

Pittsburgh Housing Opportunity Fund

Homeowner Assistance Program

December 20, 2018

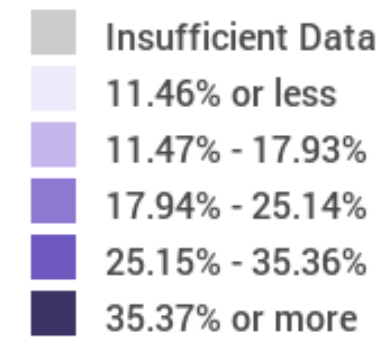
Housing Opportunity Fund



Households earning less than \$25,000 in 2016

Source: PolicyMap

Shaded by: Census Tract



2018 Income Limits

2018 INCOME LIMITS			Revised	5/14/2018					
			Effective:						
PITTSBURGH MEDIAN INCOME:			\$ 76,000	2018					
			\$ 72,600	2017					
			\$ 3,400.00	Increase					
	Extremely Low	Very Low		Low					
Household Size	30%	50%	60%	80%	100%	115%	120%	140%	150%
1	\$16,000	\$26,600	\$31,920	\$42,600	\$ 53,200	\$ 61,200	\$ 63,840	\$ 74,500	\$ 79,800
2	\$18,250	\$30,400	\$36,480	\$48,650	\$ 60,800	\$ 69,950	\$ 73,000	\$ 85,150	\$ 91,200
3	\$20,550	\$34,200	\$41,040	\$54,750	\$ 68,400	\$ 78,700	\$ 82,100	\$ 95,800	\$ 102,600
4	\$22,800	\$38,000	\$45,600	\$60,800	\$ 76,000	\$ 87,400	\$ 91,200	\$ 106,400	\$ 114,000
5	\$24,650	\$41,050	\$49,260	\$65,700	\$ 82,100	\$ 94,400	\$ 98,500	\$ 114,950	\$ 123,150
6	\$26,450	\$44,100	\$52,920	\$70,550	\$ 88,200	\$ 101,400	\$ 105,800	\$ 123,500	\$ 132,250
7	\$28,300	\$47,150	\$56,580	\$75,400	\$ 94,250	\$ 108,400	\$ 113,100	\$ 131,950	\$ 141,500
8	\$30,100	\$50,200	\$60,240	\$80,300	\$ 100,350	\$ 115,400	\$ 120,400	\$ 140,500	\$ 150,500

The Task Force Recommended the Creation of a Locally-Funded Housing Opportunity Fund (HOF)

- The HOF was created by Ordinance #37 in 2016.
- The HOF was established to support the development and preservation of affordable and accessible housing within the City.
- In December 2017, City Council passed a resolution approving the assignment to the URA of ten million dollars (\$10,000,000) per year, for a period of twelve (12) years, commencing January 1, 2018, for the purpose of implementing the HOF.
- A 17-person Advisory Board was appointed by the Mayor and approved by Council.

The Advisory Board has focused on 5 priority programs

Program	Program Description
Homeless Rental Assistance	Short term (up to 12 months) rental assistance to households who are homeless or at risk of homelessness.
Rental Gap Financing	For rental projects, funds for acquisition, new construction, or renovation.
Owner-Occupied Rehab	Assist low income homeowners with necessary renovations including health, safety, weatherization & accessibility.
Down Payment/Closing Cost Assistance	Help First Time Homebuyers with down payment and closing costs. \$7,500 for buyers <80%; \$5,000 for buyers <PHOP Guidelines
Development of For-Sale Housing	Supports developers to renovate or construct quality homes for First Time Homebuyers.

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Proposed 2018 Allocation Plan						
AMI Levels:	30%	50%	80%			Estimated
Target Funding:	\$4.50 M	\$2.25 M	\$2.25 M			Units/Households to be Served
Homeless Rental Assistance	\$0.5 M	\$0.25 M		\$0.75 M		94
Rental Gap Financing	\$2.5 M	\$1.375 M		\$3.88 M		97
Owner-Occupied Rehab	\$1.5 M	\$0.625 M	\$0.25 M	\$2.38 M		136
DP/CC Assistance			\$0.75 M	\$0.75 M		100
Development of For-Sale Housing			\$1.25 M	\$1.25 M		14
Administration				\$1 M		
	\$4.5 M	\$2.25 M	\$2.25 M	\$10 M		441

HOF Program Elements

	Homeless Rental Assistance	Rental Gap	Owner Occupied Rehab	Down Payment/Closing Cost	Development of For-Sale Housing
Eligible Applicant	Non-profit homeless services program providers	Developers, non-profit or for profit with non-profit applicant partner	Non-profit providers of renovation services	Individual First Time Homebuyers	Developers, non-profit or for profit with non-profit applicant partner
Funding Awarded to:	programs	projects (site specific)	programs	programs	projects (which may include multiple specified sites in a single project)
Max/unit or beneficiary	\$12,000	\$60,000 per unit or \$70,000 including a service reserve	\$30,000	Below 80% AMI - \$7,500; PHOP Guidelines - \$5,000	\$75,000
Max project or program award	\$250,000	\$1 million	\$750,000	NA	\$750,000
Type of Affordability Restriction	NA	Soft second mortgage; Right of First Refusal to URA (assignable)	<\$5,000 grant >\$5,000 Deferred lien 30-year expiration.	Forgivable 5-year grant	homebuyer gets a new URA 2 nd mortgage and/or assumes loan to developer and accepts a deed restriction for affordability period
Affordability period	NA	Minimum 35; priority for 99 years	30 years	Five years	Priority for 99 years

Homeowner Assistance Program (HAP)

- To provide financial and technical assistance to eligible Borrowers for rehabilitating and improving residential owner-occupied properties citywide.
- Deferred 0% interest loans and grants to assist low-income Borrowers to: bring their homes into compliance with city codes; undertake energy efficiency improvements; and undertake eligible general property improvements.

Homeowner Assistance Program (HAP)

RFP Objectives

- Solicit non-profit agencies (Program Administrators) to apply for and administer HOF HAP funds.
- URA will enter into contracts with the Program Administrators and reimburse them for costs incurred on a per house basis upon completion of work.

Program Administrator Responsibilities

- Help to advocate for HAP throughout community, drum up interest
- Determine homeowner eligibility, provide documentation to URA
- Prepare work write-up for URA review, coordinate property inspection with URA Construction Advisor
- Facilitate loan closing between homeowner and URA
- Oversee all contractors, in-house construction staff, and ensure all licensing, certifications, permitting, and insurance req. met
- If work is not done in-house, pay contractor for work completed and request reimbursement from URA

Program Administrator Responsibilities

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OR

- Provide tangled title and foreclosure prevention services
 - Assist homeowners at or below 30% or 50% AMI with tangled title issues, estate planning issues
 - 2018 Allocation Plan allows for up to \$350,000 towards these services

Program Administrator Compensation

- Appraisal fees
- Other program delivery expenses, including an allocation of staff time
 - Must not exceed 10% of the overall loan/grant for each unit
- Program delivery funds will be budgeted per property and paid to Program Administrators upon completion of a property

Eligible Borrowers

- Low-income owner-occupant
- No outstanding real estate taxes or has been on payment plan for at least 6 months
- Has current homeowner insurance or applies for waiver
- Own at least half or more interest in the title of the property

Property Requirements

- Located in the City
- Permanent structure used for year-round residential use
- Contains no more than two connected dwelling units
- Is principle residence of the Borrower

Eligible Improvements

- Total project costs may not exceed \$30,000
- Only work that occurs after URA initial inspection is eligible for funding
- Priority uses of funds
 - Required health, safety, and code violation corrections
 - Energy-related improvements
 - Accessibility
 - General property improvements
 - Tangled title and foreclosure prevention services

Bidding Process

- Approved work write-ups will be subject to a competitive bidding process administered by the URA or subject to the URA review of the Program Administrator's proposed construction costs
- Borrower may forego bidding process by obtaining their own contractor meeting the requirements in the “Construction Standards” section of program guidelines

Funding Terms and Limits

For construction work...	Funds will be in the form of a...
≤\$5,000	Grant
>\$5,000 and ≤\$30,000	Grant for the first \$5,000 + Deferred loan of \$1,000 to \$25,000

- Loan may be first or second mortgage recorded by URA
- Deferred mortgage loan is payable at earlier of:
 - 30 years from date of closing
 - Sale or transfer of property using up to 100% of the Net Proceeds defined as:

$$\begin{array}{ccccccc}
 \text{Net} & & \text{Gross sales} & & \text{Real estate sales} & & \text{Outstanding} \\
 \text{Proceeds} & = & \text{price or fair} & - & \text{commission, realty} & - & \text{principal} \\
 & & \text{market} & & \text{transfer taxes,} & & \text{balance of} \\
 & & \text{value} & & \text{financing fees,} & & \text{first} \\
 & & & & \text{closing costs} & & \text{mortgage} \\
 & & & & & & \text{Homeowner's} \\
 & & & & & & \text{equity in the} \\
 & & & & & & \text{house}
 \end{array}$$

Example

- Pre-construction Appraisal = \$20,000

Gross sales price or fair market value	–	Real estate sales commission, realty transfer taxes, financing fees, closing costs	–	Outstanding principal balance of first mortgage	–	Homeowner's equity in the house	=	Net Proceeds
\$50,000		\$5,000		\$10,000		\$10,000 (based on pre- construction appraisal)		\$25,000

Funding Terms cont.

- URA may approve the sale or transfer from homeowner to an income-eligible purchaser at or under 80% AMI who assumes the deferred loan
- When the loan is due in 30 years, if low-income homeowner still lives in the house, loan is forgiven
- If Borrower vacates property, the unpaid balance will be due in full

Proposal Submission Requirements

RFP Anticipated Timeline

- Dates subject to change

RFP Issue Date	Thursday, December 13, 2018
Voluntary Pre-Proposal Meeting	Thursday, December 20, 2018 at 2 p.m. ET 200 Ross Street, 13 th Floor Wherrett Conference Room Pittsburgh, PA 15219
Written Question Period	Thursday, December 13, 2018 to Friday, December 28, 2018 at 4 p.m. ET
Question & Answer Response Release	Thursday, January 3, 2019 at 5 p.m. ET
Proposal Deadline	Thursday, January 10, 2019 by 4 p.m. ET
Proposal Evaluation Period	Friday, January 11, 2019 to the Advisory Board Meeting on February 7, 2019 at 9 a.m. ET

Proposal Submission Requirements

Exhibit D: Application Narrative

- Fillable PDF to be fully filled out by proposing Program Administrator.

Pittsburgh Housing Opportunity Fund (HOF)
Homeowner Assistance Program
EXHIBIT D: Application Narrative

Contents

I. Eligibility Check List	2
II. HAP Program Administrator Qualifications	3
III. Pipeline Details	7
IV. Frequently-Used Contractors.....	9
V. Tangled-Title and Foreclosure Prevention Services Application	10
VI. Additional Information (Optional)	13

Proposal Submission Requirements

Exhibit E: Attachments Checklist

- Ensure all applicable attachments are included.

EXHIBIT E: Attachments Checklist

Attachment #	Type of Document	Applicable To
1	Most Recent Financial Audit	All Proposals
2	IRS Determination Letter Confirming 501c3 Status	All Proposals
3	Two Separate Home Rehab Examples (sample work write-up, budget, construction management plans, drawings, before and after photos, etc.)	Program Administrator Proposals Only
4	HAP Application Narrative	All Proposals
5	Additional Attachments	All Proposals (optional)

Proposal Submission

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All submissions are to be sent to **hof@ura.org**

- PDF documents may be merged into one large document or sent as separate attachments

Proposal Selection Criteria and Review

- **Feasibility Criteria**
 - Readiness to proceed
 - Capacity of Applicant
 - Program Delivery Cost Efficiency
- **Preference will be given to Program Administrators who:**
 - Provide service citywide
 - Demonstrate an established pipeline for the purpose of determining how quickly projects can be done

Proposal Selection Criteria and Review

Exhibit C: - Proposal Scoring Criteria

*Not needed for
submission,
reference only

Program Name	HOF Homeowner Assistance Program		
Applicant:	SAMPLE Non-profit		
Category:	Owner Occupied Rehabilitation		
HOF Assisted Units	20	Total Units	20
Total Construction Cost			
Total Construction Cost/Unit			\$ -
Total Program Delivery Cost			
Total Program Deliver Cost/Unit			\$ -
HOF Funds Requested		Total Sources	
HOF Funds/Unit	\$ -	Total Sources/Unit	\$ -
<u>Feasibility Criteria</u>			
1	Readiness to Proceed (maximum 25 points)		0
2	Capacity of the Applicant (maximum 25 points)		0
<u>Feasibility Criteria Total</u>		out of 50 pt maximum	<u>0</u>

Proposal Review

- Proposals evaluated by HOF staff
 - Recommendations then made to HOF Advisory board
- After Advisory Board approval, URA Board of Directors must approve
- Intention to roll-out consumer applications in March 2019



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