

LOAN COMMITTEE MEETING
July 21, 2016

PRESENT: Jerry Austin, Commercial Industrial Appraisal Services; Tom Hoover, York County Controller's Office; Heather Kreiger, ROCK Commercial Real Estate; Bill Koons, Presbyterian Senior Living; Mark Shea, Area Agency on Aging; Bruce Rebert, Chairman;

ABSENT: Felicia Dell, York County Board of Commissioners; Fiona Eyster, York Traditions Bank; Amy Hampson, HealthChoices Management Unit; Jessica Mockabee, York County Human Services

STAFF: Dory Brannon, Housing Chief; Michelle Trout, Development Specialist

SOLICITOR: Kurt Blake, Esquire

VISITOR: Debbie Loucks, York Area Development Corporation

Call to Order

Bruce Rebert called the meeting to order at 10:00 a.m.

Approval of Minutes

Bill Koons made a motion to approve the meeting minutes for June 2016. The motion was seconded by Jerry Austin and carried unanimously.

Executive Session

The Loan Committee called an Executive Session to review and discuss the revised plans and specifications and development budget received from the York Area Development Corporation (YADC) for the proposed 219-227 ½ Baltimore Street project in Hanover. The executive session began at 10:05 a.m. and ended at 10:30 a.m.

219 Baltimore Street

Debbie Loucks of YADC confirmed that they have obtained site control of the property at 227 ½ Baltimore Street. She reviewed Hanover Borough requirements for sprinklers in contiguous units and explained the construction cost challenges that resulted in the revised plans showing modular construction of 3-bedroom, 1 ½ bath townhomes instead of the originally-planned stick built construction of 4-bedroom, 2 bath townhomes. She answered some questions and advised that the plans were not final and that YADC is scheduling a neighborhood meeting to invite public comment before the final plans will be submitted for borough approval.

Dory Brannon reviewed the Loan Committee's suggestion to allow YADC the option to retain the sale proceeds from each homebuyer unit as CHDO proceeds instead of being applied to program income for the County. 10% of the proceeds could be used for CHDO operating expenses and the remaining proceeds would be set-aside for future low income housing projects. Proceeds will be required to be maintained in a separate escrow account and any proposed projects will be subject to review and approval by the County before funds may be used.

Dory explained that homebuyers for the new units would need to be income-qualified at or below 80% of area median income. Therefore, the homes would need to be priced around \$110,000-125,000 to avoid the need for excessive direct buyer subsidy in the form of a second soft mortgage held by the County. Direct buyer subsidy is required when the appraised value of the property exceeds the amount of primary mortgage that would be considered affordable for the homebuyer.

Heather Kreiger shared the preliminary results of her market assessment that showed existing similarly-sized homes in the area were sold in the \$95,000 range on average, but confirmed that new construction will justify a higher sale price.

Discussion ensued about the enthusiastic municipal support for the project, which includes removal of a long-term blighted commercial property and a deteriorated residential property, while providing new, affordable homeownership opportunities in Hanover Borough.

Jerry Austin made a motion to approve the application for funding of the project at 219-227 ½ Baltimore Street in Hanover. The motion was seconded by Tom Hoover and carried unanimously.

Bruce Rebert thanked Ms. Loucks for the new information and she exited the meeting.

M'Calister Inn

Dory Brannon advised that M'Calister Inn is awaiting approval of its application for CDBG and NSP funds to replace its elevators. Housing Division staff will be involved in the entire process. She also advised that the property is still listed for sale and the commercial spaces have been filled, with the exception of the diner.

Proposed sale of PFG/TCB Portfolios

Dory Brannon reported that she has been in contact with Harvey Theimann from WODA and he advised that they are making an offer for the purchase of the entire PFG and TCB portfolios. The County expects to hear more about the proposed transaction in coming weeks.

Habitat Veterans Build

Dory Brannon reported that staff recently learned that Habitat for Humanity began construction on the VA build before meeting the commitment letter conditions or the execution of a HOME Agreement, Mortgage and Note. County staff met with Habitat executives this week and explained the commitment violations. Habitat requested that staff ask HUD make an exception and allow the County to proceed with the funding if they promise to halt the work until all the commitment conditions are met. Staff advised that it is unlikely that HUD will approve such a request since the County was not provided the opportunity to approve the plans and specifications prior to commencement of the work and had no construction oversight while the building was being framed out and put under roof. Therefore, County will most likely withdraw this commitment of funds. Staff encouraged Habitat to apply for funding on another project in the future now that they have a better understanding of the federal requirements.

Other Business:

Dory advised that Housing Development Corp. (HDC) inquired about submitting an application for HOME funds to support the development of a 60-unit work force housing project in York Township. They intend to submit an application for tax credits from PHFA in the January 2017 round.

Adjournment

Jerry Austin made a motion to adjourn the meeting at 11:09 a.m. The motion was seconded by Bill Koons and carried unanimously.