

PHILADELPHIA REDEVELOPMENT AUTHORITY

**1234 MARKET STREET, 16TH FLOOR
PHILADELPHIA, PA 19107**

**BOARD MEETING
WEDNESDAY, NOVEMBER 04, 2020**

**Executive Session – 3:30 P.M.
Open Session – 4:00 P.M.**

ADD-ON AGENDA

IV. <u>ADD ON ITEM</u>	<u>PAGE</u>
Amendment to Resolution No. 2020-25, Adopted May 13, 2020 Approval of Nonrecourse Loan to Philadelphia Accelerator Fund	(1)



BOARD FACTSHEET

Meeting of November 4, 2020

Amendment to Resolution No. 2020-25, Adopted May 13, 2020

Approval of Nonrecourse Loan to Philadelphia Accelerator Fund

NAME OF BORROWER/APPLICANT: Philadelphia Accelerator Fund, a Pennsylvania domestic nonprofit corporation ("Borrower")

BACKGROUND: The need for Borrower came out of the City of Philadelphia's ("City") Housing Action Plan, which recommends:

"Establish a Housing Accelerator Fund to preserve affordable housing: Create a new fund to finance the acquisition and rehabilitation of affordable housing and to provide working capital for Low-Income Housing Tax Credit (LIHTC) projects. Local housing dollars will provide a one-time capital infusion, leveraging it to attract social impact capital and program-related investment dollars with the goal of achieving a leverage ratio of 10 to 1. Developers will benefit from longer terms and higher loan-to-value ratios than the market provides."

Borrower was incorporated as a Pennsylvania nonprofit corporation in October, 2019, with the mission to support the production and preservation of affordable housing and community development projects in the City to benefit low-income people and/or low-income communities.

Borrower has a thirteen (13) member board that includes five (5) public-sector positions and eight (8) private-sector members. PHDC staff is managing the affairs of Borrower under a Memorandum of Understanding ("MOU") until it is ready to apply to U.S. Department of Treasury, CDFI Fund, to become a Community Development Financial Institution ("CDFI"). A majority of Borrower's board members are non-government employees in-part to ensure eligibility for CDFI certification.

TRANSACTION:

Nature of Transaction: By Resolution No. 2020-25, adopted May 13, 2020, the Board authorized the Authority to provide a loan in an amount not to exceed Eight Million Dollars (\$8,000,000) (the "**Authority Loan**") to Borrower for the purpose of leveraging private capital that will be used to invest in producing and/or preserving affordable housing projects in the City. Specifically, the proceeds of the Authority Loan will be used by Borrower for the purposes of establishing a loan-loss reserve, providing guarantees, and/or to satisfy liquidity covenants.

Today, the Board is being asked to increase the principal amount of the Authority Loan by an additional One Million Dollars (\$1,000,000) such that the total amount of the Authority Loan shall be in an amount not to exceed Nine Million Dollars (\$9,000,000).

Because the Authority Loan documents have not yet been finalized and executed, the Board is requested to authorize an amendment to Resolution No. 2020-25, adopted on May 13, 2020, providing that the principal amount of the Authority Loan shall be increased to an amount not to exceed Nine Million Dollars (\$9,000,000). All other terms of Resolution No. 2020-25, adopted on May 13, 2020, not specifically amended herein shall continue in full force and effect.

Proposed Resolution is attached.

Prepared by: Ryan Harmon
Reviewed by: Gregory Heller

RESOLUTION NO.

(Amending Resolution No. 2020-25, adopted May 13, 2020)

RESOLUTION AUTHORIZING AN AMENDMENT TO RESOLUTION NO. 2020-25, ADOPTED ON MAY 13, 2020, PROVIDING THAT THE PRINCIPAL AMOUNT OF THE PHILADELPHIA REDEVELOPMENT AUTHORITY LOAN TO PHILADELPHIA ACCELERATOR FUND SHALL BE INCREASED TO AN AMOUNT NOT TO EXCEED NINE MILLION DOLLARS (\$9,000,000)

WHEREAS, pursuant to Resolution No. 2020-25, adopted May 13, 2020, the Philadelphia Redevelopment Authority ("Authority") Board authorized the Authority to provide a loan in an amount not to exceed Eight Million Dollars (\$8,000,000) (the "Authority Loan") to Philadelphia Accelerator Fund ("Borrower"), a Pennsylvania domestic nonprofit corporation, for the purpose of leveraging private capital that will be used to invest in producing and/or preserving affordable housing projects in the City of Philadelphia (the "City").

WHEREAS, Borrower has requested that the Authority increase the principal amount of the Authority Loan by an additional One Million Dollars (\$1,000,000), such that the total amount of the Authority Loan shall be in an amount not to exceed Nine Million Dollars (\$9,000,000).

WHEREAS, because the Authority Loan documents have not yet been finalized and executed, the Board is requested to authorize an amendment to Resolution No. 2020-25, adopted on May 13, 2020, providing that the principal amount of the Authority Loan shall be increased to an amount not to exceed Nine Million Dollars (\$9,000,000).

WHEREAS, the Authority has carefully considered this request and the factors giving rise thereto.

NOW THEREFORE, BE IT RESOLVED by the Philadelphia Redevelopment Authority that authorization is hereby given to amend the term of the Authority Loan as follows:

1. Increase the principal amount of the Authority Loan by an additional One Million Dollars (\$1,000,000), such that the total amount of the Authority Loan shall be in an amount not to exceed Nine Million Dollars (\$9,000,000).

All other terms of the Authority Loan as previously approved by Resolution No. 2020-25, adopted May 13, 2020, shall remain unchanged.

FURTHER AUTHORIZING, the preparation, execution, and delivery of all documentation necessary to carry out the foregoing in form and substance acceptable to the Executive Director and General Counsel.

FURTHER AUTHORIZING, that the Executive Director, with the advice of General Counsel, may allow modifications to the Resolution necessary or desirable to carry out its purposes and intents.