

**LOAN COMMITTEE MEETING**  
**July 20, 2017**

**PRESENT:** Jerry Austin, Commercial Industrial Appraisal Services; Felicia Dell, York County Board of Commissioners; Fiona Eyster, York Traditions Bank; Bill Koons, Presbyterian Senior Living; Jessica Mockabee, York County Human Services; Bruce Rebert, Chairman; Mark Shea, Area Agency on Aging; Jessica VanSickle, York County Controller's Office

**ABSENT:** Amy Hampson, HealthChoices Management Unit; Heather Kreiger, ROCK Commercial Real Estate

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

**SOLICITOR:** Kurt Blake, Esquire

**Call to Order**

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

**Approval of Minutes**

Fiona Eyster made a motion to approve the meeting minutes for May 2017. The motion was seconded by Jerry Austin and carried unanimously.

**Update on pending sale of Shelter properties**

Dory Brannon reminded the committee that Enterprise is assuming all the existing County debt and affordability restrictions for the three (3) York County Shelter projects. The reaffirmation agreements have been reviewed and approved by County solicitors. Settlement is anticipated in August.

**Update on 219-227 Baltimore Street**

Dory Brannon reported that demolition work is underway. 227 Baltimore Street is down, and 219 Baltimore Street should be done very soon. Some of the materials will be crushed and used for fill. The demolition contractor is responsible for the compaction test before construction of the new homes can begin. The Rehabilitation Specialist has been on site regularly to monitor progress and neighbors have been very cooperative.

**Update on M'Calister Inn**

Dory Brannon reported that the elevator modernization contracts are signed. CDBG staff has drafted a relocation plan that will need to be introduced to the residents within the next few weeks. The work will likely take at least six to eight weeks, so some residents are expected to request relocation assistance. The hope is that they will be able to stay with family or friends temporarily. It will not be necessary for tenants to remove their personal belongings. Work is anticipated to begin mid-September.

Dory also updated the committee on the operating challenges of the property. The County Commissioners are considering a request to subsidize some of the operating costs through 2018 if a recapitalization plan is prepared. She advised that the Housing Authority does not have the staff or the expertise to develop such a plan, so staff has been coordinating with Housing Development Corp. MidAtlantic (HDC MidAtlantic) to draft a plan involving tax-exempt bonds with 4% tax credits from the PA Housing Finance Agency (PHFA), along with other available soft funding sources.

The Department of Community and Economic Development (DCED) has verbally approved the County to use the Brownfields funds being returned as proceeds from the sale of the Kings Mill project for the M'Calister rehabilitation project. DCED also advised the County that Neighborhood Stabilization Program (NSP) funds might be an option for the project.

The property needs rental subsidies to make the recapitalization plan work. The Housing Authority no longer has vouchers to commit to the project; but would be willing to administer any vouchers that may be obtained. The regional HUD representative advised the County to submit a FOIA request to see if any York County organizations have released their project-based vouchers for reassignment, and staff is getting information from PHFA about the possibility of obtaining a few Section 811 vouchers for disabled tenants. The last resort for rental subsidies would be using HOME allocations for a Tenant-Based Rental Assistance (TBRA) program. The drawback for that is that those vouchers are portable and tenants are not required to stay at the M'Calister Inn; they could take them to any rental property that would accept them.

Finally, County staff submitted a "Troubled Property" protocol to HUD, which typically takes quite some time for them to review and approve. In light of the urgent nature of the situation, HUD instead responded with approval of our previously denied request to amend the affordability period in the original loan documents and invest additional HOME funds in the project.

### **Review of Rental Development Applications**

Dory distributed summary information on two rental development applications for discussion and review.

1. Monarch Development Group is requesting gap funding for Sparrows Way, a 23-unit general occupancy, rental townhouse development in Dover Township that will convert to homeownership after 15-20 years, as adjusted to meet HOME Program regulations. The HOME regulations require a 20-year affordability period for new construction. This would mean that if the units were sold at year 15, the HOME affordability requirements would still apply and the units would have to be sold to income-eligible homebuyers. The County would need to monitor this through year 20.

Dory reviewed the financial information and application checklist. The main concerns are that the partnership has not yet been formed, they have not yet secured other financing, a market study was not provided, and there is a consent agreement in place that requires that DEP approve requests for any new sewer EDU's in the township.

Monarch is proposing no payments on the loan during the affordability period, but a portion of the proceeds from each sale during the homeownership conversion period. Discussion ensued about recapture options that would meet County needs, without imposing a financial burden on the project during the rental period.

Monarch is offering eleven (11) HOME units or less due to the HOME program requirement for projects with 12 or more HOME units to meet Davis Bacon labor standards. Using these standards would increase construction costs and reduce scoring on the PHFA application for tax credits. The units will likely be "floating units", which presents monitoring challenges because property managers will have to maintain the proper unit mix throughout the affordability period.

2. WODA Development Group is requesting gap funding for a 42-unit general occupancy, rental townhouse development in Springettsbury Township. There is a re-zoning request pending from commercial highway to residential. The site is currently land-locked, so the senior planner for the Planning Commission feels that it will be approved. WODA is offering six (6) HOME units, but staff recommended that the loan committee require at least eleven (11). The partnership structure is pending state approval and staff is awaiting the environmental report and some missing information from the application. There are several existing affordable housing communities within a two-mile radius of the proposed project, and the County is concerned about the new community causing

vacancy issues at the others. This may be a factor in the PHFA review as well since those existing projects are also funded with low-income housing tax credits.

Dory reviewed the debt service and repayment options for each project. There was a discussion about the increased construction costs for tax credit housing in comparison to market rate housing, which is primarily due to the environmental and energy efficient building requirements for federal housing.

### **Other Business**

Available funds: Dory updated the loan committee on the allocations available through the 2017 grant year and reminded the committee that HUD waived the commitment deadlines for the next two years. Currently under consideration are the two proposed rental developments, the M'Calister Inn rehabilitation, and at least one or two additional homebuyer development applications expected from York Area Development Corp. (YADC) when site control is secured. She advised that the County may also need to set aside some HOME funding for a Tenant Based Rental (TBRA) Program for the M'Calister Inn if staff is unable to secure other rental subsidies from HUD or PHFA. She reported that the Community Development Division is setting aside some of the CDBG funds for housing in their three-year funding plan. This will allow the County to assist some of its aging properties that need rehabilitation work, but are still in the original affordability period and therefore not eligible for additional HOME funding.

### **Adjournment**

Fiona Eyster made a motion to adjourn the meeting at 11:00 a.m. The motion was seconded by Mark Shea and carried unanimously.