

PHILADELPHIA REDEVELOPMENT AUTHORITY

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

**BOARD MEETING
WEDNESDAY, FEBRUARY 10, 2021**

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

ADD-ON AGENDA

V.	<u>ADD ON ITEM</u>	<u>PAGE</u>
	Modifications to (i) \$380,000 Non-Revolution Line of Credit Loan to Impact Loan Fund, Inc., and (ii) \$600,000 Non-Revolution Line of Credit Loan to Impact Loan Fund, Inc.	(1)



BOARD FACTSHEET

Meeting of February 10, 2021

Small Landlord Loan Program

Modifications to (i) \$380,000 Non-Revolving Line of Credit Loan to Impact Loan Fund, Inc., and (ii) \$600,000 Non-Revolving Line of Credit Loan to Impact Loan Fund, Inc.

NAME OF BORROWER/APPLICANT: Impact Loan Fund, Inc. ("**Borrower**")

Background: The Philadelphia Redevelopment Authority ("**Authority**") issued a Request for Proposals dated August 30, 2018 (the "Request for Proposals"), seeking qualified financial institutions to provide loans (each, an "**SLLP Loan**", and together, the "**SLLP Loans**") and technical assistance to landlords (each, an "**SLLP Landlord**," and together, the "**SLLP Landlords**") located within the City of Philadelphia (the "**City**") that own a total of ten (10) or fewer units in need of health and/or safety-related repairs (herein, the "**Small Landlord Loan Program**" or "**SLLP**"). Borrower was selected as the most qualified financial institution.

Pursuant to Resolution No. 2019-81, adopted by the Authority Board on November 13, 2019, the Authority made available to Borrower a non-revolving line of credit facility in the maximum principal sum of Three Hundred Eighty Thousand Dollars (\$380,000) ("**First Line of Credit**"), the proceeds of which are to be used for the purpose of providing the SLLP Loans and technical assistance to SLLP Landlords in the City. The loan documents related to the First Line of Credit were executed on April 3, 2020.

Pursuant to Resolution 2020-27, adopted by the Authority Board on May 13, 2020, due to the circumstances surrounding the COVID-19 pandemic and severe economic impact it has had on tenants and landlords in the City, the Authority expanded the SLLP and made available to Borrower an additional non-revolving line of credit facility in the maximum principal sum of Six Hundred Thousand Dollars (\$600,000) ("**Second Line of Credit**"), the proceeds of which are to be used for the purpose of providing loans in the maximum principal amount of Ten Thousand Dollars (\$10,000) (each, an "**SLLP Emergency Loan**", and together, the "**SLLP Emergency Loans**") to landlords located in the City that (i) own a total of fifteen (15) or fewer units, and (ii) are in need of funds to help keep their units and buildings in operation during the COVID-19 pandemic (each, an "**SLLP Burdened Landlord**," and together, the "**SLLP Burdened Landlords**"). The loan documents related to the Second Line of Credit were executed on June 12, 2020.

Nature of Request: Authority staff now seeks authorization to (i) reduce the principal amount of the First Line of Credit by Two Hundred Thousand Dollars (\$200,000) such that the total principal amount now available under the First Line

of Credit is One Hundred Eighty Thousand Dollars (\$180,000), and (ii) increase the principal amount of the Second Line of Credit by Two Hundred Thousand Dollars (\$200,000) such that the total principal amount now available under the Second Line of Credit is Eight Hundred Thousand Dollars (\$800,000), and to make certain other modifications to the Second Line of Credit, only, as follows:

- Extend the "Maturity Date" of the Second Line of Credit Loan to the earlier of (i) seven (7) years from the date the Second Line of Credit was issued (June 12, 2020), or (ii) the full prepayment or maturity of the last outstanding SLLP Emergency Loan issued by Borrower under the Second Line of Credit, unless otherwise terminated in accordance with the Second Line of Credit loan documents (the Second Line of Credit currently has a "Maturity Date" of five (5) years from the date the Second Line of Credit was issued (June 12, 2020)).
- Expand the eligibility of SLLP Burdened Landlords able to receive and SLLP Emergency Loans to those who own no more than thirty (30) units of rental housing in their portfolios and the portfolios of any entities associated with the SLLP Burdened Landlord (the Second Line of Credit currently limits eligibility to SLLP Burdened Landlords (and their associated entities) that own no more than fifteen (15) units).
- Increase the principal amount of SLLP Emergency Loans to Fifteen Thousand Dollars (\$15,000) per SLLP Burdened Landlord (the Second Line of Credit currently limits the principal amount of SLLP Emergency Loans to Ten Thousand Dollars (\$10,000) per SLLP Burdened Landlord).
- Increase the term of each SLLP Emergency Loan to a term that may not exceed sixty (60) months (the Second Line of Credit currently requires that the term of each SLLP Emergency Loan may not exceed forty-eight (48) months).
- Provide that SLLP Emergency Loans do not require repayment for the first nine (9) months of their term (the Second Line of Credit currently does not require repayment of SLLP Emergency Loans for the first six (6) months of their term).
- Extend the time period during which Borrower may originate SLLP Emergency Loans to two (2) years from the date the Second Line of Credit was issued (June 12, 2020) (the Second Line of Credit currently requires that Borrower may only originate SLLP Emergency Loans for one (1) year from the date the Second Line of Credit was issued (June 12, 2020)). Any Second Line of Credit proceeds that have not been used to originate SLLP Emergency Loans shall be due and payable to the Authority within ninety (90) days following the second anniversary of the date the Second Line of Credit was issued (June 12, 2020).

- Convert the Second Line of Credit from non-revolving to revolving such that within two (2) years from the date the Second Line of Credit was issued (June 12, 2020), Borrower may borrow, repay, and re-borrow from the Second Line of Credit (including any proceeds received from previously repaid SLLP Emergency Loans) at any time or from time to time during that two (2) year period or the earlier termination of the Second Line of Credit.
- Require that any SLLP Burdened Landlord have all necessary City tax clearances through the date of receipt of any SLLP Emergency Loan, have an executed lease in place for the unit or units and have a current rental license and commercial activity license.
- Require that Borrower obtain and provide to the Authority a completed Pennsylvania Housing Finance Agency ("PHFA") Tenant Income Certification Form from the tenants of any SLLP Burdened Landlord prior to the issuance of any SLLP Emergency Loan confirming that all units are leased affordable to tenants whose household income does not exceed sixty percent (60%) of Area Median Income ("AMI").

All other terms of the First Line of Credit and Second Line of Credit not specifically modified herein shall continue in full force and effect.

Proposed Resolution is attached.

Prepared by: Ryan Harmon

RESOLUTION NO.

RESOLUTION AUTHORIZING MODIFICATIONS TO (i) \$380,000 NON-REVOLVING LINE OF CREDIT LOAN TO IMPACT LOAN FUND, INC., AND (ii) \$600,000 NON-REVOLVING LINE OF CREDIT LOAN TO IMPACT LOAN FUND, INC.

WHEREAS, the Philadelphia Redevelopment Authority ("Authority") issued a Request for Proposals dated August 30, 2018 (the "Request for Proposals"), seeking qualified financial institutions to provide loans (each, an "SLLP Loan", and together, the "SLLP Loans") and technical assistance to landlords (each, an "SLLP Landlord," and together, the "SLLP Landlords") located within the City of Philadelphia (the "City") that own a total of ten (10) or fewer units in need of health and/or safety-related repairs (herein, the "Small Landlord Loan Program" or "SLLP").

WHEREAS, Impact Loan Fund, Inc. ("Borrower"), was selected as the most qualified financial institution.

WHEREAS, pursuant to Resolution No. 2019-81, adopted by the Authority Board on November 13, 2019, the Authority made available to Borrower a non-revolving line of credit facility in the maximum principal sum of Three Hundred Eighty Thousand Dollars (\$380,000) ("First Line of Credit"), the proceeds of which are to be used for the purpose of providing the SLLP Loans and technical assistance to SLLP Landlords in the City.

WHEREAS, the loan documents related to the First Line of Credit were executed on April 3, 2020.

WHEREAS, pursuant to Resolution 2020-27, adopted by the Authority Board on May 13, 2020, due to the circumstances surrounding the COVID-19 pandemic and severe economic impact it has had on tenants and landlords in the City, the Authority expanded the SLLP and made available to Borrower an additional non-revolving line of credit facility in the maximum principal sum of Six Hundred Thousand Dollars (\$600,000) ("Second Line of Credit"), the proceeds of which are to be used for the purpose of providing loans in the maximum principal amount of Ten Thousand Dollars (\$10,000) (each, an "SLLP Emergency Loan", and together, the "SLLP Emergency Loans") to landlords located in the City that (i) own a total of fifteen (15) or fewer units, and (ii) are in need of funds to help keep their units and buildings in operation during the COVID-19 pandemic (each, an "SLLP Burdened Landlord," and together, the "SLLP Burdened Landlords").

WHEREAS, the loan documents related to the Second Line of Credit were executed on June 12, 2020.

WHEREAS, Authority staff now seeks authorization to (i) reduce the principal amount of the First Line of Credit by Two Hundred Thousand Dollars (\$200,000) such that the total principal amount now available under the First Line of Credit is One Hundred Eighty Thousand Dollars (\$180,000), and (ii) increase the principal amount of the Second Line of Credit by Two Hundred Thousand Dollars (\$200,000) such that the total principal amount now available under

the Second Line of Credit is Eight Hundred Thousand Dollars (\$800,000), and to make certain other modifications to the Second Line of Credit, only, as set forth in the attached Fact Sheet.

WHEREAS, the Authority Board 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 modify the terms of the First Line of Credit and Second Line of Credit as follows:

1. FIRST LINE OF CREDIT MODIFICATIONS:

- The principal amount of the First Line of Credit is authorized to be reduced by Two Hundred Thousand Dollars (\$200,000) such that the total principal amount now available under the First Line of Credit is One Hundred Eighty Thousand Dollars (\$180,000).

2. SECOND LINE OF CREDIT MODIFICATIONS:

- The principal amount of the Second Line of Credit is authorized to be increased by Two Hundred Thousand Dollars (\$200,000) such that the total principal amount now available under the Second Line of Credit is Eight Hundred Thousand Dollars (\$800,000).
- Extend the "Maturity Date" of the Second Line of Credit Loan to the earlier of (i) seven (7) years from the date the Second Line of Credit was issued (June 12, 2020), or (ii) the full prepayment or maturity of the last outstanding SLLP Emergency Loan issued by Borrower under the Second Line of Credit, unless otherwise terminated in accordance with the Second Line of Credit loan documents (the Second Line of Credit currently has a "Maturity Date" of five (5) years from the date the Second Line of Credit was issued (June 12, 2020)).
- Expand the eligibility of SLLP Burdened Landlords able to receive and SLLP Emergency Loans to those who own no more than thirty (30) units of rental housing in their portfolios and the portfolios of any entities associated with the SLLP Burdened Landlord (the Second Line of Credit currently limits eligibility to SLLP Burdened Landlords (and their associated entities) that own no more than fifteen (15) units).
- Increase the principal amount of SLLP Emergency Loans to Fifteen Thousand Dollars (\$15,000) per SLLP Burdened Landlord (the Second Line of Credit currently limits the principal amount of SLLP Emergency Loans to Ten Thousand Dollars (\$10,000) per SLLP Burdened Landlord).

- Increase the term of each SLLP Emergency Loan to a term that may not exceed sixty (60) months (the Second Line of Credit currently requires that the term of each SLLP Emergency Loan may not exceed forty-eight (48) months).
- Provide that SLLP Emergency Loans do not require repayment for the first nine (9) months of their term (the Second Line of Credit currently does not require repayment of SLLP Emergency Loans for the first six (6) months of their term).
- Extend the time period during which Borrower may originate SLLP Emergency Loans to two (2) years from the date the Second Line of Credit was issued (June 12, 2020) (the Second Line of Credit currently requires that Borrower may only originate SLLP Emergency Loans for one (1) year from the date the Second Line of Credit was issued (June 12, 2020). Any Second Line of Credit proceeds that have not been used to originate SLLP Emergency Loans shall be due and payable to the Authority within ninety (90) days following the second anniversary of the date the Second Line of Credit was issued (June 12, 2020).
- Convert the Second Line of Credit from non-revolving to revolving such that within two (2) years from the date the Second Line of Credit was issued (June 12, 2020), Borrower may borrow, repay, and re-borrow from the Second Line of Credit (including any proceeds received from previously repaid SLLP Emergency Loans) at any time or from time to time during that two (2) year period or the earlier termination of the Second Line of Credit.
- Require that any SLLP Burdened Landlord have all necessary City tax clearances through the date of receipt of any SLLP Emergency Loan, have an executed lease in place for the unit or units and have a current rental license and commercial activity license.
- Require that Borrower obtain and provide to the Authority a completed Pennsylvania Housing Finance Agency ("PHFA") Tenant Income Certification Form from the tenants of any SLLP Burdened Landlord prior to the issuance of any SLLP Emergency Loan confirming that all units are leased affordable to tenants whose household income does not exceed sixty percent (60%) of Area Median Income ("AMI").

FURTHER RESOLVING, all other terms of the First Line of Credit and Second Line of Credit not specifically authorized to be modified herein shall continue in full force and effect.

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.