

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

Members Present:

- *Mark Schwartz, Acting Chair
- *Maria F. Coutts
- *Kathy Possinger (serving in the stead of
Dennis Davin, Secretary of Department
of Community and Economic Development)
- *Mark Dombrowski
Gary E. Lenker
Ben Laudermilch (serving in the stead of
Teresa Miller, Secretary, Human Services)
- *Ross Nese
- *John P. O'Neill
- *John Paone
- *Keith Welks (serving in the stead of
Joseph Torsella, State Treasurer)

- *On Telephone conference call

Members Absent:

- Robin Wiessmann, Chair
- Ronald F. Croushore
- Jennifer Koppel
- Robert Loughery

Others Present:

- Brian A. Hudson, Executive Director
- Rebecca L. Peace, Deputy Executive Director/Chief Counsel
- Holly Glauser, Director of Development
- Bryce Marezki, 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
- *Nancy Twyman, Director of Eastern Region
- *Ali Tomich, Director of Western 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
- Chris Anderson, Communications Officer
- Stanley Salwocki, Manager of Architecture & Engineering
- Lori Toia, Director, HEMAP
- Diane Hoffman, Manager of Accounting, HEMAP
- Robert Theil, NewCourtland Senior Services
- Jennifer Shockley, Association Manager, Pennsylvania Developers' Council
- 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, November 8, 2018 at 10:30 a.m. at the offices of the Pennsylvania Housing Finance Agency, 211 North Front Street, Harrisburg, Pennsylvania.

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

1. CALL TO ORDER AND ROLL CALL

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

2. APPROVAL OF THE MINUTES FROM THE OCTOBER 11, 2018 BOARD MEETING

There were no additions or corrections to the minutes.

A motion was made and seconded that the minutes from the October 11, 2018 Board meeting be approved as submitted. This motion was unanimously approved.

3. PROGRAM AND DEVELOPMENT REVIEW COMMITTEE REPORT

A. Reallocation of Tax Credits

Mr. Welks, as Chair of the Program and Development Review Committee reported that the Committee met prior to the Board meeting to review a report on reallocation of tax credits. Ms. Glauser presented her report for the Board.

Ms. Glauser stated that under federal law, projects receiving tax credit allocations must meet certain timeframes or lose their allocation of Tax Credits. There are a variety of reasons why projects are unable to meet the timeframes set, but the Agency has the right to consider and approve reallocations of existing Tax Credits. Generally speaking, the reasons for delays are beyond the control of the developer.

There are several projects which may need to avail themselves of the reallocation process. Ms. Glauser noted that the reallocation process will result in no net loss to the Agency in the amount of credits available for allocation, it will simply allow the projects to complete construction and satisfy program deadlines

Ms. Glauser reported that the projects preliminarily identified are Crossroads in Pottstown, Montgomery County; Muncy Green in Muncy, Lycoming County; Oakland Affordable Housing in Pittsburgh, Allegheny County; and Roxbury Apartments in Johnstown, Cambria County.

Mr. Welks reported that the Program and Development Review Committee unanimously approved the resolution authorizing the reallocation of certain Federal Low Income Rental Housing Tax Credit awards. No Board action is required on this action. (See Appendix 1 of these Minutes.)

B. Other Business

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

4. ADDITIONAL VOLUME CAP FOR STATEWIDE MORTGAGE CREDIT CERTIFICATE (MCC) PROGRAM

Ms. Peace briefly reviewed the Mortgage Credit Certificate (MCC) Program. She explained that the program provides a direct limited tax credit to individual homeowners to offset their federal tax liability.

She reported that the Agency is requesting the Board's approval to file an election with the IRS to convert an amount not to exceed \$200,000,000 of mortgage revenue bonds into MCC program authority. This action should result in approximately \$50,000,000 in MCC authority to subsidize approximately 400 mortgage loans.

Mr. Paone asked how this program is being advertised. Ms. Peace reported that it is highlighted on the Agency's website and is also advertised through realtors who work with prospective homebuyers. She noted that PHFA administers this program through the mortgage lenders in its network, so they are well aware of its existence.

There being no further questions from the Board, Mr. Lenker made the motion that the Board approve the resolution authorizing the conversion of housing related bond volume cap allocation into the statewide Mortgage Credit Certificate Program. This motion was seconded by Ms. Possinger and was unanimously approved. (See Appendix 2 of these Minutes.)

5. HEMAP COMMITTEE REPORT

Mr. Paone, as Chair of the HEMAP Committee reported that the Committee met jointly with the Audit Committee to review the HEMAP financial statements. The auditors for the HEMAP, Mitchell Titus, reported no significant findings in connection with the audit.

Mr. Paone reported that the Committee recommends acceptance of the auditor's report on the HEMAP financial statements as presented.

Mr. Schwartz noted that the HEMAP has enough money to possibly operate at least through the end of next year. Mr. Hudson added that based on the current volume of applications, it is possible the program could operate several more years.

6. **AUDIT COMMITTEE REPORT**

Ms. Possinger, as Chair of the Audit Committee reported that the Committee met jointly with the HEMAP Committee to review the HEMAP financial statements. The Committee also received a presentation by the Agency's auditors, KPMG. She reported that KPMG reported that the Agency's audit was a "clean audit" with no findings of any significance noted.

Ms. Possinger reported that the Audit Committee recommends that the Board accept both the HEMAP and Agency financial statements and reports as presented. This motion was seconded and unanimously approved.

Mr. Schwartz reported that the financial statements for the HEMAP and Agency will be reviewed in greater detail by Mr. Hudson at the December 12 policy meeting.

7. **OTHER BUSINESS**

A. **PHFA December Meetings**

Mr. Hudson reported that the all-day policy meeting will be held on Wednesday, December 12 beginning at 9:00 a.m. The Board meeting will be held on Thursday, December 13 at a time yet to be determined. Board members will be notified of the start time as soon as possible.

B. **Update on Elections**

Mr. Hudson reported that based on yesterday's mid-term election, only three members of the Pennsylvania Delegation in the U. S. Congress remain in office since the 111th Congress began in January 2009. Currently there are 51 Republicans, 44 Democrats, 2 Independents and 3 seats yet to be declared in the U. S. Senate. In the House, the split is 223 Democrats, 197 Republicans and 15 sets yet to be declared.

In the Pennsylvania Senate there are currently 29 Democrats and 21 Republicans. The House currently has 110 Republicans, 92 Democrats and 1 vacant seat.

Mr. Hudson reported that the National Council of State Housing Agencies (NCSHA) has issued a report on the effects the election may have on HFA's in general nationwide. Mr. Hudson instructed the Secretary to send a copy of this report to all Board members.

8. **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 next regularly scheduled meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held on Thursday, December 13, 2018 at a time to be determined.

Respectfully submitted,

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

Carrie M. Barnes
Secretary

**RESOLUTION OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
APPROVING THE REALLOCATION OF CERTAIN FEDERAL LOW INCOME RENTAL
HOUSING TAX CREDIT ALLOCATIONS**

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, pursuant to Executive Order 87-9, the Agency is designated as the tax credit allocating agency of the Commonwealth of Pennsylvania; and

WHEREAS, pursuant to Section 42(m) of the Internal Revenue Code of 1986, as amended, (the "Code"), the Agency adopted an allocation plan authorizing the Low Income Housing Tax Credit Program (the "Tax Credit Program") sought and received approval by the Governor of the Year 2017/2018 Tax Credit Program Allocation Plan ("Year 2017/2018 Plan"), made the Year 2017/2018 Plan and applications available to interested applicants, considered applications and awarded Tax Credits to qualified developers; and

WHEREAS, in approving the Year 2017/2018 Plan, the Board of the Agency reserved the right for the Agency, through review and approval of a committee of the Board, to provide a reallocation process for projects which, due to compelling circumstances beyond their control, are not able to meet the Tax Credit Program placed in service deadlines; and

WHEREAS, the Program and Development Review Committee of the Agency ("PDR Committee") has undertaken such reviews on behalf of the Agency; and

WHEREAS, staff has reviewed with the PDR Committee a number of projects which meet these circumstances and has recommended approval of these requests for reallocations;

NOW THEREFORE, be it resolved by the PDR Committee, on behalf of the Board of the Pennsylvania Housing Finance Agency on the 8th day of November, 2018, as follows:

Section 1. The PDR Committee has reviewed and approved four projects seeking a reallocation of Tax Credits due to compelling circumstances to allow them to meet the placed in service requirements as follows:

- Crossroads - Pottstown, Montgomery County (Availability of utilities)
- Muncy Greene – Muncy, Lycoming County (Earthwork delays and weather)
- Oakland Affordable Housing – Pittsburgh, Allegheny County (Unsuitable soils and weather)
- Roxbury Apartments – Johnstown, Blair County (Unsuitable soils and weather)

Section 2. Staff is authorized and directed to take all steps to effectuate the reallocations of Tax Credit allocations.

Section 3. This Resolution shall take effect immediately.

RESOLUTION OF THE MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
AUTHORIZING CONVERSION OF HOUSING RELATED BOND VOLUME CAP ALLOCATION
AND RELATED MATTERS FOR THE IMPLEMENTATION AND ADMINISTRATION OF A
STATEWIDE MORTGAGE CREDIT CERTIFICATE PROGRAM

WHEREAS, the Pennsylvania Housing Finance Agency (the "Agency" or "PHFA") exists and operates by virtue of the housing finance law (1959, Dec. 3, P.L. 1688, as amended; 35 P.S. Sections 1680.101 *et seq.*) (hereinafter, the "Act"); and

WHEREAS, the Agency has available statewide bond volume cap ("Volume Cap") available for the purpose of issuing mortgage revenue bonds or mortgage credit certificates in accordance with federal tax law; and

WHEREAS, subject to and in accordance with the applicable provision of federal tax law, qualified issuers may elect to convert Volume Cap into authority to issue "mortgage credit certificates" ("MCCs"), which may be used in connection with loans to qualified homebuyers throughout the Commonwealth as a direct credit against household tax liability; and

WHEREAS, the Agency has now determined that it is desirable to convert available Volume Cap for the administration of its statewide mortgage credit certificate ("MCC") program for 2019 and to establish a maximum credit percentage for eligible borrowers not to exceed the maximum amount eligible under federal tax law; and

WHEREAS, this conversion of approximately \$200,000,000 in volume cap will result in an aggregate amount of approximately \$50,000,000 of MCC authority to be issued as tax credits to homebuyers.

NOW, THEREFORE, BE IT RESOLVED, THIS 8th DAY OF NOVEMBER, 2018, BY THE MEMBERS OF THE PENNSYLVANIA HOUSING FINANCE AGENCY AS FOLLOWS:

Section 1. The Agency hereby elects to convert into authority to issue mortgage credit certificates approximately \$200,000,000 in Volume Cap.

Section 2. Staff is authorized and directed to take all necessary actions to administer and maintain an effective mortgage credit certificate program and to take all requisite actions required by federal and state law relating thereto, including all necessary state authorizations and approvals, all public notices and public hearings required by federal tax law and all necessary federal tax filings.

Section 3. This resolution shall take effect immediately.