

**Pennsylvania Housing Finance Agency
Meeting of the Board
April 11, 2019**

Members Present:

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

*On Telephone conference call

Members Absent:

Robert Loughery

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
- Carl Dudeck, Director of Housing Management
- Kathryn Newton, Director of Loan Servicing
- Coleen Baumert, Director of Homeownership
- Scott Elliott, Director of Communications
- *Ali Tomich, Director of Western Region
- *Nancy Twyman, Director of Eastern Region
- Jordan Laird, Director of Finance
- John Zapotocky, Director of Accounting
- Melissa Grover, Director of Government Affairs
- Charlotte Folmer, Executive Director, Commonwealth Cornerstone Group
- Terri Redmond, Director of Counseling
- Steven O'Neill, Assistant Counsel
- David Doray, Manager of Multifamily Underwriting
- Clay Lambert, Business Policy Officer
- Ray Carey, Policy Associate
- Stanley Salwocki, Manager of Architecture & Engineering
- Gail Shull, Senior Development Officer
- Beth Silvick, Senior Development Officer

Lynette Davenport, Development Officer
Sherry Pates, Development Officer
Yashira Cruz, Development Officer
*Alan Flannigan, Department of Banking and Securities
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, April 11, 2019 at 10:30 a.m. at the offices of the Pennsylvania Housing Finance Agency, 211 North Front Street, Harrisburg, Pennsylvania.

In compliance with the provisions of the Sunshine Act, notification of this meeting appeared in the Legal Notices Section of *The Patriot News* in Harrisburg, Dauphin County on March 10, 2019.

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.

2. APPROVAL OF THE MINUTES FROM THE MARCH 14, 2019 BOARD MEETING

There were no additions or corrections to the minutes as presented.

Mr. Lenker made a motion was made that the minutes from the March 14, 2019 Board meeting be approved. This motion was seconded and 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 to discuss and review the following item.

A. 2018 Low Income Housing Tax Credit Projects – Conditional Loan Commitments, Allocation of Additional Resources and Request for Waiver

Ms. Glauser reported that staff is requesting the Board's approval of the conditional loan commitment for four projects which are expected to close in the next few months. They include Carlisle Veterans in Carlisle, Cumberland County; Hamburg School in Hamburg, Berks County; Mellon's Orchard Apartments in Pittsburgh, Allegheny County; and Simpson Gardens II in Lansdowne, Delaware County. She briefly reviewed each of the projects for the Board.

Ms. Glauser then reported that staff is requesting the Board's approval to award additional tax credits to certain multifamily projects which have encountered increases in development costs primarily due to construction cost increases. The projects have requested additional PHARE funds to fill the financing gaps caused by

these increases. Staff has evaluated this issue and is suggesting that since the PHARE funds are very limited, utilizing tax credits to fill the gaps would be a better solution to the problem.

Ms. Glauser reported that there are a number of developments which have requested an additional five percent increase in their initial tax credit allocation which is permitted under the current Allocation Plan. She noted that staff has the authority to issue the additional five percent; however some of the requests exceed the five percent increase. Staff is requesting that the Board waive the five percent tax credit reservation to developments requesting additional tax credits so that they might proceed to closing. She stated that they have demonstrated the ability to close if the additional funds are approved. Developments which received the maximum allowable under the Allocation Plan of \$1,200,000 would only be eligible to receive an increased allocation of \$60,000.

Staff recommends approval of these requests.

Mr. Welks reported that the Program and Development Review Committee discussed these requests and recommends approval.

Mr. Welks made motion that the Board approve the resolution approving mortgage financing, additional resources and adjustments for certain 2018 tax credit projects. The motion was seconded by Mr. Schwartz and was unanimously approved. (See Appendix 1 of these Minutes.)

B. Other Business

Mr. Welks reported that there was no other Committee business to be brought before the Board.

4. CONDITIONAL RESERVATION OF TAX EXEMPT BOND ALLOCATION AND PHARE FUNDS

Ms. Glauser reported that the Agency is being requested to provide a commitment for the issuance of tax exempt private activity bonds not to exceed \$30,000,000 and to reserve funding from the PHARE program to support the development in the maximum amount of \$1,500,000 for the City's Edge Apartments project located in the City of Pittsburgh, Allegheny County. This development will be the residential portion of a larger redevelopment plan which will also include commercial redevelopment. It is anticipated that New Market Tax Credits will also be awarded to this project and the developer currently has funding in place with the City of Pittsburgh, as well as various other sources.

Staff is requesting Board approval of the resolution requesting the conditional reservation of a tax exempt bond allocation and reservation of PHARE funds for City's Edge Apartments.

Mr. Welks reported that the Program and Development Review Committee reviewed and discussed this item and recommends approval to the Board.

Mr. Welks made the motion that the Board approve the resolution relating to the issuance of housing related bond and other resources for City's Edge Apartments. The motion was seconded and unanimously approved. (See Appendix 2 of these Minutes.)

5. OTHER BUSINESS

A. PHFA Housing Forum

Mr. Hudson reported that PHFA's Housing Forum is scheduled for May 8 and 9, 2019 at the Harrisburg Hilton. Any Board member who would like to attend should contact the Secretary or Scott Elliott, PHFA's Director of Communications as soon as possible.

B. PHFA'S BOARD MEETINGS

Mr. Hudson stated that the PHFA Board meeting scheduled for May 9 has been cancelled.

The June meeting has been rescheduled to June 20, one week later than the normal schedule. He reported that this will be an in-person meeting and he encouraged Board members to make every effort to attend.

C. TAX LEGISLATION

Chair Wiessmann asked for an update on tax legislation.

Mr. Hudson reported that the Agency is actively following the tax legislation process. He specifically noted the RTT legislation and reported that the Agency is hoping for an increase of funding for this program which is now capped at \$25,000,000. He noted that there are a number of bills being proposed regarding tax legislation and the Agency is keeping a close watch on them as they may affect the Agency.

Mr. Schwartz stated that it is important that staff keep the Board informed of any tax legislation that may directly affect the Agency. Mr. Hudson reported that the Board will be kept informed.

Mr. Hudson and Ms. Grover will be meeting with the members of the Pennsylvania Delegation in Washington next week at NCSHA Legislative Conference

and will certainly bring up this issue and express the Agency's position. They intend to lobby for an increase in Low Income Housing Tax Credits.

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 adjourned at 10:55 a.m.

The next monthly meeting of the Members of the Board of the Pennsylvania Housing Finance Agency will be held at the Agency on Thursday, June 20, 2019 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 MEMBERS OF THE BOARD
OF THE PENNSYLVANIA HOUSING FINANCE AGENCY
APPROVING MORTGAGE FINANCING AND ADDITIONAL RESOURCES AND
ADJUSTMENTS FOR CERTAIN 2018 TAX CREDIT PROJECTS**

WHEREAS, the Agency is currently reviewing certain 2018 Tax Credit projects and is working with projects to provide appropriate financial resources to achieve financial feasibility given increased costs and lack of adequate funding to meet closing conditions; and

WHEREAS, staff has reviewed requests for first mortgage financing as described below for the following four projects, expected to close within the next few months:

Carlisle Veterans (Carlisle, Cumberland County); \$1.350MM (35 years at 5.75%)
Hamburg School (Hamburg, Berks County); \$1.440MM (35 years at 5.75%)
Mellon's Orchard Apartments (Pittsburgh, Allegheny County); \$1.50MM (30 years at 5.375%)
Simpson Gardens II (Landowne, Delaware County);- \$842,000 (30 years at 5.375%);

WHEREAS, based upon its underwriting, staff recommends that the Agency provide financing to the projects as set forth above (subject to final underwriting and satisfaction of all closing conditions); and

WHEREAS, the Agency has worked with 2018 Tax Credit projects seeking additional resources to achieve closing and has determined to provide additional tax credits to satisfy funding gaps to the extent possible so as to preserve other financial resources.

NOW, THEREFORE, be it resolved by the Members of the Board of the Pennsylvania Housing Finance Agency on this 11th day of April, 2019, as follows:

Section 1. Staff is authorized and directed to take all actions necessary to provide construction and permanent mortgage loan financing to support the projects as outlined in the preamble: Carlisle Veterans, Hamburg School, Mellon's Orchard Apartments and Simpson Gardens II, in the maximum amounts and rates set forth above (which may be increased by 15% as a contingency allowance based on final underwriting of both supportable debt amount and interest rate) subject to the following conditions: (a) agreement to all terms of a regulatory agreement that establishes affordability restrictions on the project for the financing period; (b) commitment of all other necessary funding sources set forth in the underwriting and financing plan and necessary for financial feasibility; and (c) the Agency's final review and approval of the necessary financing documents and closing requirements.

Section 2. The Board hereby waives provisions of the 2019-2020 Allocation Plan limiting to 5% the amount of additional tax credits available to a project seeking additional tax credits to the extent necessary for project feasibility, in an amount not to exceed the maximum basis limitation, subject to the following conditions: evidence of a minimum commitment of 25% of the developer fee to be reinvested to support the project and commitment from investors to purchase the additional tax credits.

Section 3. This resolution shall take effect immediately.

**RESOLUTION OF THE MEMBERS OF THE
PENNSYLVANIA HOUSING FINANCE AGENCY
FOR MATTERS RELATING TO THE ISSUANCE OF HOUSING RELATED BONDS AND
RESOURCES FOR CITY'S EDGE APARTMENTS**

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

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

WHEREAS, Applicant, City's Edge Apartments Limited Partnership, has requested the Agency to issue Tax Exempt Bonds for a residential rental facility in Pittsburgh, Allegheny County known as City's Edge Apartments for the construction and permanent financing of the project; and

WHEREAS, the Agency has determined to provide a conditional commitment to issue tax exempt private activity bonds not to exceed \$30,000,000 for City's Edge Apartments and preliminary reservation of certain funds to support the project through the Agency's PHARE program, subject to satisfaction of certain conditions set forth below, subject to completion of all underwriting and due diligence and compliance with all applicable program requirements.

NOW THEREFORE, be it resolved by the members of the Pennsylvania Housing Finance Agency on this 11th day of April, 2019, as follows:

Section 1. Staff is hereby authorized to take all necessary actions to provide a conditional commitment for the issuance of tax exempt private activity bonds not to exceed \$30,000,000 (which includes a contingency amount) for the financing of City's Edge Apartments subject to the following conditions: a.) submission, review and approval of all documentation necessary to secure construction and permanent loan financing; b.) satisfactory evidence that all qualifications relating to Section 42 of the Code and all applicable requirements of the Tax Credit Program have been met; c.) satisfactory evidence that all conditions and qualifications relating to Sections 103 and 142 (and related sections) of the Code have been met; d.) compliance with the timeframes and deadlines established by the Agency for timely closing of the bond financing; e.) evidence of the commitment of construction and permanent financing in an amount sufficient to ensure financial feasibility of the project; f.) 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; g.) contribution of equity in an amount sufficient to ensure the financial feasibility of the development; h.) evidence of the satisfaction of all PHARE and financing program requirements; i.) submission, review and approval of the final terms and conditions for the syndication of the low income housing tax credits; j.) final underwriting of the application for tax-exempt bond financing, low income housing tax credits and PHARE funding; k.) evidence of appropriate documents reflecting the final approval of all necessary financing documents from all other funding sources; and l.) evidence of appropriate documents reflecting the necessary approvals from HUD, as applicable.

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.

Section 3. This resolution shall be effective immediately.