basis per unit limit of \$250,000 ("Maximum Basis"). The Agency may consider a waiver of this limit for developments with a significant number of larger bedroom counts. Maximum Basis includes all depreciable costs normally included in the eligible basis determination for rehabilitation or new construction (not including the developer's fee or cost of acquisition). Maximum Basis for the purposes of this calculation may be determined after the deduction for commercial space costs but prior to the pro rata reduction for historic tax credits and other nonqualified financing and costs normally not included in eligible basis.

If the Maximum Basis per unit, as previously described, exceeds the established limits, Agency staff may waive the Maximum Basis per unit for some developments. An Agency waiver of the established limits will be based upon the demonstration of compelling circumstances and justification for the additional basis eligible costs. Compelling circumstances are limited to costs predominately related to the preservation of a designated historic building or necessitated by building in or adjacent to a designated historical district; construction costs attendant to providing supportive services to the resident population that are over and above that typically associated with such housing, including reasonable costs related to the construction of community service facilities; costs due to structurally unsuitable subsoil conditions; costs associated with environmental remediation of an existing building that will remain in the development; and costs resulting from local conditions or attempts to exclude affordable housing (this may include excessive impact fees, building code requirements, restrictive zoning, extraordinary litigation costs incurred because of neighborhood opposition and planning requirements). For those properties seeking to exceed limits based on costs due to historic considerations, unsuitable subsoil conditions or costs associated with environmental remediation, evidence must be provided that such costs are in excess of expenditures required for eligibility for Tax Credits. In addition, a detailed cost breakdown must be provided indicating the difference between the costs for these items and those of typically constructed developments. Applicants must provide full explanation of all alternative site considerations and provide adequate justification of the need for the development at the identified location or a full explanation and adequate evidence of cost savings. For Applications affected by local attempts to exclude affordable housing, Agency staff will not approve Tax Credits above 30 percent of the Maximum Basis limitation. For all other circumstances, Agency staff will not approve Tax Credits above 15 percent of the Maximum Basis limitation. A waiver of the Maximum Basis limitation is solely determined by the Agency.

Developments located in a "qualified census tract" or "difficult development area", as established by HUD, may qualify for Tax Credits based on 130 percent (130%) of the eligible rehabilitation/new construction basis.

Tax Credits in an amount up to 130 percent (130%) of the eligible rehabilitation/new construction basis may also be considered where appropriate by the Agency for Applicants which provide evidence satisfactory to the Agency that they have excess development expenses and costs related to:

- Their location in areas of the Commonwealth with limited federal, state, local or financial resources; or
- Their provision of general occupancy units in “areas of opportunity”, as defined by the Agency or their siting in order to affirmatively further fair housing or in areas that have not received representative resources in the past; or
- Their provision of supportive housing opportunities; or
- Community impact developments.

Applications for tax-exempt bond volume cap and the associated 4% Tax Credits are ineligible for the discretionary 30% boost of the eligible rehabilitation/new construction basis.

APPLICATION THRESHOLD CRITERIA

The Agency has determined that the following minimum development characteristics will be considered threshold criteria for all developments seeking Tax Credits. The Agency may waive the requirement of a specific amenity if compelling circumstances exist, or if the inclusion of such amenity adversely affects the financial feasibility of the development or if, due to the nature of the rehabilitation of the development, the inclusion of such amenity is cost prohibitive. The Agency will review the architectural documents submitted with the proposal to confirm the existence of the proposed amenities. A certification from the design architect verifying the inclusion of the amenities in the development must be submitted with the Application. Confirmation from the construction contract administration architect is required with the submission of the cost certification documents. For Applications not requiring the services of an architect, the certifications may be provided by the general contractor. Amenities should be appropriate for the proposed resident population. Verification of the availability of all amenities may be required by the Agency at any time and throughout the development’s compliance period.

1. Development Amenities – The following Development Amenities must be included in the proposed development. (Please note that the Applicant should seek independent tax advice as all of the costs of the following amenities may not be includible in eligible basis.)

On-site Community Room. The community room must be one room and should be of sufficient size to accommodate the residents and services to be provided. The community room in senior housing developments should include a kitchen or kitchenette that will be available to all residents.

- Applications which are a continuation of a phased development (or are adjacent to an existing affordable housing property serving the same targeted population group) will be required to provide space sufficient to meet the size requirements below based on the aggregate of the number of units in all phases. (For the cost of a community room or building that is shared with the tenants of multiple phases to be included in Tax Credit eligible basis, it must qualify as a community service facility. Please consult with an accountant or attorney experienced in Section 42 issues for additional information regarding this issue and be prepared to provide supporting documentation to the Agency.) The Agency may consider a long term agreement with an existing community facility within walking distance from the development as evidence of meeting this requirement.
- The community room should contain at least 15 net square feet per unit for properties 50 units or less. Community rooms in developments with more than 50 units should be at least 750 square feet in size. The square footage required shall be in addition to the kitchen or kitchenette, where provided.
- **Laundry Facilities.** Common laundry facilities or the provision of individual washers and dryers in each unit are required. If a common laundry is provided in a development that will be converted to homeownership, hook-ups for a washer and dryer must be provided in each unit. If the development contains a common laundry facility, the following requirements must be met:

- For general occupancy developments: one washer and dryer per 12 units, with a minimum of two washers and two dryers required at each laundry facility.
- For elderly developments: one washer and dryer per 20 units, with a minimum of two washers and two dryers required at each laundry facility.
- A minimum of one front load washer and dryer is required for each laundry facility and will be required in accessible units containing a washer and dryer in the unit.
- All washing machines, whether development owned or vendor owned, must be Energy Star® labeled.
- Air Conditioning. For new construction or substantial rehabilitation developments, all common spaces (except stair towers, mechanical rooms and storage rooms) must be air conditioned.
 - Preservation or moderate rehabilitation properties may be required to include air conditioning as part of the proposal if financially feasible and deemed reasonable by the Agency.
- On-site Management Office. An accessible on-site management office will be required for all developments except those containing scattered site properties. Applications which are a continuation of a phased development that do not include a management office in the current Application will be required to provide evidence of a management office in one of the prior phases.

2. Unit Amenities – The following Unit Amenities must be included in the proposed development.

- The net area of all dwelling units must fall within the limits listed below. (Net area is measured from the interior finish surface of the unit perimeter walls, and shall include all rooms, corridors, interior walls, storage areas, and mechanical spaces.) Rehabilitation developments may vary from the maximums and minimums by 10 percent. Preservation developments shall strive, but are not required, to meet this requirement. Accessible units may vary from the maximums as required to provide an accessible route and accessible clearances.

	FLATS	MULTI-FLOOR UNITS
SRO	90 to 200 sq.ft.	
EFF	400 to 600 sq.ft.	
1 BR	550 to 850 sq.ft.	650 to 950 sq.ft.
2 BR	700 to 1,100 sq.ft.	850 to 1,300 sq.ft.
3 BR	950 to 1,350 sq.ft.	1,000 to 1,550 sq.ft.
4 BR	1,100 to 1,550 sq.ft.	1,200 to 1,750 sq.ft.
5 BR	1,300 to 1,750 sq.ft.	1,400 to 2,000 sq.ft.

- Air conditioning shall be supplied to living areas and all bedrooms of each unit. Individual window units will not be considered as meeting this criterion, except in preservation developments.
- Refrigerators, ranges and ovens will be required in all units except for developments containing SRO units (provided that such properties have common cooking facilities containing these appliances).
- Window treatments in all residential units are required. Window treatments include venetian blinds, vertical blinds, or other opaque blinds. Roller shades will not be considered in this category.

3. VisitAbility – The following dwelling unit types shall meet the VisitAbility requirements: 100% of newly constructed single family homes, townhouses, and units in elevator buildings; all ground floor units in walk-up apartment buildings. Rehabilitation developments should strive for 100% compliance, but at least

25% shall meet the VisitAbility requirements. Properties unable to comply with this requirement due to physical constraints or building type may apply for a waiver from this threshold requirement. To meet VisitAbility design features, the building and units must have at least one zero-step entrance with a 36-inch wide door; all doorways and passages on the entry level floor should have a width of 36 inches; there should be a clear pathway to a bathroom or powder room; such bathroom or powder room should include a minimum 24-inch grab bar beside the toilet on a reinforced wall, which can also serve as a towel bar; and there should be a clear pathway to the living room and dining area of the unit. The VisitAble powder room or bathroom must provide maneuverability clearances in accordance with the Fair Housing Act Design Manual. (Preservation developments are exempt from this requirement but are encouraged to provide VisitAble units where feasible.)

4. Fair Housing Act - All new construction developments shall be designed in conformance with HUD's Fair Housing Act Design Manual standards, as applicable. Substantial rehabilitation developments shall also be designed in accordance with HUD's Fair Housing Act Design Manual, as applicable, but may seek a waiver from the Agency where existing conditions prohibit 100% compliance. Blocking for future grab bars shall be continuous behind the bar location and sized to accommodate the grab bars required by ANSI A117.1-2009.
5. Phase I Reports – A Phase I Environmental Site Assessment prepared in accordance with ASTM E 1527-13 and the Agency requirements found in the Submission Guide for Architects is required for all developments. The report cannot be more than 12 months old at the time the Application is submitted. An updated report provided by the original report's environmental consultant may be provided when the original report is between 12 and 24 months old at the time the Application is submitted. Only the executive summary of the Phase I report shall be submitted in the Application. The summary shall be accompanied by a certification from the Applicant stating that any issues raised in the environmental review have been reviewed and budgeted for accordingly in the development budget. For existing buildings scheduled for rehabilitation or preservation developments, the Phase I report must also include the results from the following tests: lead in water, lead-based paint, asbestos and radon. Cost estimates for any remediation work shall be provided and included with the Phase I executive summary.
6. Development Sustainability and Energy Conservation Measures –
 - All new construction and rehabilitation developments must meet the mandatory measures outlined in the 2015 Enterprise Green Communities Criteria (see www.enterprisecommunity.com/criteria) which set forth minimum standards for design, location, site improvements, water conservation, energy efficiency, materials beneficial to the environment, healthy living, and operations and maintenance of the development. Preservation developments shall meet the mandatory measures found in the "Design Architect's/Applicant's Certification of Threshold Criteria" in the Guidelines. (Not required if Applicant commits to achieving certification under one of the Green Building Standards listed in the Selection Criteria.)
 - Additionally, for new construction and rehabilitation developments, the overall U-value of the exterior building envelope must exceed the requirements of the 2009 International Energy Conservation Code Chapter 4 by 10% for buildings three stories or less in height as verified by a REScheck certificate. Buildings four or more stories in height must exceed the requirements of the 2009 International Energy Conservation Code Chapter 5 by 3%, as verified by a COMcheck certificate. Air sealing of the exterior building envelope and attic plane shall be included. Trade-offs available in the REScheck or COMcheck software for mechanical equipment will not be allowed. (Not applicable to preservation developments.)
 - In new construction and rehabilitation developments, all appliances, HVAC equipment with a capacity less than 60,000 btuh, gas fired water heaters, windows, ceiling fans, exhaust fans, range hoods and exit signs shall be Energy Star® labeled when such equipment and appliances exist. (Exceptions: programmable thermostats do not need to be provided, and windows in buildings

over three stories in height may comply instead with ASHRAE Standard 189.1-2009.) (Packaged terminal air conditioners (PTACs) and packaged terminal heat pumps (PTHPs) may only be used if it can be proven that they comply with the prescriptive requirements of Energy Star® Version 3.0 for air-source equipment.) In addition, 100% of the permanent room light fixtures in the dwelling units shall be equipped with LED bulbs, or high efficiency fluorescent with electronic ballasts; and 100% of the community room and common area corridor and stair lighting shall be fluorescent with electronic ballasts or shall utilize LED bulbs.

- In preservation developments, existing refrigerators more than 15 years old shall be replaced with Energy Star® labeled type. Existing heat pumps, air conditioning condensing units, and through-wall air conditioners more than 20 years old shall be replaced with Energy Star® labeled type, when such equipment exists. Existing furnaces and boilers more than 25 years old shall be replaced with Energy Star® labeled type, when such equipment exists. (Programmable thermostats do not need to be provided.) In addition, existing community room, common area corridor and stair lighting more than 15 years old shall be replaced with fluorescent fixtures with electronic ballasts or fixtures that utilize LED bulbs. Where windows are scheduled for replacement, replacement should be made with Energy Star® qualified products, except in buildings over three stories in height, where window replacement may comply instead with ASHRAE Standard 189.1-2009.

All developers must certify that when existing equipment, appliances and products are replaced, they will be replaced with Energy Star® labeled equipment, when such equipment exists.

- All developments must meet the Additional Threshold Green Building Criteria set forth in the 2019-2020 Guidelines.

Please review the Multifamily Housing Application and Guidelines for specific sustainability and energy conservation requirements.

7. Affordability of Units - Developments must provide a financing plan which evidences that at least ten percent (10%) of the low income units in Urban Areas and five percent (5%) of the low income units in Suburban/Rural Areas are affordable to persons at or below twenty percent (20%) of the AMI, adjusted for family size. For developments consisting of all low income units, at least half of these units must be accessible. For mixed income developments containing market rate units, 5% of the units must be accessible. (Existing affordable developments with a demonstrated average occupancy rate of 90 percent or above over last 5 years may be exempt from having to meet the twenty percent (20%) AMI requirement for these units.) The development must evidence a viable plan to charge rents at levels affordable to persons at or below thirty percent (30%) of AMI for these units throughout the compliance period. In the event the plan includes utilization of Project Based Section 8 and appropriation for such assistance is not renewed (provided that non-renewal is not due to the development's default on program obligations), the twenty percent (20%) AMI requirement may be waived with the consent of the Agency for reasons beyond the development's control. An agreement shall be in place with appropriate referring entities (including those supported through programs of the Department of Human Services) to assure that sufficient referrals for tenancy are received from households who are income-eligible and/or in need of the accessibility features. Additionally, the Agency may require additional applicable program restrictions to comply with its award of project-based subsidy from HUD's of Section 811 Demonstration Program (administered by the Agency) funds or similar program opportunities. The Restrictive Covenant Agreement will require that the extremely low rents are maintained and that a corresponding number of units are marketed to and set aside for such extremely low income households throughout the compliance period.
8. Broadband Infrastructure – The installation of broadband infrastructure is required in all new construction and substantial rehabilitation developments, in compliance with Federal Register 81 FR 31181 “Narrowing the Digital Divide through Installation of Broadband Infrastructure.” Installation of broadband infrastructure is encouraged, but not required, in preservation developments.

9. Smoke-Free Developments – The Applicant shall certify that, at construction completion, the Applicant will design and implement a policy prohibiting the use of prohibited tobacco products in all units, common areas and outdoor buildings within 25 feet from all of the buildings in the development.
10. Supportive Services – All developments must confirm that a minimum level of supportive services appropriate to the proposed resident population is available at the property. Developments that provide delivery of specific services and funding for a fifteen year period may qualify for ranking consideration under the Selection Criteria. See Exhibit SC2019-2020 for specific criteria.

APPLICATION SELECTION CRITERIA

General Processing Information

Upon receipt of the Application, the Agency will review the site and market information contained in the Application and will conduct a development site visit if the Agency deems the development to be financially feasible based on the information submitted in the Application. The Agency anticipates that the number of Applications will significantly exceed the amount of Tax Credits availability for allocation, therefore, the Agency may use amount of resources available and readiness to proceed and commence construction as factors in making these determinations.

The Agency will review the Application and assign points based on the Selection Criteria. Applications will be underwritten by the Agency at the adjusted gross pay-in provided in the Application but the Agency may adjust the pay-in during underwriting based upon market conditions, the targeted resident population or investor information (including adjustors, conditions and contingencies). A development must address a substantial number in each of the six categories of Selection Criteria in order to qualify for a reservation of Tax Credits. The Agency has established a minimum point threshold of one hundred and twenty (120) points for all developments except for those qualifying for the Preservation Preference or utilizing tax exempt financing with 4% Tax Credits which shall be one hundred ten (110) points for Applications during the Year 2019-2020 Tax Credit Program. The Agency reserves the right, at any time, to require submission of such documentation or additional support as it deems necessary to evidence any of the items set forth herein including, without limitation, additional independent market studies, independent appraisals, evidence of property location and accurate deed and title information, investor data and equity letters, partnership agreements, independent capital needs assessments and opinions of qualified tax counsel or certified public accountants and 2019-2020 Guidelines.

All Tax Credit reservations are made based upon the information contained in the Application. Unless specifically directed or approved by the Agency, changes or supplements to an Application during the processing period for ranking are not permitted. Changes in an Application made by the Applicant after a reservation is received affecting any of the Selection Criteria features will result in reconsideration of the ranking and may lead to a “rescission” of the conditional reservation. As a reminder, certain Selection Criteria will be incorporated into the Restrictive Covenant Agreement and monitored during the compliance period. Changes in any of the Selection Criteria subsequent to issuance of an IRS Form 8609 may result in noncompliance, may lead to specific enforcement action against the development and may result in the loss of Tax Credits to the development and its investors, and disqualification for program participation in the future.

The scoring and ranking of an Application does not guarantee funding by the Agency. In the event the Agency departs significantly or materially from the ranking and scoring criteria, it shall document such departure if required by the Code. De minimus adjustments, as determined by the Agency, are authorized.

The Selection Criteria are set forth in Exhibit SC2019-2020.

RANKING OF DEVELOPMENTS

Applications will be evaluated to determine the amount of Tax Credits required to make the Application economically feasible and to ensure the Application's long term viability. If two or more developments have the same ranking within a Set-Aside, Pool or Preference and only one Application can be awarded Tax Credits, the Agency will select the Application that has a higher percentage of units available to residents whose incomes are at or below fifty percent (50%) of area median gross income as compared to total number of Tax Credit eligible units. If the Applications have the same percentage of units serving residents at or below fifty percent (50%) of area median income, the Agency may select the Application that it determines best fits the Agency's affordable housing priorities and achieves geographic distribution. In any instance, the Agency may favor selection of an Application which best evidences an ability to proceed.

The Agency's determination as to the amount of Tax Credits reserved for or allocated to an Application shall not be construed by the Applicant, lender, or any other interested party to be a warranty of the Application's feasibility and viability, nor shall such determination constitute a representation of compliance with any requirements of the Code.

DEVELOPER'S FEE

The developer's fee, which is meant to compensate the developer for staff time, effort and work involved in the development of the property, includes developer's expenses, overhead, profit and consulting fees or other fees and costs that are above the maximums allowed by the Agency. Development consultant's fees and organizational costs are required to be paid from the developer's fee. These fees may not be listed and shall not be recognized as separate line items on the Application.

The maximum "base" developer fee allowable (except as limited below) is calculated on the lesser of the development's replacement cost (less all costs of acquisition) or the Agency's maximum basis. The developer's fee is limited to 15 percent of the first \$10 million of replacement cost of the development less all costs of acquisition and 10 percent on every \$1 of replacement cost thereafter.

In determining the maximum base developer fee the following criteria must also be considered:

- The developer's fee to be earned on Applications from existing Tax Credit properties with the same or a related party or affiliated entity as the general partner on the original Application may not exceed twelve percent (12%) of replacement cost less all costs of acquisition.
- The developer's fee to be earned on Applications from subsequent phases of a project previously awarded tax credits may not exceed twelve percent (12%) of replacement costs less all costs of acquisition.
- For rehabilitation and preservation developments that qualify for Acquisition Tax Credits, a developer's fee will be allowed on a portion of the acquisition cost that is basis eligible. The fee may not exceed 10 percent of the purchase price of the property less the cost of the land. The maximum acquisition cost that will be recognized in determining the developer's fee will be the lesser of the actual amount paid for the building or the MAI appraised value. The Agency may limit the acquisition developer's fee to 5 percent if the seller and buyer are related parties.
- The Agency may impose a developer's fee cap of \$1,500,000 per development on the total developer's fee allowable for costs associated with both the rehabilitation and acquisition of the development.
- Additional developer's fee will not be available for Applications requesting Additional Tax Credits.
- Requests for an increase in the amount of the maximum base developer fee after the initial award of Tax Credits will not be accepted.

In addition to the maximum base developer fee, Applicants may request an additional five percent (5%) developer fee to fund a supportive services escrow for the provision of social supportive services for the benefit of the residents (provided the plan for services is satisfactory to the Agency) or to fund an internal rent subsidy for all threshold required units set aside for persons at or below twenty percent (20%) of area median income for the initial 15 year compliance period. Funds deposited in an internal rent subsidy will be limited to the difference between the twenty percent (20%) rent and the rent at fifty percent (50%) of area median income, as applicable. Developments electing utilization of Income Averaging will not be eligible for an additional developer fee to fund an internal rent subsidy. The Applicant must commit to provide to the development the entire amount of the equity raised for the additional developer's fee to fund these escrows. The five percent (5%) is determined exclusive of acquisition costs. The Agency reserves the right to determine the exact mechanism necessary and appropriate to ensure funding of the supportive service escrow based on specific tax issues and ownership structure. Additionally, during the initial fifteen (15) year compliance period, the Agency may review, approve and monitor utilization of the supportive service escrow funds. For developments not receiving Agency financing, Agency staff will only approve an increased developer's fee if the Applicant provides adequate assurances and documentation (including evidence of a third party escrow arrangement) that an amount of funds equal to the increased equity raised from the additional developer's fee is necessary to support financial operations and will be committed to the Project for at least the initial fifteen (15) year occupancy period. The use will be monitored during the compliance period and at the end of the compliance period, any funds remaining must be used to pay outstanding debt or project capital improvements. Whenever an increased developer's fee is allowed, the partnership or operating agreement must provide that the approved developer's fee will, in fact, be paid to the developer from available funds (which may include development sources, operating revenue and additional capital contributions). Additionally, provision of funds for supportive services will be incorporated in the Restrictive Covenant Agreement.

TAX EXEMPT FINANCED DEVELOPMENTS

All tax exempt financed developments utilizing Tax Credits in their financing plan must submit a Tax Credit Application and must be evaluated in accordance with the 2019-2020 Tax Credit Allocation Plan and the 2019-2020 Multifamily Housing Program Guidelines pursuant to the 2019 Request for Proposals for Tax Exempt Volume Cap. Developments receiving tax exempt financing for at least fifty percent (50%) of the aggregate basis of the property including land are not required to receive an allocation of Tax Credits through competitive allocation from the Agency. The eligible basis of the development would qualify for the Tax Credits without competing through the regular allocation process; however, the Agency requires that the Application meet the threshold criteria and minimum threshold points under the Selection Criteria. Developments receiving tax exempt financing on less than fifty percent (50%) of the aggregate basis will be eligible for Tax Credits on only that portion of the eligible basis financed by the tax exempt bonds. For the remaining portion, the owner must apply and compete for an allocation of Tax Credits from the Agency in the established allocation process, but the Agency may adjust the threshold for qualified applicants.

Only that amount of Tax Credits that is necessary to ensure feasibility and long term viability will be issued on the IRS Form 8609. See the applicable Agency Guidelines for the appropriate documentation to be submitted and the applicable timeframes.

Because of the competitive nature of Tax Credits, the Agency may require certain applicants to pursue Tax Exempt financing as an alternative to seeking 9% Tax Credits. Specifically, developments which have access to federal resources may be required to provide information regarding the financial feasibility with Tax Exempt financing. Additionally, for developments seeking Tax Exempt financing, the Agency may waive such timelines, processing and program requirements, in its discretion, to encourage and facilitate such financings. The Agency may also allow costs per unit above Maximum Basis limits and may allow higher developer's fees for developments using this funding source.

SUBSIDY LAYERING REVIEWS

Pursuant to Section 911 of the Housing Community Development Act of 1992, HUD published administrative guidelines concerning subsidy layering review of Tax Credit developments receiving assistance from the HUD's Office of Housing. The guidelines provide for the delegation of subsidy layering reviews for certain programs to Tax Credit allocating agencies. Pennsylvania requested and has been delegated this subsidy layering review responsibility. Section 911 guidelines provide the Tax Credit allocating agencies with standards for evaluating builder's profit, developer's fee, syndicator expenses, and net syndicator proceeds. The guidelines include both a safe harbor standard and ceiling standard for each category. The Tax Credit allocating agency may simply use the safe harbor standards or through the Allocation Plan may raise the safe harbor standards to the published maximum ceiling standards. The Agency has elected to raise the safe harbor guidelines to the maximum ceiling standards established for the Section 911 layering review since the ceiling standards are within the fee and cost limitations already established for the Tax Credit Program.

The Agency has also been approved to conduct subsidy layering reviews for Applications with proposed Section 8 Project-Based Voucher Housing Assistance Payments Contracts, and will conduct these reviews in accordance with the Administrative Guidelines published in the July 9, 2010, Federal Register (or as subsequently amended or supplemented).

Beginning in 2012, the Agency entered into a tri-party Memorandum of Understanding with HUD and the USDA – Rural Development wherein the Agency conducts subsidy layering reviews for Applications with Section 515 program assistance or other federal assistance subject to federal subsidy layering review requirements. The Agency may charge fees to process these reviews as set forth in the Guidelines.

PLACED-IN-SERVICE/CARRYOVER ALLOCATION

All developments receiving a conditional reservation of Tax Credits in program year 2019 must either be placed in service by December 31, 2019 or, by the date set forth in the Reservation Letter, be eligible for a carryover allocation of Tax Credits pursuant to Section 42 (h)(1)(E) of the Code. All developments receiving a conditional reservation in program year 2020 Tax Credits must either be placed in service by December 31, 2020 or, by the date set forth in the Reservation Letter, be eligible for a carryover allocation of Tax Credits pursuant to Section 42 (h)(1)(E) of the Code. All processing deadlines for Carryover Allocations must be met. The Agency reserves the right to update or amend the Carryover Allocation deadlines and processing timeframes and will publish any and all modifications on its website.

To qualify for a Carryover Allocation, an owner must, by the required date set forth in the Reservation Letter, have evidence of ownership of the land or the depreciable real property that is part of the proposed development. The Agency may, in its sole discretion, accept either an Attorney's Opinion Letter or a Certified Public Accountant Letter that certifies that the owner has carryover allocation basis for the development pursuant to the Code; or an owner's certification which includes sufficient identification of the property (i.e. legal descriptions, surveys, title insurance) to assign building identification numbers. In making this certification, the owner accepts full responsibility for all discrepancies, errors or omissions of properties and acknowledges that subsequent adjustments may require Internal Revenue Service approval. Additionally, no later than the date set forth in the Reservation Letter, owner must incur more than 10 percent (10%) of the "reasonably expected basis" in the property, including land. The "reasonably expected basis" is that basis which is expected to be incurred as of the close of the second calendar year following the calendar year of the Carryover Allocation. See the 2019-2020 Guidelines for further details and additional processing deadlines which will be posted to the Agency's website, www.phfa.org.

PROCESSING PROCEDURES

Developments receiving a conditional reservation of Tax Credits are subject to the 2019-2020 Guidelines and in the event the initial reservation is modified or amended, the 2019-2020 Guidelines shall remain in force and effect for the property. However, the Agency may amend the 2019-2020 Guidelines from time to time to further comply with Tax Credit Program requirements or to enable Agency staff to better fulfill its administrative duties and such changes would be applicable to the development.

The Agency reserves the right, in its sole discretion upon review and approval of a committee of the Board, to provide an allocation of Year 2019 or 2020 Tax Credits to a development, without requiring re-ranking under the Year 2019-2020 Allocation Plan. The development must be currently holding a valid allocation of Tax Credits and, due to extraordinary or compelling circumstances beyond its control, be unable to meet Tax Credit program placed in service deadlines. The Tax Credits will be allocated upon release and return of the prior allocation. Such circumstances may include delays caused by local government's opposition to affordable housing; delays due to the failure of the federal government to release funding program guidelines or regulations in a timely manner or due to temporary freezes in federal government budget authority for program activity; or similar extraordinary and compelling basis (and but for such circumstance, Agency program deadlines and requirements would have been met). The Agency, in its sole discretion, may assess negative ranking points on subsequent Applications from the Applicant (or related entity). Notwithstanding the above, developments which need additional Tax Credits to be viable for their equity closing must submit a new Application for funding with the Agency. Such developments will not be considered for substitution of Tax Credits if their Application has substantially changed. Further, the Agency will generally not consider any other Applications for Tax Credits for a new development submitted by the same applicant (or related entity or material participant) during the same or subsequent funding round for Tax Credits if it provides this extraordinary relief due to the developer's inability to meet placed in service deadlines.

INCOME AVERAGING

Applicants seeking utilization of income averaging pursuant to Section 42(g)(1)(c) ("Income Averaging") may not contain unrestricted or market rate units. One hundred percent (100%) of the units must be affordable to persons at or below eighty percent (80%) of the area median income ("AMI") or less as long as the average development income and rent limit is 60% AMI. In order to be considered eligible for Income Averaging, Applications must provide a market study evidencing demand for proposed targeted incomes and equity and debt commitment letters confirming utilization and approval of Income Averaging. Applications must not contain more than four (4) income targets and shall reasonably distribute units of similar size and income targeting through the property regardless of assigned income restrictions. Please refer to the 2019-2020 Guidelines for additional eligibility and submission requirements and long term compliance considerations.

DEVELOPMENTS WITH MULTIPLE BUILDINGS

A development may include multiple buildings if it has similarly constructed units, is located on the same or contiguous tracts of land, is owned by the same federal taxpayer and is financed pursuant to a common plan of financing. A development with multiple buildings that is proposing a mixed income structure must have low-income units in each building of the development. Scattered site buildings on noncontiguous tracts of land may also qualify if the development meets all of the other requirements described above and the development is 100 percent rent and income restricted, however, costs associated with the development of a separate community building may not be eligible for Tax Credits unless the building contains a residential rental unit.

COMPLIANCE

Owners are responsible for ongoing compliance with all requirements of the Code and the Agency's Compliance Program Manual, including such rules, regulations, administrative revenue proclamations and revenue rulings as may be issued from time to time.

Each owner of a Tax Credit development must execute an agreement setting forth allowable occupancy and use restrictions, owner responsibilities and continuing Section 42 qualified development characteristics. This agreement, the "Restrictive Covenant Agreement," must be recorded for the maximum period required by the Code and no Tax Credits may be claimed by a property owner in any taxable year unless the Restrictive Covenant Agreement is in effect and is appropriately recorded on the property in the county land records. The Restrictive Covenant will run for thirty-five (35) years.

The Agency will monitor each Tax Credit development for compliance with the Code. Such requirements may change from time to time and the protocol for compliance monitoring may be adjusted as deemed necessary or appropriate by the Agency. In addition to monitoring for all federal requirements, developments will be monitored for compliance with the occupancy standards, Selection Criteria and other covenants set forth in the Restrictive Covenant Agreement. A form authorizing the release of compliance information is on the Agency's website, www.phfa.org. However, the Agency may release related information even if no release form is submitted.

The Agency has established an interactive database ("PA Housing Search") for all affordable housing units in developments participating in any of the Agency's multifamily housing programs, to provide a resource for households seeking affordable housing throughout the Commonwealth and to provide a marketing tool to owners. All developments receiving Tax Credits must participate in this data collection effort, which may also include submission of a resident survey, and will be expected 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. Owners are reminded that they must comply with the Agency's Accessible Unit Policy (see 2019-2020 Guidelines). Additionally, owners must participate in the Agency's energy benchmarking program.

All owners must keep the following records for each qualified low income building in the development for each year of the compliance period: the number of residential units in the building, the number of low income units in building, the number of occupants in each low income unit, the number of bedrooms in each unit, the square footage of each unit, the rent charged on each unit including the utility allowance, the low income unit vacancies in the building and the rentals of the next available unit for each building in the development including when and to whom it was rented. The owner must also keep documentation of the eligible basis and the qualified basis of the building as of the end of the first year of the Tax Credit period. Owners must also keep a record of the annual income certification of low income residents along with documentation to support the certification. For any owner approved to use Income Averaging, additional documentation and verification will be required. (Effective January 1, 2009, Owners with 100% of the units qualified as Tax Credit units do not have to provide annual income certifications but must provide updates on household composition, student status and rent on the Agency's on-line compliance reporting system or on PA Housing Search. In addition, subsequent data collection efforts may be applicable to the Development and each owner must agree in advance to participate in these data collection initiatives which may include availability and occupancy of accessible units and submission of tenant and project paid utility documentation for the entire development.) Owners renting to holders of Section 8 certificates or vouchers may ask the public housing authority issuing the certificates or vouchers to provide a statement declaring that the resident's income does not exceed the applicable income limit under the Code. Any nonresidential portion of a building included in the eligible basis of the building must demonstrate its availability to all residents in the building at no additional cost to the residents.

Records for the first year of the Tax Credit period must be retained for at least 6 years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building. In all subsequent years of the Tax Credit period, records must be kept by property owners for a minimum of 6 years after the due date (with extensions) for filing the federal income tax return for the year.

The Agency will also review and monitor developments for compliance with required certification submissions. Owners must provide certification at least annually to the Agency, under penalty of perjury, through the Agency's on-line compliance reporting system, as to the following: the development meets the requirements of the elected minimum set-aside test; the applicable fraction, as defined in Section 42(c)(1)(B) of the Code, of each building in the development has not changed, or, if there was a change, a description of the change; owner has received the annual income certification from each low income resident along with supporting documentation; the low income unit is rent restricted under Section 42(g)(2) of the Code; all units are available to the general public and used on a non-transient basis and no finding of discrimination under the Fair Housing Act has occurred for the development; each building is suitable for occupancy pursuant to local health, safety and building codes and meets all habitability standards for the Tax Credit Program; the building's eligible basis pursuant to Section 42(d) of the Code has remained the same (or if there was a change, the nature of the change); and any resident facility in the building is available to all residents in the building on a comparable basis without a separate fee charged to the resident. Furthermore, owners must certify that no low-income resident of a Tax Credit property will be or has been evicted or otherwise had their lease terminated other than for good cause and owner must confirm that all leases state this affirmatively. **The Agency requires a copy of the form of lease that will be utilized by the property with Agency's Lease Addendum to be submitted.** Experience as a victim of domestic violence alone may not constitute good cause for eviction under the terms of the lease (if other occupancy rules are met) and all applicable Violence Against Women Act provisions must be met. Owner must also certify that if a low income unit becomes vacant, reasonable attempts will be made to rent that unit to a qualified low income resident, and while that unit is vacant no units of comparable or smaller size may be rented to a non-qualified low income resident. Additional requirements for developments using Income Averaging may be imposed. If a low income resident's income rises above the limit established in Section 42(g)(2)(D)(ii) of the Code, all available units of comparable or smaller size in that building must be rented to an income qualified resident. Owner must also certify that an extended low income housing commitment, as described in Section 42(h)(6) of the Code, was in effect for all qualified low income buildings in the development. Owner must also certify that a unit lease has not been refused to a Section 8 applicant because the applicant holds a Section 8 voucher or certificate. Owner's certifications of these items must be submitted at least annually or with such greater frequency as may be required by the Agency. The Agency may adjust any and all of its compliance protocols as it deems appropriate throughout the compliance period (including the extended use term covered by the Restrictive Covenant Agreement).

The Agency may review the information set forth on the certifications at any time for compliance with the Code. On-site inspections of all Tax Credit developments will be held from time to time, at the sole discretion of the Agency, for compliance with the certification requirements, habitability standards, rent records, lease provisions, supporting documentation and all record keeping requirements in the low income units. Physical inspections of all buildings and at least 20% of all low income units are performed at least once every three years. The Agency will determine which developments and which records it will inspect and how often such inspections will be conducted in its discretion. The Agency retains the right to perform on-site inspections at any time during the compliance period for any Tax Credit development or to conduct more frequent or more detailed site visits if the Agency deems it appropriate. As referenced above, the Agency may also require submission of ongoing data from each property regarding move-ins and vacant units.

Audited financial statements must be submitted annually to the Agency's Compliance Monitoring Department for all properties. If audited financial statements are not available, a compilation must be prepared and submitted to the Agency's Compliance Monitoring Department. (Applications for Tax Credits in any year may be rejected from organizations or individuals who have not submitted to the Agency the audited financial statements for a Tax Credit development for the preceding tax year.)

As required by the IRS, in the event the owner or the development does not comply with any of the provisions of the Code, the Agency will provide written notice to the owner that specifies a correction period that may not exceed 90 days, unless extended by the Agency in writing. Upon the expiration of the correction period set forth in the written notice to the owner, the Agency must file IRS Form 8823 "Low Income Housing Credit Agency Report of Noncompliance" ("IRS Form 8823") with the IRS to advise the IRS of the existence of an event of noncompliance with an explanation of the nature of the event and whether the owner has corrected the noncompliance. Any change in either the applicable fraction or eligible basis resulting in a decrease in the qualified basis will be treated as an event of noncompliance. In addition, any failure to provide required information to the Agency on a timely basis in accordance with its written request or the procedures established in Agency directives or set forth in its Compliance Program Manual may be treated as an event of noncompliance and may result in the filing of IRS Form 8823. Failure to continually meet the requirements of the use, occupancy and other conditions relevant to the operation of the development, as set forth in the Restrictive Covenant Agreement, may be treated as an event of noncompliance and may result in the filing of IRS Form 8823. After the initial fifteen (15) year compliance period, Owners must continue to comply with all terms and conditions of the Restrictive Covenant Agreement and provide supplemental data and information upon request. Failure will result in disqualification from future program participation.

The Agency will assess owners an upfront compliance fee designed to cover administrative expenses associated with the performance of compliance monitoring. Additional fees may be charged, as necessary and appropriate, and will be charged for properties employing Income Averaging.

The Housing and Economic Recovery Act (HERA) of 2008 requires each state Credit allocating agency to provide HUD with information on the race, ethnicity, family composition, age, income, use of federal rental assistance, disability status, and monthly rental payments of households residing in each property receiving Housing Credits. All developments receiving Tax Credits must participate in this data collection effort and will be expected to provide the required information in the form, manner and timeframe required by the Agency.

EXHIBIT URBAN

The following urban areas qualify for Application submission in the Urban Pool of the 2019-2020 Program Years.

Allegheny County

City of Pittsburgh

Berks County

City of Reading

Blair County

City of Altoona

Cambria County

City of Johnstown

Dauphin County

City of Harrisburg

Delaware County

City of Chester

Erie County

City of Erie

Lackawanna County

City of Scranton

Lancaster County

City of Lancaster

Lawrence County

City of New Castle

Lebanon County

City of Lebanon

Lehigh County

City of Allentown

City of Bethlehem

Luzerne County

City of Hazelton

City of Wilkes-Barre

Lycoming County

City of Williamsport

Northampton County

City of Bethlehem

City of Easton

Philadelphia County

City of Philadelphia

York County

City of York

**Exhibit SC2019-2020
Selection Criteria**

A. Community and Economic Impact

40 points

It is the goal of the Agency to encourage affordable housing in areas with job opportunities; in areas near strong and stable communities and in areas which demonstrate the capacity for community revitalization opportunities. The Market Study /Needs Assessment must identify the criteria set forth in the Community and Economic Impact Selection Criteria for ranking consideration in this category. To that end, up to 40 points may be awarded to developments located in areas that demonstrate the following relative to the immediate market area:

1. Underserved Areas – up to twenty (20) points

a. General Occupancy - Areas of Opportunity – up to eighteen (18) points

- Low poverty rates
- Limited affordable housing options, both subsidized and non-subsidized
- Limited affordable housing production in past twenty (20) years
- Close proximity to employment
- Strong housing markets
- High owner-occupied markets

b. General Occupancy – School Performance Standards – up to two (2) points

The Agency may award up to two (2) points to those developments located in a school district whose senior high school scores the following Building Level Academic Score set forth in the Pennsylvania State Performance Profile listed at www.paschoolperformance.org:

<u>Percentage</u>	<u>Points</u>
≥70%-80%	1
>80%	2

c. Senior Occupancy Developments –

- Large number of seniors eligible for affordable housing
- Limited affordable housing options, both subsidized and non-subsidized
- Limited affordable housing production in past twenty (20) years
- Close proximity to amenities for the senior population, including health and retail establishments, home health agencies, and hospitals.

AND/OR

2. Community Revitalization

a. For New Construction and Substantial Rehabilitation Properties:

Community Revitalization Plans, Evidence of Municipal and Local Support, Access to Transportation and Existing Infrastructure and Community Resources and Suitability of Site – A critical circumstance is the development's forming an important part of a broader or comprehensive program of neighborhood improvement which has the capability of changing

fundamentally the character of that neighborhood or enhancing the lives and amenities available to residents of the community. Such improvement should include the provision of mixed income housing. A program of neighborhood improvement includes municipal support articulated in a publicly approved community plan or in the form of significant funding commitments, or evidence of substantial major investment in the area that is consistent with a comprehensive plan for neighborhood improvement which may include contributing to a transit oriented design initiative. Such funding commitments or major investments cannot be derived solely from the development of Tax Credit properties and may include proposals participating in: Main Street, Elm Street, Neighborhood Partnership or other programs of the Commonwealth, the Agency's Homeownership Choice and PHARE Programs; New Markets Tax Credits, the Healthy Village Initiative of the Local Initiatives Support Corporation; the Blueprint Communities Initiative of the Federal Home Loan Bank, Opportunity Zones or similar community support programs. Additionally, the plan should generally include municipal support, private investment and/or private sector commitments to the area or evidence infrastructure in place to support the development. The Agency will consider in its evaluation of community impact the use of existing housing or buildings if the development is not located in a qualified census tract. Up to twenty (20) points may be awarded in this category as follows:

- Community Revitalization Plan – The Agency may award five (5) points for developments contributing to an existing community revitalization plan. To qualify for points in this category, the applicant must submit a letter from an official of the local government explaining how the development will contribute to the community revitalization plan. The letter should be specific to the proposal and must identify the official title of the community revitalization plan along with the year in which it was adopted. The Agency may accept a copy of the community revitalization plan in lieu of a letter from the local government in the event the developer is unable to obtain such a letter. A county or municipal zoning or land use plan does not qualify as a community revitalization plan.
- Significant Funding Commitments and Coordination with Other Housing and Community and Economic Development Programs – The Agency may award five (5) points to proposals that demonstrate further coordination between other housing and community and economic development programs stated above and evidence of significant funding commitments as part of the major investment in the area.
- Mixed-Income Housing – The Agency may award two (2) points for developments which incorporate market rate units as part of the unit mix with a demonstrated financial benefit to the development. In order to qualify for points, at a minimum fifteen percent (15%) of the units shall be targeted as market rate units. Developments utilizing Income Averaging are ineligible to be considered for points in this category.
- Transit-Oriented Design – The Agency may award two (2) points to developments located within one-half mile of a completed or planned public transportation fixed route stop.
- Walkability – The Agency may award up to two (2) points for developments which have the following walk scores according to www.walkscore.com (for scattered site projects, a walk score will be obtained for each site and a weighted average based upon number of units at each site will be calculated):

<u>Urban</u>		<u>Suburban/Rural</u>	
<u>Percentage</u>	<u>Points</u>	<u>Percentage</u>	<u>Points</u>
≥80	2	≥70	2
≥70-79	1	≥50-69	1

- Site – The Agency may award up to four (4) points to developments based upon site suitability for the proposed use. Site suitability will be based on the following features: unit size mix, including number of efficiency units; neighborhood amenities; access to site; appropriateness of site for targeted tenant population; availability of sufficient parking; location relative to flood plain; neighborhood nuisances; condition of neighborhood; building on agricultural land; if scattered site, overall impact on the neighborhood; completed project’s improvement to or impact on the neighborhood including, but not limited to, crime reduction.

b. For Preservation Properties:

Developments seeking consideration for the Preservation Preference must demonstrate the need for Tax Credits to extend the affordability period of the existing property to ensure the continued availability of long-term subsidy or to address immediate health and safety concerns of the development. Points will be awarded based upon the following factors: ability to convert to market, loss of long-term subsidy, need for immediate health and safety improvements, good faith compliance with original extended use commitments, financial impact of proposed improvements (including energy efficiency upgrades) and economic impact on the existing community. Additional consideration will be given for those developments which include municipal support articulated in a publicly approved community plan or in the form of significant funding commitments, or evidence of substantial major investment in the area that is consistent with a comprehensive plan for neighborhood improvement which may include contributing to a transit oriented design initiative. Up to 20 points may be awarded in this category as follows:

- Significant Funding Commitments and Coordination with Other Housing and Community and Economic Development Programs – The Agency may award three (3) points to proposals that demonstrate further coordination between other housing and community and economic development programs stated above and evidence of significant funding commitments as part of the major investment in the area.
- Risk of Loss Due to Market Conversion or Sale – The Agency may award four (4) points to developments which are at risk of conversion to market rate housing. To be eligible for consideration, applications must include evidence that Section 8 project based or similar affordability restrictions expire within twelve (12) months from the date of application. Additionally, evidence of sustained occupancy greater than ninety percent (90%) over the last five (5) years must be provided.
- Risk of Loss Due to Critical Physical Needs – The Agency may award four (4) points to developments which are beyond fifteen (15) years of initial loan closing and tax credit placed-in-service date and at least one major physical plant component must be replaced or repaired or there is evidence of the need for an immediate health or safety improvement. Applicants must demonstrate that there has been a good faith effort to keep the property up to Uniform Physical Condition Standards.

- **Mixed-Income Housing** – The Agency may award two (2) points for developments which incorporate market rate units as part of the unit mix with a demonstrated financial benefit to the development. In order to qualify for points, at a minimum fifteen percentage (15%) of the units shall be targeted as market rate units. Developments utilizing Income Averaging are ineligible to be considered for points in this category.
- **Transit-Oriented Design** – The Agency may award two (2) points to developments located within one-half mile of a completed or planned public transportation fixed route stop.
- **Walkability** – The Agency may award up to two (2) points for developments which have the following walk scores according to “www.walkscore.com” (for scattered site projects, a walk score will be obtained for each site and a weighted average based upon number of units at each site will be calculated):

<u>Urban</u>		<u>Suburban/Rural</u>	
<u>Percentage</u>	<u>Points</u>	<u>Percentage</u>	<u>Points</u>
≥80	2	≥70	2
≥70-79	1	≥50-69	1

- **Site** – The Agency may award up to three (3) points to developments based upon site suitability for the proposed use. Site suitability will be based on the following features: unit size mix, including number of efficiency units; neighborhood amenities; access to site; appropriateness of site for targeted tenant population; availability of sufficient parking; location relative to flood plain; neighborhood nuisances; condition of neighborhood; building on agricultural land; if scattered site, overall impact on the neighborhood; completed project’s improvement to or impact on the neighborhood.

B. Development Characteristics

30 points

The Agency may award up to thirty (30) points for the provision the following development amenities.

- Smart Site Selection – points may be awarded to the following types of properties:
 - up to five (5) points may be awarded to those developments located on a brownfield;
 - up to seven (7) points may be awarded to those developments considered residential infill; and
 - up to ten (10) points may be awarded to those developments consisting of an adaptive reuse of an existing building.
- Certification under a National Green Building Program.

Ten (10) points may be given to new construction and substantial rehabilitation developments achieving certification under one of the following green building standards:

- Enterprise Green Communities – 2015
- LEED v4 BD+C Homes & Multifamily Lowrise (1-3 stories) – Silver
- LEED v4 BD+C Multifamily Midrise – Silver or LEED v4 BD+C New Construction – Silver (4 stories or more)
- ICC/ASHRAE 700 National Green Building Standard - Silver

Ten (10) points may be given to preservation developments achieving certification under one of the following green building standards:

- Enterprise Green Communities – 2015 – Moderate Rehab
- LEED v4 O+M – Multifamily - Certified
- ICC/ASHRAE 700 National Green Building Standard – Silver
 - Under Section 305.3 – Whole Building Rating – Bronze
 - Under Section 305.4 – Functional Areas Rating – Compliant with Chapter 12 (must include kitchens and bathrooms)
- Energy Efficiency Goals –
 - Reduced HERS Index – five (5) points may be awarded to those developments that exceed the requirements of Energy Star® Version 3.0 by achieving a lower HERS Index as specified in the Guidelines. (Points in this category are not available if seeking points for Passive House.); or
 - Zero Energy Ready Home – seven (7) points may be awarded to those developments that achieve certification under the U.S. Department of Energy’s Zero Energy Ready Program; or
 - Passive House – ten (10) points may be awarded to those developments which meet Passive House Requirements (nationally or internationally) for energy efficiency. (See Multifamily Housing Application and Guidelines and “www.passivehouse.us” or “www.passivehouseacademy.com” for additional guidance.)

Please review the 2019-2020 Guidelines for specific requirements for the above criteria.

The Agency will review the architectural documents submitted with the proposal to confirm the existence of the proposed amenities. A certification from the design architect verifying the inclusion of the amenities in the development must be submitted with the Application. Confirmation from the construction contract administration architect is required with the submission of the cost certification documents. Amenities should be appropriate for the proposed resident population. The appropriateness and adequacy of the proposed amenities for ranking purposes will be determined at the sole discretion of the Agency. Verification of the availability of all amenities may be required by the Agency at any time and throughout the development’s compliance period.

C. Resident Population and Services

60 points

1. Income and Rent Targeting – The Applicants may be awarded up to twenty (20) points for developments that are designed to be substantially occupied by and affordable to residents with incomes that are at or below fifty percent (50%) of the area median income.
 - Up to twenty (20) points will be considered for the following percentages of units affordable to and occupied by residents whose incomes are at or below fifty percent (50%) of area median income:

<u>Percentage</u>	<u>Points</u>
>10-20%	4
>20-30%	8
>30-40%	12
>40-50%	16
>50%	20

2. Designated Populations & Supportive Services – To receive points in this category, the development will provide evidence that appropriate services will be provided for the entire resident population for the duration of the compliance period. Evidence consists of a supportive services plan that:

- Is specific to the development and effectively addresses the anticipated service needs of the target resident population.

General occupancy developments should deliver or coordinate services that: improve building and unit maintenance; stabilize occupancy by improving residents' ability to uphold their lease obligations; and enhance quality of life through increased self-sufficiency and programs that improve life skills, employment, education, income/asset building, child and youth development, community building, and access to services.

Senior occupancy developments should deliver or coordinate services that: stabilize occupancy by improving residents' ability to uphold their lease obligations throughout the aging process and enhance quality of life through improved access to services and benefits, health promotion, community building, and socialization.

Developments for populations with special needs should deliver or coordinate services that stabilize occupancy by improving residents' ability to uphold their lease obligations and enhance quality of life through improved access to services that support the needs of the targeted population.

- Includes sufficient funds to implement the described plan of services. It is recommended that this funding be set aside in a supportive services escrow account. However, funding through the development's annual operating budget, collaboration with a community-based service provider (include letter of intent or Memorandum of Understanding) or funds from other identified sources may be used. If currently committed funds fall short of the cost of services for at least the first fifteen year period, identify how services will be funded for the remainder of the compliance period.
- Utilizes a service provider/coordinator with the capacity to implement described plan of services. The recommended minimum is one hour of on-site dedicated staffing per week for every five units. Services staff should have access to a computer with Internet and email capabilities. There should be sufficient space to carry out the described services, including adequate office and community space.

Satisfactory completion of the above three factors are the minimum requirements for five (5) points. Demonstrated commitment of sufficient funds for at least 15 years and meeting or exceeding the recommended minimum on-site staffing may result in an additional five (5) points.

Confirmation from the service provider regarding the availability of applicable services at initial occupancy of the development will be required prior to issuing the IRS Form 8609. To ensure the continued provision of supportive services, the Restrictive Covenant Agreement will reflect such commitment.

3. Accessible Units – Ten (10) points may be awarded to developments where the developer agrees to provide twice as many fully accessible units as are otherwise required (under local, state, or federal mandate, whichever is greater) in the development. All employee units and market rate units must be included in the total unit count when calculating the required number of accessible units. The developer must certify that these units are accessible and that, during initial lease up, the developer will exclusively reserve the units for occupancy by persons needing the accessible units for the first thirty days. Thereafter, the developer will include certain provisions in the lease

to allow the units to be occupied by persons who need the accessible features of the units, to the greatest extent feasible. Evidence of enforcement of the lease provisions will be required and implementation and adherence to additional outreach programs to identify and match qualified residents who need the accessible features within the development may be required throughout the compliance period which may include contacting the Agency prior to renting the unit to persons who do not require the accessible features in accordance with the Agency's Accessible Unit Policy.

Terms addressing the accessible units and the subsequent rental of these units will be incorporated in the Restrictive Covenant Agreement. In addition, a certification from the design architect verifying the inclusion of the accessible units in the development will be required at the time of application. Confirmation from the construction contract administration architect will be required with the submission of the cost certification documents. For preservation developments, consideration will be given for points under this category if the development increases the number of fully accessible units which meet current standards in the development by at least 5 percent of the total units available. If an existing development already has twice the federal minimum number of accessible units that meet current accessibility standards, they will be eligible to receive points in this category. (All other requirements applicable to rental and long term occupancy of these units are the same.)

4. Large Families – Up to ten (10) points may be awarded for those developments providing units with three or more bedrooms for large families. High rise developments and senior housing cannot qualify for this category. Points will be considered for developments that include the following percentages of units with three or more bedrooms:

<u>Urban</u>		<u>Suburban/Rural</u>	
<u>Percentage</u>	<u>Points</u>	<u>Percentage</u>	<u>Points</u>
>15-20%	6	>10-15%	6
>20-25%	8	>15-20%	8
>25%	10	>20%	10

A certification from the design architect verifying the number of large family units in the development will be required at the time of application. Confirmation from the construction contract administration architect will be required with the submission of the cost certification documents. For developments not requiring the services of an architect, the certifications may be provided by the general contractor.

5. PHFA's Section 811 Program Participation – The Agency has established specific criteria for participation in the Agency's Section 811 program. In order to be considered, developments seeking consideration must identify in the Intent to Submit a request for consideration for Section 811 program eligibility. Please see Agency Section 811 guidance for more information.
 - For Participation in Existing Developments - Five (5) points may be awarded to those developments with applicants and/or management agents that agree to include Section 811 units designated for persons with disabilities ages 18-61 in existing properties or those under development which received a previous award of Tax Credits. Consideration will be given if an applicant enters into an Agreement to Enter into a Rental Assistance Contract or a Rental Assistance Contract for eligible Section 811 properties on or before November 16, 2018. For consideration as a management agent, entities must have/or will have experience in the Section 811 program, satisfactory to the Agency, by November 16, 2018. To receive consideration for points, at least ten percent (10%) of the units or five (5) units in Urban areas or four (4) units in Suburban/Rural areas, whichever is greater, must be Section 811 units.

- For current Applications - Five (5) points may be awarded to those developments which include Section 811 units designated for persons with disabilities ages 18-61. Development seeking consideration in this category must identify Section 811 units in the Intent to Submit. The Agency will determine qualification for participation under the Section 811 and will notify Applicants prior to submission of the entire Applications package on November 16, 2018. Eligible Applicants must demonstrate ability to carry out Section 811 activities. To receive consideration for points, at least ten percent (10%) of the units or five (5) units in Urban area or four (4) in Suburban/Rural areas, whichever is greater, must be Section 811 units.

D. Development Team and Process

59 points

1. Noncompliance – The Agency may deduct up to ten (10) points from the score for proposals involving either an Applicant (or any member of the development team) that participates in a Pennsylvania Tax Credit development or the management of a Tax Credit development that is delinquent in payments or has materially defaulted on obligations to the Agency, has not met required submissions and program deadlines, has unresolved IRS Form 8823 noncompliance issues, has not met the requirements of the Restrictive Covenant Agreement, has failed to submit a timely Placed-in-Service/Cost Certification package which resulted in a loss of Tax Credits to the Agency, has engaged in an early termination of a Tax Credit project, or has made changes in a selection criteria or failed to meet the selection criteria for which an allocation of Tax Credits was previously made.
2. Development Team – The Agency may award up to twenty-four (24) points for the experience of the development team in creating the type and size of the property. The development team members include the applicant, architect, general contractor, attorney, and management agent.
 - a. Experience of applicant (or any related entity) – This category measures the experience of the applicant in the production of Tax Credit developments. The Agency will consider for points in this category the number of Tax Credit developments (of at least 10 units) which have been placed in service and submitted a complete placed in service package. If an applicant has experience in developing 3 or more developments of under 10 units, up to 3 points may be awarded for experience. (Lack of experience of the applicant may be supplemented by the inclusion of an experienced housing consultant on the development team.)

Number of Developments	Points
1-4	3
5-10	6
≥11	9

(or)

Experienced housing consultant (consulted in 3 or more developments that received a reservation of Tax Credits and have submitted a complete placed in service package) in lieu of an experienced general partner – 3 points

Note: If there are two or more applicants, the experience of applicants will be considered and prorated based upon the percent of ownership.

- b. Experience of management agent with Tax Credit developments – In order to be considered in this category, a management agent must currently manage at least three Tax Credit developments. Management of developments with project based or public housing rental assistance may qualify as experience, provided that the management agent has experience with at least one Tax Credit development.

Number of Units	Points
25-150	3
151-300	6
≥301	9

(or)

Experienced housing management consultant (involved in 3 or more developments that received a reservation of Tax Credits) in lieu of an experienced management agent – 3 points

- c. Experience of attorney in the Tax Credit program – 2 points
 d. Experience of general contractor in type and size of development to be developed – 2 points
 e. Experience of architect in type and size of development to be developed – 2 points (1 point for design architect and 1 point for construction contract administration architect)

3. Development Team – Material Participation of Minority, Women’s and Veteran’s Businesses –

The Agency may award up to ten (10) points for material participation in the development team by a minority-owned business, woman-owned business, veteran-owned business or service-disabled veteran-owned business which meets eligibility criteria of the Small Diverse Business Program (“SBD”) operated by the Department of General Services. A non-profit entity is eligible to receive points as an Owner/Developer or Management Agent if a minimum of fifty-one percent (51%) of the members of their board are minorities, women or veterans as evidenced by the non-profit’s organizational documents. Furthermore, the Agency encourages business opportunities for new or underutilized small diverse businesses in the development team.

<u>Firm/Entity</u>	<u>1%-4.99% of Total Development Cost</u>	<u>≥5% of Total Development Cost</u>
Professional Services	1 point	2 points
General Contractor	1 point	2 points
Sub-Contractors/Vendors	1 point	2 points

<u>Firm/Entity</u>	<u>Points for Participation</u>
Owner/Developer	3 points
Management Agent - (Minimum 2 year contract)	3 points

4. Zoning - Up to five (5) points will be available for developments which demonstrate that current zoning is in place to allow for the proposed construction or rehabilitation on all sites included in the Application, to the satisfaction of the Agency.

5. Commitment of Funds (Up to twenty (20) points) – The developer must provide evidence, satisfactory to the Agency, that all funding commitments from public and private lenders have been secured. A minimum level of funding as determined by the Agency based upon availability in both Participating Jurisdictions and Non-Participating Jurisdictions will be required for consideration in this category. Evidence of said commitments shall include a firm commitment of funding and shall set forth the terms and conditions of said funding. Points will be awarded as follows:

- Inclusion of Private Capital and Soft Debt Funds – The Agency may award up to eight (8) points for the inclusion of permanent amortizing debt and soft financing which may include financing from state or local programs, nonprofit organizations, private capital, and permanent funding from foundations and/or federal programs. This category includes equity from historic tax credits and land and/or building donation (subject to verification by a current appraisal). This category does not include a PennHOMES or PHARE Program request that has not been approved. Applications with a donation or a reduction in development-related fees (i.e., tap-in, impact, recreational and/or other development rights by the local government unit/municipality) may also be included. The reduction must be measurable and based upon an existing fee schedule that applies to all developments.

Comparison will be made between total qualifying soft financing and total development costs, with possible points granted as follows:

Participating Jurisdiction Percentage	Nonparticipating Jurisdiction Percentage	Points
5-10%	2-5%	2
>10-20%	>5-10%	4
>20-30%	>10-20%	6
>30%	>20%	8

- Inclusion of Assumed Debt on Preservation or Related Party Financing – The Agency may award up to two (2) points for the existing debt on preservation projects or substantial rehabilitation projects as follows:

Percentage	Points
≥10-30%	1
>30%	2

- Inclusion of Funding Applied For and To Be Applied For – In accordance with the Code, all applications must identify all sources of funding (including those to which the Applicant expects to apply). The Agency may award up to two (2) points for identified funding listed as applied for or to be applied for. To be considered for points in this category, the amount may not exceed twenty-five percent (25%) of developer fee and Applicant must provide evidence of the commitment to reinvest developer fee in an amount equal to the amount of the identified funding. The Agency will use this funding as a source in determining the Tax Credit award.

Percentage	Points
≥15%	1
>25	2

- Inclusion of Applied for PennHOMES Funding – The Agency may award two (2) points for Applications seeking PennHOMES funds as part of its financing plan. Applicants must demonstrate the ability to meet all PennHOMES program requirements. A minimum of \$500,000 in PennHOMES funding is required for consideration in this category.
- Inclusion of Applied for Agency First Mortgage Financing – The Agency may award three (3) points for Applications which request Agency First Mortgage Financing as part of its financing plan. Applicants must meet Agency underwriting requirements, as more further described in the 2019-2020 Guidelines, in order to qualify for points in this category.
- Inclusion of Project Based Unit Subsidy – The Agency may award two (2) points for the inclusion of Project Based Section 8 assistance or ACC subsidy for at least fifty percent (50%) of the units in the development.
- Evidence of Tax Abatement – The Agency may award one (1) point for developments that provide evidence of receipt of a real estate tax abatement from the municipal taxing authority.

E. Development Cost Savings

10 points

The Agency may award up to ten (10) points to Applications which demonstrate costs less than the median total development costs of the total Applications submitted. The Agency will determine the median total development cost per square foot (less the cost of acquisition, reserves and commercial space) and will award points based on certain ranges as stated below. Preservation Applications and those located in Philadelphia will not be included when determining the median costs in a cycle. The Agency will award points to Preservation and Philadelphia Applications as they compare against each other. For all other developments, the Agency will award points based upon the construction type: single family/townhouse, multi-story multifamily buildings, and adaptive re-use buildings as they compare against each other. In addition to submission of certifications that the building as designed and as constructed will meet/meets all labor and material standards set forth in applicable local or statewide codes (without sacrificing unit size and other building amenities), the Agency reserves the right to require additional certifications from local officials or building design professionals prior to the issuance of an IRS Form 8609 for the building or to conduct its own site visits during construction to ensure that the quality of construction is not compromised by cost savings.

Percentage Below Median Total Development Cost	Points
At least 10%	5
≥15%	10

F. Other

5 points

Complete Application Package – The Agency may award 5 bonus points for Applications that are submitted with all required Application exhibits and information as delineated in the Application Checklist and the Application Guidelines.

Total Points Available

204 points

**PENNSYLVANIA HOUSING FINANCE AGENCY
REQUEST FOR PROPOSALS**

2019 Tax Exempt Qualified Residential Rental Facilities

Seeking Private Activity Bond Allocations

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 the Pennsylvania Housing Finance Agency (the “Agency”) with certain allocations of 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 2019 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 certain processing and underwriting criteria and 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 2019. 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 2019-2020 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 providing inadequate 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 2019, the Agency will use 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 2, 2018** until **April 1, 2019**. The Agency will evaluate complete Preliminary Applications 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 3, 2019**. In the event a Preliminary Application is rejected by the Agency, applicants may resubmit a Preliminary Application for consideration until **April 1, 2019** 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 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 provide a **preliminary allocation 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 a preliminary allocation of volume cap for a housing facility is approved by the Board, the developer and its bond finance team **must** close on the real estate and financing, issue bonds and commence construction **within ninety (90) days of the approval date**. To ensure time for Agency staff processing, in no event will closings be allowed after December 13, 2019. 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 2019 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 deadlines.

PRELIMINARY APPLICATION REQUIREMENTS

For 2019, 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 2019-2020 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);
 - **The Agency strongly encourages utilization of its first mortgage products in all affordable multifamily developments including tax credit financings. Applicable rates, terms and conditions are available on our website. For more information, please contact the Agency.**

- Applicants seeking more than \$25M in volume cap may be required to use PHFA as bond issuer;
- Tab 40 - Bond Strategy Summary;
- Identify all required HUD and/or Public Housing Authority approvals and provide a detailed timeline for approval; and
- Identify all required municipal approvals (zoning, subdivision, lot consolidation, land plan) and provide a detailed timeline for approval.

Applications seeking Tax Credits must submit the following:

- Tab 3 – Preliminary Self Ranking;
- Tab 23 – Syndication/Equity Investment Information; and
- 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 will 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 in the form of the Tax-Exempt Term Sheet with a proposed operating budget. (The applicable forms may be found on PHFA’s website and submitted directly to PHFA’s Manager of Multifamily Underwriting.) 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. The Application Package must include a narrative outlining the following:

- 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 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.
- **Developments utilizing local issuers other than PHFA must provide evidence, satisfactory to the Agency, that the governmental unit which issued the bonds has made a determination of the financial feasibility of the project and qualification as a low income housing project as required by Section 42(m)(2)(D).**

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).

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 a 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 with the Underwriting Application. The final Tax Credit Allocation Fee will be based on the amount of Tax Credits determined to be available to the project at the conclusion of the Cost Certification review. 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 three (3) weeks before closing). These fees are nonrefundable 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 Board approval of the tax exempt bond financing, 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. The Agency will select and assign all professionals to the financing team if it serves as bond issuer (including bond counsel and trustee).

MINIMUM CRITERIA FOR AGENCY REVIEW

To be considered, 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;
- 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 13, 2019**, 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 may include, among other things, 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. 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 Application. 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 prohibiting discrimination in its programs, which includes prohibiting discrimination against persons based upon race, gender, religious creed, color, sexual orientation, gender identity or expression, pregnancy, national origin, ancestry, disability, familial status, age or in violation of the *Pennsylvania Human Relations Act* (PHRA) and applicable federal laws.

PENNSYLVANIA HOUSING FINANCE AGENCY
Homeowner's Emergency Mortgage Assistance Program Budget
FISCAL YEAR ENDING JUNE 30, 2019

<u>Salaries and Related Benefits</u>	Budget FYE 6/30/2018	Budget FYE 6/30/2019	% Increase (Decrease)	Comments	Estimated FYE 6/30/2018
Salaries	\$ 1,450,000	\$ 1,375,000	(5.2%)		\$ 1,275,000
Benefits	\$ 510,000	\$ 553,350	8.50%	(A.)	\$ 510,000
Retirement	\$ 145,000	\$ 145,000	0.00%		\$ 145,000
Payroll Taxes	\$ 110,000	\$ 105,000	(4.5%)		\$ 95,000
Total	\$ 2,215,000	\$ 2,178,350	(1.7%)		\$ 2,025,000
<u>General and Administrative</u>					
Advertising	\$ 1,000	\$ 1,000	0.00%		\$ 1,000
Audit of program	\$ 32,000	\$ 33,000	3.13%	(B.)	\$ 32,000
Books/Reference Materials	\$ 500	\$ 500	0.00%		\$ 500
Credit Reporting/Document Recording	\$ 120,000	\$ 130,000	8.33%	(C.)	\$ 122,000
Insurance Expense	\$ 3,000	\$ 3,000	0.00%		\$ 3,000
Legal Counsel	\$ 2,000	\$ 2,000	0.00%		\$ 2,000
Meetings	\$ 1,000	\$ 1,000	0.00%		\$ 1,000
Office Machines/Equipment Rental	\$ 1,000	\$ 1,000	0.00%		\$ 1,000
Office Rent	\$ 65,000	\$ 65,000	0.00%		\$ 65,000
Office Supplies	\$ 4,500	\$ 4,500	0.00%		\$ 4,900
Postage & Freight	\$ 48,000	\$ 48,000	0.00%		\$ 48,000
Printing & Composition	\$ 27,500	\$ 27,500	0.00%		\$ 27,500
Professional Training	\$ 5,500	\$ 5,500	0.00%		\$ 2,000
Property Fees	\$ 2,000	\$ 7,000	250.00%	(D.)	\$ 6,400
Repair/Maint. Of Equipment	\$ 7,000	\$ 7,000	0.00%		\$ 7,000
Telephone	\$ 27,000	\$ 27,000	0.00%		\$ 27,000
Travel	\$ 4,500	\$ 4,500	0.00%		\$ 3,600
Unemployment Comp.	\$ 1,000	\$ 1,000	0.00%		\$ 1,000
Miscellaneous	\$ 2,500	\$ 2,500	0.00%		\$ 1,000
Total	\$ 355,000	\$ 371,000	4.51%		\$ 355,900
Counseling Agency Fees	\$ 140,000	\$ 350,000	150.00%	(E.)	\$ 300,000
PHFA Support Fees	\$ 250,000	\$ 250,000	0.00%		\$250,000
TOTAL	\$ 2,960,000	\$ 3,149,350	6.40%		\$2,930,900

Homeowner's Emergency Mortgage Assistance Program Budget

July 1, 2018 to June 30, 2019

REASONS FOR BUDGET INCREASES

- (A.) – Increase due to cost of medical insurance.
- (B.) – Increase in audit fee due to inflation.
- (C.) – Increase resulting from higher number of approvals.
- (D.) – Increase in appraisal costs related to accounts in bankruptcy looking to restructure the HEMAP debt from secured to unsecured.
- (E.) – Increase due to loss of federal funding (Foreclosure Mitigation Counseling Initiative).

**Pennsylvania Housing Finance Agency
General Activities Budget
Fiscal Year Ending June 30, 2019**

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Total</u>
Multi-Family Loan and Tax Credit Fees	1,400,000	1,400,000	1,400,000	600,000	4,800,000
Multi-Family Service and Other Fees	3,142,500	3,142,500	3,142,500	3,142,500	12,570,000
Single Family Service and Other Fees	6,112,506	6,213,754	6,315,002	6,416,250	25,057,511
Investment Income	22,000	30,000	37,000	45,000	134,000
TOTAL REVENUE	<u>10,677,006</u>	<u>10,786,254</u>	<u>10,894,502</u>	<u>10,203,750</u>	<u>42,561,511</u>
TOTAL EXPENSES	<u>9,876,550</u>	<u>10,036,950</u>	<u>9,981,800</u>	<u>10,143,200</u>	<u>40,038,500</u>
NET INCOME	<u>800,456</u>	<u>749,304</u>	<u>912,702</u>	<u>60,550</u>	<u>2,523,011</u>

Pennsylvania Housing Finance Agency
General Activities Budget
Schedule of Expenses - Estimated
Fiscal Year Ending June 30, 2019

	<u>Actual at 3/31/2018</u>	<u>Estimated Actual at 6/30/2018</u>	<u>Budget FYE 6/30/2018</u>	<u>Estimated Actual Under/(Over) 2018 Budget</u>	<u>Budget FYE 6/30/2019</u>	<u>Budget % Increase (Decrease)</u>	<u>Comment</u>
Salaries and Related Benefits:							
Salaries	14,622,828	19,125,900	19,125,900		19,891,000	4.00%	A
Employee Benefits	4,367,056	5,950,000	5,994,085	44,085	6,504,000	8.50%	B
Retirement	3,215,855	4,200,000	4,200,000		4,200,000	---	
Payroll Taxes	1,057,690	1,410,000	1,460,000	50,000	1,518,000	3.97%	A
Total Salaries and Related Benefits:	<u>23,263,430</u>	<u>30,685,900</u>	<u>30,779,985</u>	<u>94,085</u>	<u>32,113,000</u>	<u>4.33%</u>	
Program Expenses:							
Annual Report	39,917	40,000	60,000	20,000	60,000	---	
Audit	210,750	232,500	195,000	(37,500)	263,500	35.13%	C
Advertising/Public Relations/Req. for Proposals	49,160	66,000	75,000	9,000	75,000	---	
Appraisals/Market Studies	7,800	10,000	30,000	20,000	30,000	---	
Cost Estimating/Professional Consultation			25,000	25,000	25,000	---	
Credit Rating	58,500	58,500	45,000	(13,500)	60,000	33.33%	D
Information Services	23,293	31,000	50,000	19,000	50,000	---	
Legal Counsel	17,789	24,000	75,000	51,000	75,000	---	
Total Program Expenses:	<u>407,209</u>	<u>462,000</u>	<u>555,000</u>	<u>93,000</u>	<u>638,500</u>	<u>15.05%</u>	

Pennsylvania Housing Finance Agency
General Activities Budget
Schedule of Expenses - Estimated
Fiscal Year Ending June 30, 2019

	<u>Actual at 3/31/2018</u>	<u>Estimated Actual at 6/30/2018</u>	<u>Budget FYE 6/30/2018</u>	<u>Estimated Actual Under/(Over) 2018 Budget</u>	<u>Budget FYE 6/30/2019</u>	<u>Budget % Increase (Decrease)</u>	<u>Comment</u>
General and Administrative:							
Board Expenses	24,219	32,000	45,000	13,000	45,000	---	
Books and Reference Materials	45,075	46,000	32,000	(14,000)	40,000	25.00%	E
Computer Maintenance and Supplies	452,334	525,000	525,000		525,000	---	
Corporate Memberships	59,178	65,000	60,000	(5,000)	65,000	8.33%	F
Insurance	264,000	300,000	300,000		300,000	---	
Building Debt and Bond Expenses	699,475	1,830,571	925,000	(905,571)	3,220,000	248.11%	G
Office Machine/Furniture Rental	39,357	52,000	110,000	58,000	110,000	---	
Office Rent	113,819	152,000	199,000	47,000	199,000	---	
Office Supplies	139,323	186,000	210,000	24,000	210,000	---	
Personnel Advertising/Employment Agency Fees	1,555	2,000	25,000	23,000	25,000	---	
Postage and Freight	161,907	216,000	325,000	109,000	325,000	---	
Printing and Composition	30,335	40,000	125,000	85,000	125,000	---	
Professional Memberships	17,746	24,000	25,000	1,000	25,000	---	
Professional and Technical Consultants	394,997	468,000	250,000	(218,000)	350,000	40.00%	H
Professional Training	101,659	125,000	125,000		125,000	---	
Real Estate Taxes	125,238	150,000	150,000		150,000	---	
Repairs and Maintenance	337,398	375,000	375,000		375,000	---	
Telephone	245,794	300,000	300,000		300,000	---	
Temporary Help	16,974	23,000	50,000	27,000	50,000	---	
Travel	262,876	351,000	360,000	9,000	360,000	---	
Unemployment Compensation	46,939	63,000	63,000		63,000	---	
Utilities	181,807	242,000	285,000	43,000	285,000	---	
Miscellaneous	3,561	5,000	15,000	10,000	15,000	---	
Total General and Administrative Expenses:	<u>3,765,567</u>	<u>5,572,571</u>	<u>4,879,000</u>	<u>(693,571)</u>	<u>7,287,000</u>	<u>49.35%</u>	
Total Expenses:	<u>27,436,206</u>	<u>36,720,471</u>	<u>36,213,985</u>	<u>(506,486)</u>	<u>40,038,500</u>	<u>10.56%</u>	

(continued)

**Pennsylvania Housing Finance Agency
General Activities Budget
Fiscal Year Ending June 30, 2019
Comments**

- A. Increases in salaries and related taxes assuming average merit increases and promotions
- B. Increases in employee benefit plan costs brought on by rising healthcare costs.
- C. Increases in fees and rates for professional services, coupled with the forthcoming implementation of GASB 75 (OPEB).
- D. Increases in fees and rates attributable to rating agencies.
- E. Increases in research and reference requirements resulting from an ever-changing regulatory environment.
- F. Increases due to joining and forming strategic alliances with additional housing and urban organizations not present in prior year(s).
- G. Agency doubled its existing borrowing from \$18.5 million to \$40 million in order to refinance and expand its headquarters; synthetic fixed rate of 3.15%.
- H. Increase in technical consultants needed for additional/ongoing computer programming needs.

**Pennsylvania Housing Finance Agency
General Activities Budget
Schedule of Expenses - Estimated Quarterly
Fiscal Year Ending June 30, 2019**

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Total</u>	<u>2nd Qtr Total</u>	<u>3rd Qtr Total</u>
Salaries and Related Benefits:							
Salaries	4,774,000	4,923,000	5,022,000	5,172,000	19,891,000	9,697,000	14,719,000
Employee Benefits	1,626,000	1,626,000	1,626,000	1,626,000	6,504,000	3,252,000	4,878,000
Retirement	1,050,000	1,050,000	1,050,000	1,050,000	4,200,000	2,100,000	3,150,000
Payroll Taxes	364,300	375,700	383,300	394,700	1,518,000	740,000	1,123,300
	<u>7,814,300</u>	<u>7,974,700</u>	<u>8,081,300</u>	<u>8,242,700</u>	<u>32,113,000</u>	<u>15,789,000</u>	<u>23,870,300</u>
Program Expenses:							
Annual Report	30,000	30,000	---	---	60,000	60,000	60,000
Audit	131,750	131,750	---	---	263,500	263,500	60,000
Advertising/Public Relations/Req. for Proposals	18,750	18,750	18,750	18,750	75,000	37,500	78,750
Appraisals/Market Studies	7,500	7,500	7,500	7,500	30,000	15,000	22,500
Cost Estimating/Professional Consultation	6,250	6,250	6,250	6,250	25,000	12,500	18,750
Credit Rating	15,000	15,000	15,000	15,000	60,000	30,000	45,000
Information Services	12,500	12,500	12,500	12,500	50,000	25,000	37,500
Legal Counsel	18,750	18,750	18,750	18,750	75,000	37,500	56,250
	<u>240,500</u>	<u>240,500</u>	<u>78,750</u>	<u>78,750</u>	<u>638,500</u>	<u>481,000</u>	<u>378,750</u>

Pennsylvania Housing Finance Agency
General Activities Budget
Schedule of Expenses - Estimated Quarterly
Fiscal Year Ending June 30, 2019

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Total</u>	<u>2nd Qtr Total</u>	<u>3rd Qtr Total</u>
General and Administrative:							
Board Expenses	11,250	11,250	11,250	11,250	45,000	22,500	33,750
Books and Reference Materials	10,000	10,000	10,000	10,000	40,000	20,000	30,000
Computer Maintenance and Supplies	131,250	131,250	131,250	131,250	525,000	262,500	393,750
Corporate Memberships	16,250	16,250	16,250	16,250	65,000	32,500	48,750
Insurance	75,000	75,000	75,000	75,000	300,000	150,000	225,000
Building Debt and Bond Expenses	805,000	805,000	805,000	805,000	3,220,000	1,610,000	2,415,000
Office Machine/Furniture Rental	27,500	27,500	27,500	27,500	110,000	55,000	82,500
Office Rent	49,750	49,750	49,750	49,750	199,000	99,500	149,250
Office Supplies	52,500	52,500	52,500	52,500	210,000	105,000	157,500
Personnel Advertising/Employment Agency Fees	6,250	6,250	6,250	6,250	25,000	12,500	18,750
Postage and Freight	81,250	81,250	81,250	81,250	325,000	162,500	243,750
Printing and Composition	31,250	31,250	31,250	31,250	125,000	62,500	93,750
Professional Memberships	6,250	6,250	6,250	6,250	25,000	12,500	18,750
Professional Training	31,250	31,250	31,250	31,250	125,000	62,500	93,750
Professional and Technical Consultants	87,500	87,500	87,500	87,500	350,000	175,000	262,500
Real Estate Taxes	37,500	37,500	37,500	37,500	150,000	75,000	112,500
Repairs and Maintenance	93,750	93,750	93,750	93,750	375,000	187,500	281,250
Telephone	75,000	75,000	75,000	75,000	300,000	150,000	225,000
Temporary Help	12,500	12,500	12,500	12,500	50,000	25,000	44,000
Travel	90,000	90,000	90,000	90,000	360,000	180,000	270,000
Unemployment Compensation	15,750	15,750	15,750	15,750	63,000	31,500	47,250
Utilities	71,250	71,250	71,250	71,250	285,000	142,500	213,750
Miscellaneous	3,750	3,750	3,750	3,750	15,000	7,500	11,250
Total General and Administrative Expenses:	<u>1,821,750</u>	<u>1,821,750</u>	<u>1,821,750</u>	<u>1,821,750</u>	<u>7,287,000</u>	<u>3,643,500</u>	<u>5,471,750</u>
Total Expenses:	<u>9,876,550</u>	<u>10,036,950</u>	<u>9,981,800</u>	<u>10,143,200</u>	<u>40,038,500</u>	<u>19,913,500</u>	<u>29,720,800</u>

RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING
FINANCE AGENCY AUTHORIZING THE ISSUANCE OF
SINGLE FAMILY MORTGAGE REVENUE BONDS,
SERIES 127 AND ISSUANCE OF BONDS TO REFUND SERIES 2008- 101C BONDS

WHEREAS, pursuant to the Housing Finance Agency Law, 35 P.S. Section 1680.101 et seq., "the Agency has the power...as authorized from time to time by resolution of the members and subject to the written approval of the Governor to issue its negotiable bonds...and notes in such principal amount as... shall be necessary to provide sufficient funds for achieving its corporate purposes...at such price or prices as the Agency shall determine..."; and

WHEREAS, the Agency has determined to issue its Single Family Mortgage Revenue Bonds, Series 127 in accordance with a resolution to be attached hereto and made a part hereof ("Series Resolution"); and

WHEREAS, the Agency is exploring the issuance of fixed rate bonds to redeem and refund the outstanding Series 2008-101C Bonds, originally issued as floating rate bonds in 2008; and

WHEREAS, pursuant to a resolution of the Agency adopted June 13, 1991 and entitled "RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY DELEGATING TO THE FINANCE COMMITTEE CERTAIN SPECIFIC AUTHORITY RELATING TO AGENCY BOND ISSUES," the Agency has determined to delegate to the Finance Committee of the Board of the Agency, within the perimeters established herein, the authorization to negotiate the final terms of such series of bonds.

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 12th day of July, 2018 as follows:

Section 1. Adoption of the Series 127 Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 127 (the "Bonds") is hereby incorporated herein by reference and is adopted by the Agency.

Section 2. Adoption of Series 101C Resolution. The Series Resolution authorizing the issuance of the Agency's Single Family Mortgage Revenue Bonds, Series 101C (the "Series 101C Bonds") is hereby incorporated herein by reference and is adopted by the Agency.

Section 3. Delegation of Authorization to Negotiate Final Terms. (a) Subject to the provisions of this Section 3, the Finance Committee is hereby authorized and directed to negotiate, prepare or accept, execute, deliver and distribute, for and on behalf of the Agency and in the name thereof, a contract of purchase and/or agreement and memorandum of understanding, which outlines terms of final pricing, interest rates, tender and redemption provisions, bond maturities, payment of associated costs of issuance appropriate for the financing (including reasonable compensation for applicable structuring and fees related thereto), and such documents as may be necessary for the transaction, including offering and disclosure documents, an indenture and all other documents relating to the issuance of and investment mechanisms relating to the Series 127 Bonds and Series 101C Bonds and related securities, which may include taxable, variable rate or fixed rate notes. At the time such final terms have been negotiated on behalf of the Agency, such final terms shall be incorporated into the Series Resolution, which, with such final terms so incorporated, shall constitute the Series Resolution of the Agency authorizing the issuance of the Series 127 Bonds and Series 101C Bonds.

(b) The final terms of the Series 127 Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 127 Bonds shall not exceed \$350,000,000, (ii) the final maturity of the Series 127 Bonds shall be no later than 2050, and (iii) the initial interest rate or rates on the Series 127 Bonds shall be a rate or rates resulting in a net interest cost no higher than 8% per annum.

(c) The final terms of the Series 101C Bonds shall be as negotiated by the Finance Committee, provided, however, as follows: (i) the principal amount of the Series 101C Bonds shall not exceed \$12,000,000, (ii) the final maturity of the Series 101C Bonds shall be no later than 2030, and (iii) the initial interest rate or rates on the Series 101C Bonds shall be a rate or rates resulting in a net interest cost no higher than 8% per annum.

Section 4. Additional Authorizations. The Executive Director, Deputy Executive Director and Chief Counsel or Director of Finance is authorized to enter into one or more guaranteed investment contracts, escrow deposit agreements or other investment instruments relating to the Bonds, to take all necessary actions and to make any necessary and appropriate amendments or adjustments to all or a relevant portion of any bonds issued under the Indenture and to secure substitute facilities and remarketing agreements for any of the Agency's outstanding variable rate demand obligations.

Section 5. Effective Date and Official Intent. This Resolution shall take effect immediately and shall serve to declare the official intent of the Agency to allow reimbursement of qualified capital expenditures from proceeds of the Bonds in accordance with Treasury Regulations.