

Minutes of the Regular Meeting of the Housing Opportunity Fund Advisory Board for the Urban Redevelopment Authority of Pittsburgh. City of Pittsburgh YouTube channel.

April 7, 2022

Members Present: Lena Andrews, Oliver Beasley, Jamil Bey, Joanna Deming, Knowledge Build Hudson, Mark Masterson, Paul Spradley, Sonya Tilghman, Derrick Tillman, Adrienne Walnoha, Kellie Ware (Chair)

Staff Present: Justin Belton, Breanna Benjamin, Rae Ann Driscoll, Donna Freeman, David Geiger, Victoria Jackson, Derek Kendall-Morris, Lisa Korade, Evan Miller, Brett Morgan, Niklas Persson, Marcus Robinson, Melinda Ward, Jennifer Wilhelm

Others Present: Nancy Gale, Steffan Johnson, William Lamar, Jodi Lincoln, Rick Swartz, Wanda Wilson

A. Roll Call

Kellie Ware called the meeting to order. A quorum was present.

B. Review and Acceptance of Minutes from the March 3, 2022 Meeting

Jamil Bey motioned to approve the minutes of the March 3, 2022 board meeting as written and previously distributed. Adrienne Walnoha seconded. The motion carried.

C. Public Comment

No public comment.

D. Laurentian Hall (Rental Gap Program)

Niklas Persson presented on Laurentian Hall. Laurentian Hall is a 36-unit HUD Section 221c property located on Penn Avenue in Garfield. The building was originally developed as a school, first as the St. Lawrence O'Toole Elementary School, and after that, the Lawrenceville Area Catholic High School. After the high school closed in 1984, a group of St. Lawrence O'Toole parishioners and members of the Bloomfield-Garfield Corporation (BGC) approached the non-profit developer Action Housing with the idea of transforming the defunct high school into an apartment complex. Laurentian Hall would be unique in that it would have staff always on-site and have a common dining room where meals would be served. With support from Action Housing and the URA, renovations to the building were completed in 1989. Since then, Laurentian Hall has been a home to seniors and people with disabilities whose income is at or below 50% of the Area Median Income (AMI). Today, 21 of these 36 units are set aside for those making at or below 30% AMI. Although Laurentian Hall still maintains quality and affordable homes to its residents, there are major capital improvement projects that require significant investment beyond the scope of their current reserves. This will include a roof replacement, replacement of the elevator control system and door operator, brick pointing and caulking, a new boiler, and sealing of the parking lot. In 2021, the boiler and parking lot were replaced and sealed respectively using the remains of their reserve replacements. The borrower, Laurentian Hall Associates, is requesting an RGP loan of \$350,000 to complete the remaining items. Although the property is fully occupied, there will not be any relocation necessary for the capital improvement projects. The remaining renovations are expected to begin in the Spring, and all be completed before the end of 2022.

Mark Masterson said that he notices that the repayment of this is 50% of annual cash flow. He asked if he is correct in assuming that that is after property reserves are funded.

Niklas Persson answered right, the replacement reserves will be used first.

M. Masterson said it is not about the using of the sources; it is about that repayment is 50% of annual cash flow. He added I assume that is net of continuing to fund property reserves for ongoing maintenance in the future.

Evan Miller replied that it is. In the note it would be written up after X, Y and Z and that might be their senior loans they are operating in replacement reserves and then what is left over is considered net cash flow.

Rick Swartz, with the Bloomfield-Garfield Corporation, said that we have the US Department of Housing and Urban Development as the first mortgage holder on the property, and they have first dibs on any excess cash flow that we have on the project, and the project is showing positive cash flow year to year. He concluded by saying there is an opportunity for us to direct some repayment to the URA after we have satisfied our obligations to HUD.

RECOMMENDATION 8 (2022)

Mark Masterson motioned to approve authorization to enter into a Rental Gap Program loan agreement with Laurentian Hall Associates, Inc. in the amount of \$350,000 for the renovation of, Laurentian Hall, a 36-unit apartment complex in the Garfield neighborhood in Pittsburgh. Joanna Deming seconded. Lena Andrews, Sonya Tilghman, and Derrick Tillman abstained. The motion carried.

E. Munhall Road (Rental Gap Program)

Niklas Persson presented on Munhall Road Apartments. Recognizing the vulnerabilities those with developmental disabilities have in securing housing, the non-profit developer, Action Housing, in partnership with Jewish Residential Services (JRS), created the Munhall Rd Apartments in Squirrel Hill. Originally composed of market-rate units, the building was renovated and transformed in 1999 into a 12-unit multifamily PRAC811 building. To be an eligible tenant, an individual must be at least 18 years of age and have a developmental disability that is expected to be of long continued and indefinite duration, and whose income is at or below 50% of the Area's Median Income. With these eligibility requirements, the project was a muchneeded addition to the supply of habitable and affordable housing for a group who experience particular barriers and challenges to living independently. Social wellness services are also provided by Jewish Residential Services who have extensive experience dealing with this community. Largely due to its age, the building is in much need of repairs and capital improvements. However, the neither the replacement reserves nor the building's cash flow is enough to cover the total costs. That is why Munhall Road Apartments, Inc. are requesting an RGP loan of \$250,000 to complete these improvements. These include exterior and interior painting, landscaping, new windows throughout the building, full common area carpet replacement, 4 common area HVAC units, and plaster repair throughout. The plaster repair work began in mid-February. The remaining renovations would not occur until after securing RGP funding. JRS have also contributed a \$100,000 grant towards these improvements, resulting in a combined total funding of \$350,000. Although the property is fully occupied, there will not be any relocation necessary as most of the work is done in the common areas

and exterior. The renovations are expected to begin in late Spring and would be completed within 4 to 6 months.

Derrick Tillman asked about the rent levels for the units.

N. Persson replied that the rent levels would be \$629 per month for each of the 12 one-bedroom units. He said it should be mentioned that because the building is categorized as a HUD building, each resident is eligible for project-based vouchers and are spending only 30% of their income on rent.

RECOMMENDATION 9 (2022)

Jamil Bey motioned to approve the authorization to enter into a Rental Gap Program loan agreement with Munhall Road Apartments Inc. in the amount of \$250,000 for the renovation of Munhall Road Apartments, a 12-unit apartment complex in Squirrel Hill, South Pittsburgh. Adrienne Walnoha seconded. Lena Andrews, Sonya Tilghman, and Derrick Tillman abstained. The motion carried.

F. 21 Rose Street (For Sale Development Program)

Brett Morgan gave a presentation on 21 Rose Street. Rose Street Ventures, LP is seeking a For-Sale Development Program (FSDP) grant for the new construction of six (6) townhomes located from 2117-2127 Rose St. at the intersection of Rose St. and Elmore St. in the Middle Hill neighborhood of the City of Pittsburgh. All six (6) units will contain three bedrooms and three bathrooms and be approximately 1,400 square feet a piece. The two (2) 80% units will be located at 2119 and 2125 Rose St. and sold to low-income homebuyers at \$180,000. R Kyndall Development Group responded to a Request for Qualifications (RFQ) issued by the Urban Redevelopment Authority in October of 2019 and has since worked through the RFQ Review Committee's process and then with the URA's Development Services and Lending & Investment teams on advancing the development. The Centre Ave. RFQ, which was later incorporated into the ongoing Avenues of Hope (AoH) initiative, includes several key objectives including: (1) Implementing the Greater Hill District Master Plan and the Centre Avenue Corridor Redevelopment and Design Plan; (2) Supporting the growth of minority-owned and women-owned firms and businesses; (3) Continuing to build the capacity of nonprofit organizations; and (4) Lowering barriers of entry into developing housing, commercial, and mixed use projects in the City of Pittsburgh for smaller-scale and minority developers, businesses, and individuals. As one of seven proposals selected by the RFQ Review Committee, 21 Rose has since worked to make this project come to fruition, increasing the amount of both affordable and market rate housing in the Middle Hill neighborhood, taking otherwise vacant parcels, and developing them into wealth-building assets for the community. Rose Street Ventures, LP is the borrower and entity created by R Kyndall Development Group for the development of the 21 Rose project while the Pittsburgh Housing Construction Fund (PHDC) is serving as the development consultant and non-profit applicant. MedCo Commercial Group is the project's general contractor, Cipriani Studios is the Architect, and MedCo Commercial Group and R Kyndall Development Group will facilitate the construction management of the project. As part of the Centre Ave. RFQ process, however, 21 Rose had extensive community engagement, guiding the development process. As an accepted proposal to the Centre Ave. RFQ, the project was first required to go through the Hill District's Development Review Panel (DRP). The DRP scored the project as follows:

- Builds Upon African American Cultural Legacy – 80%
- Housing Development Without Displacement – 98%
- Economic Empowerment – 84%

- Make The Hill District a Green and Well-Designed Community – 76%
- Mobility Transportation and Parking -- 76%

The development was also presented numerous times to the larger community throughout the RFQ process and scored favorably with a majority of respondents. Respondents indicated that they desired to see the proposal developed further, commenting that while they are concerned with the affordability, this development provides additional affordable and market rate housing opportunities for residential ownership, which was identified as an objective in the Greater Hill District Master Plan and the Centre Ave. Corridor Redevelopment and Design Plan. Rose Street Ventures, LP also presented the project for input to the Hill District Consensus Group as well, receiving feedback regarding density, project design, and affordability. In addition to the \$260,000 FSDP grant requested by the borrower, the project is receiving financial support in the form of a \$2,243,348 first mortgage commercial construction loan from Bridgeway Capital, a \$204,130 DCED Keystone Communities Program grant, \$47,100 in grants from Bridgeway Capital and Neighborhood Allies, and developer equity and deferred developer fee in the amount of \$65,000. The project is also expecting a future allocation of DCED Enterprise Zone Tax Credits. Each affordable unit will cost approximately \$352,478 to build, and the total development costs is \$2,819,578.

Steffan Johnson, with R Kyndall Development Group, provided some additional information about the project. He explained that this project was developed to create inspirational ownership opportunities for current and future Hill District residents. The development team saw this as a unique opportunity to work on connecting the dots with the middle Hill and all the other development happening. He said that we saw this as a strong opportunity to partner with the community to help revive the brand of the Hill District as well. And lastly, we saw the key component of this development is helping to change the narrative of historic disinvestment in the area and the team has worked tirelessly over the last few years to put together the right capital stack to support this. He said, obviously, due to ongoing rising construction costs, we have had to stagger the timing around this, but we do feel now we have the appropriate capital stack to be able to move forward and the FSDP Program dollars will help again to contribute to the construction of the two affordable units which will be at 80% AMI.

Joanna Deming asked if there is an affirmative marketing plan for the properties.

S. Johnson answered that in working with my real estate team out of Keller Williams we will premarket the pre-sale to For Sale homes, probably starting soon after the after land disposition is approved. That strategy will be both online and via social media. He said we are also looking to engage the Hill District CDC to leverage the Hill District 100 program, and we will also be marketing through the Hill District Consensus group, Schenley Heights Collaborative, and Uptown Partners.

Adrienne Walnoha commented I am just going to raise this point again, that I believe this group needs to have a deeper and more focused conversation on when and how we are exceeding limits that were agreed upon at the start of our work.

D. Tillman replied that I think we still need to somewhat take it on a case-by-case basis to maintain some level of flexibility. I do not think any of us would have would have imagined that COVID would have had the impact that it has had on the construction industry costs, etc. He said I think we need to have the guidelines but recognize that this is an ever-changing environment, and we need to maintain some level of flexibility to respond to that.

Sonya Tilghman asked what the conversations with the Hill District CDC and the Hill District Consensus group have been to the point.

S. Johnson responded that when we presented this project to them, many months ago, we had a discussion that once the product was ready to go live, we would spend more time understanding how to embed the two affordable products into the different programs and what that looks like. He said that we are still in the final stages of that happening, so when that those activities happen, we will re-engage those different constituent groups.

S. Tilghman asked Steffan to explain where they are in the Development Review Committee review process.

S. Johnson replied that we are done with the development review process, and we have passed that particular point of the actual development. We are currently at the stages where we are finalizing land disposition and final construction financing with our lending agent before we start to go back out into the market and bring these products online.

Jamil Bey asked for the size of the units.

S. Johnson answered that they are three-bedroom, three-bathroom, and sizes range from 1390 to about 1440 square footage.

RECOMMENDATION 10 (2022)

Sonya Tilghman motioned to authorize entering into an FSDP grant agreement with Rose Street Ventures in the amount of \$260,000 for the construction of six new townhomes including two affordable units. Paul Spradley seconded. Lena Andrews, Sonya Tilghman, and Derrick Tillman abstained. The motion carried.

G. Frazier North (For Sale Development Program)

Victoria Jackson presented on Frazier North Residences. Oakland Planning and Development Corporation (OPDC) requests construction grant financing in the amount for \$325,000 to finance development costs for four (4) for-sale single family homes on Frazier Street in South Oakland. Each home will be a four (4) bedroom and (2) bathroom unit. Construction is expected to begin in Spring 2022 and be completed in November 2022. These four homes will be included in the Oakland Community Land Trust (Oakland CLT), providing permanently affordable homeownership opportunities to homebuyers at or below 80% AMI. Of these four units, one will be reserved for a household experiencing homelessness and two will be reserved for households with special needs. Additionally, each home will have one bedroom and full bathroom on the first floor making these homes easily adaptable for multigenerational families or families with special needs. In addition to OPDC's equity, this project has received commitments from the Federal Home Loan Bank Affordable Housing Program (AHP) and WesBanco.

S. Tilghman asked Wanda Wilson, who is representing OPDC, to provide background on how the project came about.

Wanda Wilson responded that this is a target area for the Community Land Trust. South Oakland is a place where we already have a lot of Community Land Trust homes and more in our pipeline as well and have other houses for inclusion or other vacant lots in this area. She said it is a great area to add to homeownership in the Community Land Trust and these lots are properties that we have assembled specifically for development of infill new construction, to fill missing teeth in the area and provide permanent affordable homeownership opportunities.

M. Masterson asked how long it took to assemble the properties and how did you assemble them.

W. Wilson answered that a couple we have held for many years to package the financing and assemble the development. She said another two of the properties were assembled through the Property Reserve, two more properties were a private acquisition from a landlord, and another was purchased from a private investor owner.

M. Masterson asked how long the Property Reserves process works.

W. Wilson replied two years or more.

D. Tillman asked for some context for the homes and if it is a rental or homeownership program.

W. Wilson responded that there is a mix.

RECOMMENDATION 11 (2022)

Mark Masterson made a motion to recommend approval to authorize entering into a For Sale Development Program grant agreement with Oakland Planning and Development Corporation in the amount of \$325,000. Knowledge Build Hudson seconded. Derrick Tillman abstained. The motion carried.

H. Advisory Board Administrative Items

Evan Miller presented a slide on current Board member terms.

Jennifer Wilhelm, the Chief Lending Officer at the URA, introduced herself to the board and said I will be shepherding the housing department until we are able to identify a director, which we are currently working on. We are also starting interviews for Vethina's position next week, so I am hopeful that we will at least be able to announce that we have identified someone at the next meeting. She concluded by saying that we certainly are still paying attention and making sure that things are moving forward.

Kellie Ware suggested resuming the earlier conversation around capacity and revisiting the caps on projects.

A. Walnoha said that I do think that conversation would be incredibly powerful and informative for our transition into the funding conversations.

D. Tillman suggested that having that conversation is necessary. He said he thinks we also need to think about our funding holistically, we need to acquire more units, and we need to focus on more

production. He said that we need to look overall at the whole amount going forward and start to think about devoting more resources toward more production and preservation.

Lena Andrews commented that it might work well as a discussion outside of our regular meeting, then anyone who is a part of HOF could attend, and I would volunteer to help facilitate it with the URA staff.

J. Wilhelm said that I think it is a good discussion to have, and we can prepare some historical data to show how much we have been putting to deals over the last couple of years, and if we change this threshold, what that might mean for the quantity of deals we are able to invest in as like a baseline for some of the discussion. And the staff can work with Lena to schedule a time to put forth a meeting and we will make sure everyone is notified.

M. Masterson suggested that the folks that we have funded or recommended for funding be invited, as well as the developer community and the project management folks.

Paul Spradley asked for recommendations for expert invitees. He said this idea of everyone coming to the table does not always lend itself to a productive conversation.

L. Andrews said I think we would want to include specific types of deals like one tax credit deal, one preservation deal, one for sale deal, and maybe one from a nonprofit developer, one from a for profit developer. She also said that a Housing Authority deal would be educational for us all.

I. Announcements

The next HOF Advisory Board Meeting is Thursday, May 5, 2022, at 9:00 AM

J. Adjournment

Derrick Tillman motioned to adjourn.