

**Pennsylvania Housing Finance Agency
Meeting of the Board
October 11, 2018**

Members Present:

- *Robin Wiessmann, Chair
- *Maria F. Coutts
- *Ronald F. Croushore
- *Kathy Possinger (serving in the stead of
Dennis Davin, Secretary of Department
of Community and Economic Development)
- *Mark Dombrowski
- *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
Kim Boal, Director of Information Technology
Charlotte Folmer, Executive Director, Commonwealth Cornerstone Group
*Nancy Twyman, Director of Eastern Region
Jordan Laird, Director of Finance
John Zapotocky, Director of Accounting
Melissa Grover, Director of Government Affairs
Steven O'Neill, Assistant Counsel
David Doray, Manager of Multifamily Underwriting
Clay Lambert, Business Policy Officer
Jada Greenhowe, Assistant Counsel
Chris Anderson, Communications Officer
Kelly Wilson, Development Officer
Lori Toia, Director, Homeowners Emergency Mortgage Assistant Program
Robert Theil, NewCourtland Senior Services

*Jennifer DiNardo, Northside Properties
*Michael Polite, Northside Properties
*Linda Metropolis, Homestead Bakery Lofts
*Joe Zimatore, 2613-2615 West Girard Avenue
*Seulky McInneshin, 257-263 South 52nd Street
*Jeff Wicklund, 257-263 South 52nd Street
*Dorrie Smith-Richie, 5 Points Observatory Hill
*Ed Morris, Mt. Airy Art Garage
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, October 11, 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 October 2, 2018.

Chair Wiessmann welcomed Mark Dombrowski as the newest member of PHFA's Board, replacing Tom Hagen. Mr. Dombrowski is VP of Government Relations at the Erie Insurance Group. She noted that Mr. Hagen's term had expired.

1. CALL TO ORDER AND ROLL CALL

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

2. ELECTION OF VICE CHAIR OF THE BOARD

Chair Wiessmann reported that the first item of business is to elect a new Vice Chair of the Board.

Mr. Nese nominated Mr. Schwartz as Vice Chair. There were no other nominations.

Mr. Nese made the motion that Mark Schwartz be elected as Vice Chair of the PHFA Board. The motion was seconded by Mr. Laudermilch and was unanimously approved.

Mr. Schwartz thanked the Board for the nomination and his election.

3. APPROVAL OF THE MINUTES FROM THE SEPTEMBER 13, 2018 BOARD MEETING

There were no additions or corrections to the minutes.

Mr. Schwartz made a motion that the minutes from the September 13, 2018 Board meeting be approved as submitted. This motion was seconded by Mr. Nese and was unanimously approved.

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

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

A. **Community Revitalization Fund (CRF) Program Project Funding Recommendations**

Mr. Welks informed the Board that staff presented a PowerPoint presentation on the projects being recommended for funding under this program and that there was good dialogue between Committee members and staff regarding the projects.

Mr. Marezki reported that Act 84 of 2016 was amended to authorize the Agency to issue \$2,000,000 in state tax credits to qualified taxpayers for the purpose of establishing the Mixed-Use Development Fund. Proceeds from the sale of credits would be used by the Agency to assist developers to help bridge the gap that exists between traditional housing programs and commercial lending sources for mixed use projects (Community Revitalization Fund Program). The fund will assist in the overall strategy to revitalize local communities.

Mr. Marezki briefly reviewed the program and the application process. The Agency issued an RFP under this program on March 5, 2018. Proposals were due by June 8, 2018. Nine applications were received, two from Allegheny County and seven from Philadelphia County. The nine applications requested \$6,235,000 in funding assistance. The Agency has \$3,100,000 available. There were two proposals which were determined to not be a strong fit for the program goals.

Mr. Marezki noted that staff completed a comprehensive review of each application and visited each site.

Staff is recommending that the remaining seven applications each receive an allocation of \$400,000 totaling \$2,800,000.

Mr. Nese asked if any of the projects are also utilizing New Markets Tax Credits and Mr. Marezki responded that none are.

Mr. Hudson stated that the Agency will continue to work with the Department of Revenue in an attempt to obtain higher pricing for the tax credits being sold under the program. He noted that there was some confusion and delay implementing during the Fiscal Year 17/18 budget crises at the State level.

Mr. Schwartz expressed his thanks to Mr. Marezki, Ms. Peace and all members of staff who worked so diligently to get this program functioning. He also thought it

would be appropriate for any Board member who might have contact with Senator Costa to thank him for his support of this program. Senator Costa has supported this program from its inception.

A motion was made that the Board approve the resolution authorizing funding of Community Revitalization (CRF) Programs and Projects. This motion was seconded. Mr. Schwartz abstained. The motion carried. (See Appendix 1 of these Minutes.)

Chair Wiessmann acknowledged several representatives of the approved projects on the conference call and asked if there were any comments.

Ms. Metropolis representing Homestead Bakery Lofts in Homestead, Allegheny County stated that she is truly grateful to the Board for their approval. She reported that half of the commercial space has already been rented and noted the official ground breaking is scheduled for tomorrow, October 12.

Ms. Smith-Richie representing the 5 Points Observatory Hill project in Pittsburgh, Allegheny County thanked the Board for their support and stated that this project will go a long way to providing additional affordable housing in the area. She added that the project will also greatly enhance community pride.

Mr. Morris representing the Mt. Airy Art Garage project in Philadelphia expressed his sincere gratitude to the Board for awarding the funds to this project. He stated that it has not been easy to get all of the funding pieces together to bring this project to this point. He appreciates PHFA's involvement and commitment to bring affordable housing to the Mt. Airy neighborhood.

Ms. McInnes representing the 257-263 South 52nd Street project in Philadelphia reported that they are excited about the opportunity to move forward with the project. She thanked the Board for the funding.

Mr. Zimatore representing the 2613-1615 West Girard Avenue project in Philadelphia thanked the Board for the award of funds and noted that this project will certainly assist in bringing new opportunities to this corridor.

B. Allocation of Tax-Exempt Issuing Authority

1. Northside Residences II, Pittsburgh, Allegheny County

Ms. Wilson reviewed the project specifics and its financing plan. She reported that this request is to provide a conditional preliminary allocation of tax-exempt volume cap for the acquisition and substantial rehabilitation of 93

buildings for general occupancy. This will be the second phase of a four phase development. Thirty vacant units will be rehabilitated first and tenants will be relocated as units become available. All relocation costs are included in the project budget. The construction financing will be provided by the Urban Redevelopment Authority of Pittsburgh through the issuance of tax-exempt bonds which will be purchased by Dollar Bank FSB.

Ms. Wilson stated that staff recommends approval.

Mr. Welks reported that the Committee concurs with staff's recommendation and requested if anyone from the development team had any comments.

Mr. Polite, representing the development team reported that 80 percent of the first phase is completed and will be completed by April 2019. He thanked the Board for their support of this rehabilitation project, noting that there have been no upgrades of any of the structures in over 30 years.

Mr. Welks made a motion that the Board approve the resolution authorizing a 2018 Housing Related Bond Allocation to the Northside Residences II project in an amount not to exceed \$28,500,000. Mr. Schwartz abstained. The motion carried. (See Appendix 2 of these Minutes.)

C. 2018 Low income Housing Tax Credit Awards Program Update

Ms. Glauser reported that 39 projects were recommended for funding in April 2018 and were provisionally approved for processing. Because of fluctuations in the market earlier this year, the amounts paid for tax credit equity was uncertain and developers were requested to confirm feasibility. Some have filled these gaps with additional loan funds, increased tax credit equity or reinvestment of the developer's fee. Staff was directed to report on their status at this meeting.

The Agency has received notification that two of the projects are seeking funding or development adjustments of their proposals.

Bensalem Veterans Housing located in Bensalem requests permission to decrease the number of units to 40 from 69 to make the project feasible due to a change in zoning approval.

Summit House located in Jenkintown has requested additional tax credits of approximately \$1,436,000 to support funding gaps in the development.

Ms. Glauser confirms that staff has reviewed the updated documentation submitted on both projects and has agreed to the suggested modifications and exceptions from the QAP..

No Board action is required on this issue.

Mr. Schwartz questioned the amount paid for tax credits. Ms. Glauser stated the most of the equity pricing came in between \$.90 and \$.98 and there is no reason why this should change.

D. Portfolio Preservation Refinancing

1. Lancaster Arms, Lancaster, Lancaster County

Mr. Dudeck reviewed the project and its specifics. He noted that the owner has requested permission to prepay the Agency's mortgage. The owner will be required to enter into an extended use agreement to ensure that the development remains as affordable housing for 30 years. This project will continue to be monitored by the Agency for compliance.

Staff has determined that the project will remain as affordable housing, that the Agency will not incur any economic losses due to the refinancing and that the refinancing will not create an economic hardship on the development. Having evaluated the request, staff recommends approval.

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

Mr. Nese made the motion that the Board approve the resolution authorizing portfolio preservation refinancing for Lancaster Arms. This motion was seconded and unanimously approved. (See Appendix 3 of these Minutes.)

E. Other Business

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

4. OTHER BUSINESS

A. Home4Good Program

Mr. Hudson reported that the Agency and the Federal Home Loan Bank of Pittsburgh (FHLB) have begun an initiative to fight homelessness in the Commonwealth. The FHLB has pledged \$3,000,000 to PHFA to start this program. The Agency has reserved \$1,500,000 of its own funds for this program.

An RFP was issued and 131 proposals were received requesting \$17,300,000. Staff will evaluate the proposals and report their findings and make their recommendations to the Board at the December meeting.

Mr. Hudson is pleased to submit this program as it is an indicator of a good partnership between the Agency and the FHLB.

B. HUD Counseling Grant

Mr. Hudson reported that the Agency has received a \$2,400,000 grant from the federal government for PHFA's counseling network. He thanked Ms. Redmond and Mr. Maretzki for their work in obtaining this grant. This grant is the largest given to any HFA this year. Thus far, the Agency has received grants totaling \$50,000,000 for its counseling network which assists homebuyers, homeowners, and renters.

C. November Board Meeting

Mr. Hudson informed the Board that the November meeting will likely be a conference call.

D. December Meetings

Mr. Hudson informed the Board that the annual policy meeting will be held on Wednesday, December 12, 2018 beginning at 9:00 a.m. and will remain in session until mid-afternoon. Lunch will be provided and a dinner is planned that evening. The regular Board meeting will be held on Thursday, the 13th at the Agency. Hotel reservations will be made for those attending these meetings.

Mr Hudson encouraged any Board member who would like to place an item on this agenda to contact either him or Mr. Maretzki as soon as possible. He encouraged Board members, especially the newer members, to plan to attend the policy meeting in person as this is the time staff presents a synopsis of each division's activities during the past year and outlines the Agency's future plans. It will provide a great deal of insight into the Agency's operations.

6. ADJOURNMENT

There being no further business to be discussed, a motion was made and seconded that the meeting be adjourned. The motion was unanimously approved. The meeting of the Board was adjourned at 11:15 a.m.

The next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, November 8, 2018 at 10:30 a.m.

Respectfully submitted,

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

Carrie M. Barnes
Secretary

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING FUNDING OF COMMUNITY REVITALIZATION (CRF) PROGRAMS AND
PROJECTS**

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

WHEREAS, on July 13, 2016, the Mixed-Use Development Tax Credit was enacted (Act 84 of 2016), establishing the Mixed-use Development Program and the Mixed-use Development Program Fund (hereinafter, "Community Revitalization Fund Program" or "CRFP"), which allows the Agency to sell, on an annual basis, \$2 million in state tax credits to qualified taxpayers in order to achieve objectives including, but not limited to increasing affordable housing and commercial corridor development opportunities in areas throughout the Commonwealth demonstrating significant need and impact and maximizing the leveraging of public and private resources; and

WHEREAS, CRFP allows the Agency to distribute program funds to eligible projects that meet specific goals including, but not limited to the construction or rehabilitation of a building or buildings (and any related real or personal property) located in a commercial corridor where a comprehensive neighborhood revitalization plan has been implemented or is being developed ; and

WHEREAS, in accordance with CRFP, the Agency adopted, after public comment, guidelines establishing priorities and describing the method in which CRFP tax credits will be sold and CRFP funds distributed; and

WHEREAS, the Agency has sold credits, has issued a request for proposals for the submission of applications to CRFP and, has reviewed applications received; and

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

NOW, THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 11TH day of October 2018, as follows:

Section 1. The Agency hereby approves funding in the amount of \$400,000 each from the CRFP fund to the following applicants for each of the following programs/projects and located in the following counties:

Observatory Hill Development Corp: 5 Points	Allegheny
ACTION Housing: Homestead Bakery Lofts	Allegheny
Enterprise Center: 52 nd Street Project	Philadelphia
Mosaic Development Partners: 2125 Ridge Avenue (Edwina's North Coffeehouse & Café)	Philadelphia
MM Partners, Fairmont CDC: 2613-2615 Girard Avenue	Philadelphia
HACE: 2739 N. 5 th Street	Philadelphia
Mt. Airy USA CDC: Mt. Airy Arts Garage	Philadelphia

Section 2. Staff is hereby authorized and directed to take all actions necessary to effectuate the above authorized reservation of funds and to provide appropriate contracts outlining monitoring, reporting, record keeping, and any set aside requirements.

Section 3. This resolution shall take effect immediately.

**RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING 2018 HOUSING RELATED BOND ALLOCATION
Northside Residences II**

WHEREAS, the Pennsylvania Housing Finance Agency (the "Agency") exists and operates by virtue of and pursuant to the Housing Finance Agency Law, (1959, Dec. 3, P.L. 1688, as amended, 35 P.S. 1680.101, et seq.) (hereinafter, "the Act"); and

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

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

WHEREAS, Applicant, Northside Properties Residences II LLC, has requested an allocation of Volume Cap for the acquisition and rehabilitation of 122 units of general occupancy housing located on scattered sites in the Northside neighborhood of Pittsburgh, Allegheny County (the "Development"); and

WHEREAS, the Agency has determined to provide a preliminary allocation of Volume Cap in an amount not to exceed \$28,500,000 for the issuance of private activity bonds by the Urban Redevelopment Authority of Pittsburgh ("Issuer"), subject to satisfaction of certain conditions set forth below.

NOW THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 11th day of October, 2018, as follows:

Section 1. Staff is hereby authorized to take all necessary actions to provide a conditional preliminary allocation of Volume Cap in an amount not to exceed \$28,500,000 (which includes a contingency amount) for the tax exempt bond financing of the Development subject to the following conditions: a.) evidence, satisfactory to the Agency, that all conditions and qualifications relating to Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, the Issuer's determinations made pursuant to Section 42(m)(2)(D) of the Code, and all applicable requirements of the Agency's Tax Credit Program have been met; b.) evidence, satisfactory to the Agency, that all conditions and qualifications relating to Sections 103 and 142 (and related sections) of the Code have been met; c.) compliance with the timeframes and deadlines established by the Agency; d.) evidence of the commitment of construction and permanent financing and equity in amounts sufficient to ensure the financial feasibility of the project; e.) evidence of the commitment to serve low income tenants for a period of not less than 35 years, which will be included in the Restrictive Covenant Agreement; and f.) evidence of the satisfaction of accessibility requirements.

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

Section 3. This resolution shall be effective immediately.

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING PORTFOLIO PRESERVATION REFINANCING
FOR LANCASTER ARMS, PHFA NO. R-780**

WHEREAS, New Lancaster Arms Associates, L.P., a Pennsylvania limited partnership ("Owner") is the current owner of a Section 8 project with outstanding Agency financing, known as Lancaster Arms (the "Project"); and

WHEREAS, Owner has requested that the Agency agree to the sale of the Project and prepayment of the outstanding Agency mortgage loan; and

WHEREAS, the Agency has reviewed the Project, the remaining Section 8 contract terms and rent levels, the proposed new debt structures, and has calculated the economic losses which will be incurred by the Agency if such Project is refinanced: and

WHEREAS, the Agency has determined that it is willing to allow the sale and prepayment if the Owner agrees to pay all of the lost revenues to the Agency which are associated with the bond financing and existing regulatory structure and agrees to extend and assign the existing Section 8 for the maximum term retaining the Agency as Contract administrator, and if the new Project owner is willing to undertake a long term affordability strategy for the Project and the financing does not create economic hardship on the Project; and

WHEREAS, based on its review and through its negotiations with the Owner and the new owner, the Agency has determined that these conditions will be met.

NOW THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 11th day of October, 2018, as follows:

Section 1. Staff is authorized to take the following actions regarding the Project and to do all things necessary to effect the referenced mortgage refinancing, subject to the Agency accepting a prepayment of the Agency's mortgage loan (outstanding principal \$1,496,938) with an additional payment of \$503,210 for lost economic value.

Section 2. As a condition of the sale and prepayment of the Agency's mortgage, new owner must agree to enter into an extended use agreement, to retain the Project in the Section 8 portfolio to the maximum extent possible and to extend the affordability period for the Project for 30 years.

Section 3. Staff is further directed to ensure receipt of all necessary HUD approvals of the transaction.

Section 4. This resolution shall take effect immediately.