

LOAN COMMITTEE MEETING
March 19, 2015

PRESENT: Jerry Austin, Commercial Industrial Appraisal Services; David Cross, Rock Real Estate; Fiona Eyster, York Traditions Bank; Tom Hoover, County Controller's Office; Bruce Rebert, Chairman

ABSENT: Felicia Dell, York County Board of Commissioners; Michelle Hovis, Health Choice Management; Bill Koons, Presbyterian Senior Living; Jessica Mockabee, Human Services; Mark Shea, Agency on Aging

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

SOLICITOR: Kurt Blake, Esquire

Call to Order

Bruce Rebert called the meeting to order at 10:07 a.m.

Approval of Minutes

David Cross made a motion to approve the meeting minutes for February. The motion was seconded by Jerry Austin and carried unanimously.

Status of Loan Commitment for Shrewsbury Courtyards

At the last meeting, the loan committee approved the application for Shrewsbury Courtyards for a new loan at 0% interest with an initial 15-year affordability period (the HUD affordability period) with equal annual principal payments due during years 1-15 that would result in 50% of the loan being repaid. An additional 15-year extended affordability period (the County affordability period) provides forgiveness of the remaining balance at 1/15th per year over years 16-30, giving us thirty (30) years of affordability. The Owner, Presbyterian Senior Living (PSL) accepted these terms but requested additional security language that would protect them from default in the event that they are unable to make an annual payment in any given year due to an operating account shortfall. Dory reviewed this request with Kurt Blake and he drafted language that would allow up to three (3) inconsecutive deferred annual payments at their discretion, with the condition that the initial affordability period would be extended an equal number of years, and the forgiveness period would not begin until the required principal payments have been collected. This would ultimately give us up to an additional three (3) years of affordability.

Kurt Blake summarized that our goal in requiring a repayment structure on loans going forward is to ensure that this committee and the program advances well beyond future funding limitations. This new philosophy will assist in continuing to provide quality affordable housing, by recovering funds to invest in additional projects.

Discussion ensued about the impact of the old forgivable loan terms and how the new structure will bring money back into the program, while remaining favorable for developers.

Dory requested permission from the loan committee to forgive the balance of the existing debt for Shrewsbury Courtyards and proceed with the commitment letter and preparation of the documents for the new loan.

Fiona Eyster made a motion to forgive the existing debt for Shrewsbury Courtyards and permit staff to issue the new commitment letter and prepare the appropriate documents. The motion was seconded by David Cross and carried unanimously.

Housing Authority Request for additional time to complete HOME Applications

At the last meeting, the loan committee granted a thirty (30) day extension to the Housing Authority to submit the required information needed to complete their applications for Warehouse Apartments and M'Calister Inn. Dory reported that staff met with Craig Zumbrun and his staff from the Housing Authority to review the applications and advise them of our available funding, which is not enough to fund both projects this year. Staff encouraged the Housing Authority to consider Warehouse Apartments as a priority due to the deteriorating condition of the property and the fact that the project is out of its affordability period. After the meeting, Craig shared the information with his financial consultant, Roy Diamond, who called Dory to review. Mr. Diamond advised that his recommendation may be to focus on the more urgent need, Warehouse Apartments and to perhaps revisit the acquisition and rehabilitation of the M'Calister Inn at a future time. This recommendation must be presented to the boards of the York Housing Authority and Creating Opportunities in Neighborhood Environments (CONE). Therefore, he did not feel that they would be able to meet the thirty (30) day deadline that expires next week. He requested that we ask permission from the loan committee to hold the application until a board decision is made. If they choose to proceed, the Housing Authority will resubmit a complete application.

Dory reminded the group that the ultimate goal for the Housing Authority was to acquire both properties in order to make it financially feasible to employ full time staff in the Hanover area. They currently have some scattered sites that require staff to travel from York to Hanover for repairs, which is counter-productive to their operations. Unfortunately, the boards may not feel that Warehouse Apartments will provide sufficient units to justify more staff. We suggested that they acquire both properties and delay the rehabilitation of M'Calister Inn for a few years, but Roy Diamond advised that there are some needed repairs that cannot be delayed and would be too costly for the Housing Authority to make on their own.

Jerry Austin made a motion to approve the Housing Authority request for an additional extension of thirty (30) days from the date of the last board meeting to submit a complete application. The motion was seconded by Fiona Eyster and carried unanimously.

Other Business:

1. Dory reported that the affordability period for Warehouse Apartments ended on March 17th and the balance of the loan is now due and payable. She requested permission to have Kurt Blake draft a letter to the Owner to advise him of the end of the affordability period and subsequent repayment requirements.

David Cross made a motion for Kurt Blake to draft a diplomatic letter to the Owner of the Warehouse Apartments regarding the end of affordability and repayment requirements of the loan. The motion was seconded by Jerry Austin and carried unanimously.

2. David Cross advised the loan committee that he serves on the development committee for the YMCA, the current owner of the M'Calister Inn. He expressed concern that they may not be aware of the current situation with the Housing Authority. He does not believe they have another plan in place because they have been operating under the assumption that the Housing Authority deal was a firm commitment.

Dory advised that regardless of who acquires it, the property has an existing loan and affordability period, so we would need permission from HUD to amend the existing agreement to allow a separation of the HUD-required affordability period and the County-required affordability period before we can invest any new funds there.

3. Dory reported that she met with a Lancaster-based developer recently who is interested in becoming a York County/York City CHDO. She mentioned several properties to them as possible development opportunities, including the M'Calister Inn and 219 Baltimore Street. They are interested in exploring options in both the County and the City in hopes of submitting tax credit applications in January 2016.

Adjournment

Jerry Austin made a motion to adjourn the meeting at 10:32 a.m. The motion was seconded by Tom Hoover and carried unanimously.