

Minutes of the Regular Meeting of the Housing Opportunity Fund Advisory Board of the Urban Redevelopment Authority of Pittsburgh, City Council Chambers, City of Pittsburgh, 414 Grant Street, Pittsburgh, PA 15219.

November 1, 2018 – 9:00 A.M., E.S.T.

Members Present: Messrs. J. Bey, R. Butler (via phone), K. Chintalapalli, J. Jackson, M. Lane, M. Masterson, S. Su, D. Tillman, Mmes. L. Andrews, J. Deming, V. McDonald Roberts, S. Tilghman, D. Walker, A. Walnoha

Members Absent: T. Kail-Smith, L. Springs, C. Torres

Staff Present: Messr. E. Miller, Mmes. J. Reese, J. Smith Perry, G. Taylor

HR&A Advisors: Philip Kash (via phone) & Urban Ventures: Anne Boynton (via phone)

- A. Public Comment – The recorder accidentally wasn't working during public comment.
- B. Ms. Smith Perry called the meeting to order and declared a quorum present.
- C. Review and Acceptance of Minutes from the October 4, 2018 Meeting

The minutes of the Regular Board Meeting on October 4, 2018 were approved as written and previously distributed.

- D. Discuss and Recommend Program Components and Scoring Criteria for the HOF Housing Stabilization Program

#### Staff Report

Program components and a scoring criteria form were distributed to the Advisory Board prior to the meeting.

Ms. Smith Perry stated that the Housing Stabilization Program provides emergency assistance in order to prevent people from becoming in default of their lease agreement. For this year, mortgage foreclosure prevention will not be included but may be included in future years. Pennsylvania Housing Finance Agency (PHFA) currently has a HEMAP program to help people whose homes are in the foreclosure process.

Ms. Deming asked if there is anywhere in the RFP that is going to say that the scoring is for guidance purposes only. Some people will read the guidelines and believe that they are not going to receive the funds. Therefore, they are not going to attempt to complete the application. Can something be stated on the scoring criteria sheet that says this is for guidance only?

Ms. Walnoha stated that in all the RFPs language could be included that explains this is a new process with room for adjustments, expansions and discussion.

Ms. Smith Perry stated that the language regarding the scoring will be included.

Mr. Tillman asked about the section where the program administrator will make the payments first and then get reimbursed. Will that end up being a barrier to being able to serve people if the organization doesn't have the funds to front the cost?

Ms. Smith Perry stated the URA cannot give funds upfront. Social service providers will be reimbursed based on approved expenses. If a social service provider really cannot front the funds, there may be a way to work with them to be able to pay the landlord directly. However, funding upfront cannot be done for them to run the program because the costs have to be documented. For this program, it is the intention that reimbursements will be issued within two weeks, if possible. There will need to be inspections, and the Engineering and Construction Department knows the time sensitivity of someone in these situations.

Ms. Walnoha stated rental assistance is a complicated process that needs a lot of fiscal infrastructure to manage. It is important that people understand that there needs to be a significant amount of infrastructure to manage a program of this type.

Ms. Deming asked if the Pittsburgh Area Median Income is being used and are all the guidelines built around the Pittsburgh AMI.

Mr. Chintalapalli stated the AMI levels are taken from the Pittsburgh Metropolitan Statistical Area and are defined by the AMI levels that are published by HUD.

Ms. Smith Perry stated that the program administrator/social service provider will need to verify the household's income by looking at IRS statements and pay stubs. There is a list of five or six things that are verified to make that determination. It's not always 100% clear when people are working overtime, but HUD provides guidance of how to best calculate those things to the extent possible.

#### **RECOMMENDATION 4 (2018)**

**Mark Masterson made the motion for Item D. Discuss and Recommend Program Components and Scoring Criteria for the HOF Housing Stabilization Program. Majestic Lane seconded. The motion carried. The Program Guidelines for the HOF Housing Stabilization Program were recommended to be taken to the URA Board of Directors for review and approval.**

E. Recommend the Issuance of a Request for Proposals for the HOF Housing Stabilization Program.

#### Staff Report

The Program Components and the Scoring criteria will be used to draft a Request for Proposals for the HOF Housing Stabilization Program. The Advisory Board may review the Request for Proposals electronically prior to the release.

#### **RECOMMENDATION 5 (2018)**

**Joanna Deming made the motion for Item E. Recommend the Issuance of a Request for Proposals for the HOF Housing Stabilization Program. Kyle Chintalapalli seconded. The motion carried.**

## F. General Discussion Regarding the For-Sale Development Program

### Staff Report

In accordance with the enabling legislation, the For-Sale Development Program must be in the form of a loan if the homes will not have permanent affordability restrictions.

If the homes do have permanent affordability restrictions, the HOF funds can be in the form of a grant for the development of the homes. The affordability deed restrictions must be 99 years or the life of the house.

Three alternatives for the structure of the For-Sale Development Program.

- Use the HOF funds as an Acquisition Line of Credit (loan) to Community Development Corporations.
- Use the HOF funds to bridge the gap between the total development cost and the future sales price and record 99-year deed restrictions.
- Use HOF funds as deferred mortgages (loans) to future home buyers.

### Proposed For-Sale Program Guidelines

- Total 2018 Funding Pool: \$1.25Million
- Eligible Applicants: Nonprofit Developers
- Eligible Uses: Acquisition Hard and Soft Costs
- Maximum Amount: \$70,000/unit, \$350,000/applicant
- Affordability Level: 80% AMI
- Selection Criteria: Demonstrable Experience and Pipeline

Ms. Smith Perry stated in accordance with the legislation, a grant cannot be used for the development of for-sale properties unless those properties have permanent affordability. The legislation defines permanent affordability as 99 years or the life of the house. If the homes do not have permanent affordability, the legislation states the funds need to be in form of a loan. In addition to the three alternatives listed above, there is the potential alternative of holding this program and discussing it with the City and others as to whether there is a way to modify the legislation. However, that could be a very lengthy process, but it is an option if that is what the Advisory Board would like to do. At this time, the floor was open to general discussion.

Mr. Masterson stated that the legislation asserts the funds are to stabilize mid and lower value market neighborhoods through activities such as making affordable loan products and grants available for the construction or rehab of owner occupied homes. The alternatives offered are not good for helping in neighborhoods where the value isn't there. These funds are meant to build value and stabilize markets.

Ms. Smith Perry stated in section 234.04 in the legislation, it addresses permanent affordability and emphasizes community land trusts and permanent affordability and allows for grants for that. In the next section, it states in the case of when a house doesn't fit the above criteria which is permanent affordability, the funding must be a loan. The legislation is allowing for both grants and loans and it is using permanent affordability as the difference.

Ms. Walker stated that there is a need to maintain permanent affordability.

Mr. Masterson stated the concerns are the deed restrictions and the markets. When a deed restriction is in a place where affordability is not reachable it helps that neighborhood, but it's complicated in an area where you are having difficulty attracting buyers.

Ms. Deming stated there has to be a reasonable economic choice for a person to purchase a house with a deed restriction. It has to be affordable enough so that they feel they can't find the same thing on the market without a deed restriction. The grants will help, the key is making them affordable enough so that it is an incentive.

Mr. Tillman asked if a restriction could be structured for a lesser amount of time. There have been affordability restrictions in the City for 15 years and after 15 years, it was reduced per year.

Ms. Walker stated if you are going in to one of these homes that have this level of subsidy, it's because you can't otherwise get into the market. You can't extract all of that subsidy as equity. Some of it has to be maintained so that the next person coming in with similar situations can do the same thing. They are going to build some wealth, they are not going to break even on the house they bought. They are going to come out ahead. You can't completely subsidize their acclimation without creating an opportunity for future people.

Ms. Smith Perry stated under 234.04, Priorities and Restrictions Section C. on page 6, there is target of 50% being permanently affordable. In section D, the issue is that all other housing that is produced or preserved through an investment of assets under section 2 then for sale needs to be a loan. That is where it differentiates the 99 years. There will be a subcommittee meeting planned to discuss this issue further.

G. Update Regarding the Rental Gap Program, the Homeowner Assistance Program, and the Down Payment and Closing Cost Assistance Program.

1. Rental Gap Program RFP to be released the week of November 5, 2018
2. Applications for the Down Payment and Closing Cost Assistance Program to be released by mid-November 2018
3. Homeowner Assistance Program RFP for Program Administrators to be released by end November 2018

Ms. Smith Perry stated last month the Advisory Board approved the guidelines for the rental gap program and they went to the URA board and were approved. The RFP is for the \$3,875,000 rental line item and it will be released publicly next week. Additionally, the down payment and closing cost assistance program was also approved by the Advisory Board and the URA Board. It is hoped to have an application out by the next Advisory Board meeting. The third approval last month was the Homeowner Assistance Program which was approved by the Advisory Board and also the URA Board. The RFP for the program administrators for the Homeowner Assistance Program will be issued in the next three or four weeks.

Mr. Masterson asked how the programs will be promoted when released. Will there be a press conference especially for the Down Payment Closing Cost Assistance program?

Ms. Smith Perry stated there can be a press conference. The URA does a Twitter feed blast. There have been meetings for advertising in the back or on the inside of buses and for advertising in the bus shelters,

downtown especially. The HOF community outreach person will meet specifically with many community meetings, schools and churches regarding other ways to get into the neighborhoods. In addition, there have been meetings with Council and their staff to make sure that the advertisement in their neighborhoods, in bus shelters, or in libraries are hitting the places that they recommend.

Ms. Andrews stated at the December meeting, there may be reviews of rental gap responses, and some of the Advisory Board may need to recuse themselves. Does that mean that members who need to recuse themselves should not attend the meeting?

Mr. Kash stated that if you have a conflict you cannot be part of the discussion for other projects with the same funding. These are public meetings, so it is appropriate that you step away from the table for that part of the discussion.

#### H. Other Business

Crystal Jennings, a community liaison representative for Pittsburgh United and Pittsburghers for Public Transit asked the Advisory Board to be transparent, and to invite Pittsburgh United to sit in the working group sessions.

Ms. Smith Perry stated that all working groups will be posted.

Mr. Miller stated that all RFPs are posted on the URA website. Due to the rolling nature of the RFP, they are going to be collected through the HOF@ura.org email.

#### I. Adjournment

There being no further business, the meeting was adjourned.