

**I. PROGRAM OBJECTIVE**

The **Urban Redevelopment Authority of Pittsburgh's (URA)** OwnPGH Program seeks to promote homeownership within the City of Pittsburgh. Made possible by Federal **American Rescue Plan Act (ARPA)** funds, and in conjunction with the **Housing Authority of the City of Pittsburgh's (HACP)** Homeownership Program, OwnPGH provides:

1. Grants and second mortgage financing to boost affordable homeownership opportunities throughout the City of Pittsburgh for homebuyers at or below 80% of **Area Median Income (AMI)**; and
2. Grants to be used as construction financing for the rehab of single-family homes to be sold affordably to homeowners at or below 80% of AMI upon completion.

**II. PROGRAM FUNDING**

The following funds will be utilized to stimulate the purchase of owner-occupied housing through the OwnPGH Program:

- a. ARPA funds received by the URA may be used as grants to borrowers that seek to bring down the cost of a purchased home. Grants will be in amounts of up to \$90,000.
- b. Funds received by the URA from the HACP Homeownership Program. These funds may be used as a match to the amount of OwnPGH grant funds, for second deferred mortgage financing of up to \$40,000 (Subject to availability of HACP funding provided to the URA).

Buyers may not receive more than \$90,000 of combined assistance between the URA and HACP.

See Section VII for construction financing grant information.

**III. ELIGIBLE BORROWERS**

Borrowers receiving OwnPGH grant/mortgage assistance must meet the following requirements:

- a. The annual gross household income of the borrower may not exceed 80% of the Pittsburgh AMI, with adjustments made for family size.
- b. Determination of the Borrower's annual income shall be based on current income projected from the date of application. Annual income should be based on the gross income from all sources before taxes or withholding from all household members who are not minors or full-time students. The most recent federal income tax form will also be required to verify the applicant's income history.
- c. To qualify for both ARPA funds and HACP funds, borrowers' front end- ratio may not exceed 31% and the back-end ratio may not exceed 43%.
- d. Priority will be given to borrowers who are first-time homebuyers. A first-time homebuyer is defined as not owning any real estate property within the last three years.

- e. Existing homeowners that are income qualified for OwnPGH may utilize the program to purchase a new home, however, at the time of the OwnPGH-assisted home's closing, the borrower must no longer own their previous home. OwnPGH participants may own only one home after the OwnPGH loan/grant closing.
- i. Any cash distributed at settlement to the Seller at the sale of the previously owned home is subject to being included as income in the income calculations for the purchase of the new home using the OwnPGH program.

#### **IV. ELIGIBLE PROPERTIES**

- a. Each property must be a permanent structure used primarily for year-round residential use.
- b. Properties financed under this program shall not contain more than one (1) dwelling unit.
- c. Properties financed under this program must be the primary residence of the borrower.
- d. Eligible housing types include detached, semidetached and townhouse units. Multiple unit structures developed as condominiums or cooperatives are eligible.
- e. All first-time buyers must complete homebuyers counselling components by an approved consulting service provider.

#### **V. ELIGIBLE AREAS**

Properties must be located within the City of Pittsburgh.

#### **VI. MORTGAGE LOAN TERMS, LIMITS AND REQUIREMENTS**

All mortgages made under the OwnPGH Program, and other grant/mortgage loans approved by the URA, shall be made in conformance with the requirements set forth below:

##### **a. First Mortgage Loans**

- i. Under OwnPGH, participating private lending institutions that are acceptable to the URA and HACP will make first mortgage loans to eligible borrowers.
- ii. A first mortgage loan will be secured by a first mortgage lien on the property being financed.
- iii. A first mortgage loan will have an amortization term of not more than thirty (30) years.
- iv. Repayment of the first mortgage loan will be made in consecutive monthly payments in accordance with the interest rate and term of the first mortgage loan made with the private lending institutions approved by the URA and HACP.
- v. The URA must qualify borrowers for OwnPGH funding prior to origination by participating lenders.

##### **b. OwnPGH Grants**

- i. Under OwnPGH, ARPA-funded grants will be provided through the URA.
- ii. Borrowers with incomes at or below 80% of AMI may qualify for a grant to lower the cost of purchasing a home, in amounts not to exceed \$90,000.
- iii. A Declaration and Agreement of Restrictive Covenants shall evidence these grants for not more than thirty (30) years.
  - Borrower will sign a 30-year affordability restriction. During the 30-year period, affordability is defined as being sold to a household at or below 80% AMI or to an established community land trust.
  - For a period of thirty (30) years, the maximum allowable sales price shall be

equal to the original sales price minus 50% of OwnPGH assistance or \$190,000 whichever is less increased at a rate of two (2) percent per annum.

- Upon resale of the unit, AMI limits for the year in which the sale is occurring will be used to determine the purchasing household's eligibility.

**c. HACP Second Mortgage Forgivable Loans**

- i. Under OwnPGH, HACP Homeownership Program-funded second deferred mortgage loans will be provided through the URA.
- ii. Under OwnPGH, a Note and Mortgage shall evidence these loans.
- iii. The loans shall have a term of ten (10) years from the date of closing and shall be interest free during the Term.
- iv. Payments of the principal shall not be due during the Term.
- v. Funds shall be disbursed at time of closing and reimbursed from the HACP once all relevant documents are received by the HACP.
- vi. The Principal Sum obligated under the HACP note shall be reduced as described below for each year the mortgagor meets the following conditions.
  - Mortgagor continues to occupy and use the Property only as the primary residence for mortgage family.
  - Mortgagor continues to timely meet all of mortgagor's obligations under the first mortgage Note and Mortgage granted to the first mortgage lender.
  - Mortgagor does not authorize or permit any encumbrances, including real estate tax or other municipal liens, judgments, or other liens, to be placed on the property, other than the Mortgage lender, or its assignees, and the HACP.
  - Mortgagor maintains the Home Maintenance Warranty, which was secured for the property by the HACP at the time of the settlement of Mortgagor's purchase of the property.
  - If the Mortgagor meets the foregoing conditions to the reasonable satisfaction of the HACP, the principal sum due under this Note shall be reduced at the rate of 10% per year or partial year, which shall be calculated by multiplying the Principal Sum by the fraction of  $(x/120)$ , where "x" is the number of whole months, plus a partial month that elapsed since the date of this Note.

**VII. CONSTRUCTION FINANCING**

- a. Under OwnPGH construction financing, developers may access OwnPGH grant funding to finance the new construction or rehabilitation of affordable for sale housing opportunities. The maximum available amount of OwnPGH construction grant funding per unit will be determined by the gap between the developer's construction loan provided through the traditional financial institution of their choice, plus other committed sources (outside grants/loans secured by the developer), and the total project costs. All project development budgets are subject to URA underwriting and verification.
- b. All applicants will comply with the applicable HUD Home Investments Partnerships Programs (HOME) requirements.
- c. Homes assisted with OwnPGH construction financing will be sold to households at or below 80% AMI for no more than 95% of the appraised post construction value and at prices that result in a first mortgage payment that is affordable to

households at or below 80% AMI. The final sales price must be affordable pursuant to the HUD guidelines. Once the home is ready to be sold to the end buyer, the URA, at its discretion, will underwrite the terms of the first mortgage secured by the buyer and determine the amount of OwnPGH homebuyer assistance needed to make the home affordable, as per the parameters set forth in Section IV (Eligible Borrowers).

- d. Developer fee may not exceed more than 10% of the total construction costs of each unit produced.
- e. OwnPGH Construction/Permanent financing will be made available for the shovel-ready pipelines of non-profit developers. Projects must have completed initial underwriting by the URA and be under agreement by April 1, 2024. A 40 year affordable deed restriction will be added to the property upon entering into an agreement with the developer. Construction must begin by December 1, 2024. Units assisted must be completed and deed restricted by June 30, 2026.
- f. The total OwnPGH construction grant amount is subject to compliance with HUD's Substantial Rehabilitation Threshold Guidelines within the calendar year that the work is being undertaken.
- g. Applicants must agree to pay Davis-Bacon Prevailing Wages and State Residential Prevailing Wage to the extent required by the Federal Government and the Commonwealth of Pennsylvania.

#### **VIII. FUNDING TERMS, LIMITS AND OTHER REQUIREMENTS**

- a. The URA will underwrite all subordinate financing for OwnPGH and HACP mortgage loans.
- b. All closings will be performed at the same time with one settlement agency.

#### **IX. LOAN DISBURSEMENT OF PROCEEDS UPON SALE**

As a condition of this program, the borrower will be required to use the property as their principal residence for the life of the grant/loans. Upon sale, transfer, or abandonment of the property, the proceeds will be disbursed as follows:

1. To the repayment of the first mortgage loan
2. To the borrower in the amount of the borrower's original down payment
3. To the borrower in the amount of the difference between the original principal note amount of the first mortgage loan and the outstanding principal balance of the first mortgage

#### **X. DOWN PAYMENT REQUIREMENTS**

Borrowers must make a down payment in an amount at least equal to that required by the first mortgage financing. All borrowers will be subject to the equity requirements of the first mortgage loan.

- a. Eligible borrowers may also qualify for the **Down Payment and Closing Cost Assistance Program (DPCCAP)**, which is a forgivable loan. Borrowers earning 80% or less of AMI will qualify for \$7,500.
- b. All first-time buyers must complete homebuyers counselling components by an approved consulting service provider.
- c. Borrowers who receive the DPCCAP loan may not have liquid assets of more than \$20,000.

**XI. FEES**

For OwnPGH grants, the URA will require one percent of the amount of the OwnPGH grant to be collected, as an origination fee at closing from the borrower.

For HACP forgivable loans, the URA will collect one percent of the forgivable loan as an administrative fee at invoicing.

**XII. INSURANCE**

- a. Hazard Insurance: The borrower will be required to maintain hazard insurance with extended coverage on the mortgaged property in an amount not less than the outstanding principal balance of the first mortgage loan, the OwnPGH grant amount, and the second deferred mortgage loan. Such insurances shall be with insurers approved by the **Federal National Mortgage Association (FNMA)** or the **Federal Home Loan Mortgage Corporation, (FHLMC)**. The URA and HACP shall be named as loss payees as its interest appears.
- b. Flood Insurance: For properties located in a flood plain, the borrower will be required to maintain special flood insurance in an amount not less than the outstanding principal balance of the first mortgage loan and subordinated grant/loans. Such insurance shall be with insurers approved by FNMA or FHLMC. The URA and HACP shall be named as loss payees as its interest appears.
- c. Title Insurance: The borrower will be required to maintain title insurance in the amount not less than the outstanding principal balance of the senior mortgage loan and subordinate grant/mortgage loan. The URA and HACP shall be named as insured as its interest appears.

**XIII. FINAL INSPECTIONS**

HACP requires a third-party inspection (home inspection) report as well as conducting their own **Housing Quality Standards (HQS)** inspection for quality assurance of basic livability. URA staff will assist in the coordination of the HQS inspections. The homebuyer will be responsible for the third-party inspection, to be reviewed by HACP staff.

**XIV. APPRAISALS**

The URA may require an appraisal of each property showing the value of the structure. All appraisals shall be performed by appraisers accepted by the URA and shall be in a Member Appraisal Institute (MAI)-approved format.

**XV. ASSUMPTIONS**

Senior and subordinate mortgage grants/loans made under OwnPGH may be assumed with the prior written permission of the URA. Proposed assumptions will be reviewed and approved by the URA on a case-by-case basis.

**XVI. APPEALS COMMITTEE**

Any appeals or exceptions to these guidelines must be submitted in writing to the URA and are subject to review and approval by the URA Board of Directors. The URA will establish an Appeals Committee whose purpose is to review OwnPGH Program guideline waiver requests. The Appeals Committee will recommend approval or disapproval of the applicant's request to the

URA Chief Housing Officer. The Chief Housing Officer can choose to accept or reject the recommendation of the Appeals Committee.

**XVII. STEWARDSHIP SERVICES ENSURING LONG-TERM AFFORDABILITY**

Stewardship services are provided to all OwnPGH homebuyers. Services include, but are not limited to:

- a. Service as the first point of contact in case of mortgage trouble or delinquency
- b. Advocacy for and support of all OwnPGH homeowners during times of payment difficulty, under-employment, or unemployment to ensure that they remain stable
- c. Provision of staff support and legal representation for any required tax assessment appeal hearings
- d. Referrals to additional resources as may be required (Examples: housing assistance, employment resources, job training, etc.)
- e. Monitoring and oversight of all OwnPGH deed restrictions, including an annual proof of residency check to ensure that homes are occupied in the manner required by OwnPGH.

**XVIII. CERTIFICATIONS**

In accordance with 24 CFR Part 8, the URA certifies its compliance with the provisions of Section 504 of the Rehabilitation Act of 1973, as amended on June 2, 1988.

**XIX. NON-DISCRIMINATION CERTIFICATION**

The URA abides by all applicable laws and regulations regarding nondiscrimination and refrains from discriminating based on age, race, color, religious creed, ancestry, national origin, sex, sexual orientation, gender identity, gender expression, political or union affiliation, and/or disability. No person shall be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination solely based on any of the above factors under the loan and grant programs operated by the URA.