

Minutes of the Regular Meeting of the Housing Opportunity Fund Advisory Board of the Urban Redevelopment Authority of Pittsburgh, Wherrett Room, 200 Ross Street, Pittsburgh, PA 15219.

December 6, 2018 – 9:00 A.M., E.S.T.

Members Present: Messrs. K. Chintalapalli, M. Lane, M. Masterson, S. Su, D. Tillman, Mmes. J. Deming, V. McDonald Roberts, L. Springs, S. Tilghman, A. Walnoha

Members Absent: L. Andrews, J. Bey, R. Butler, J. Jackson, T. Kail-Smith, C. Torres, D. Walker

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

A. Public Comment

Crystal Jennings, a community liaison representative for Pittsburgh United and Pittsburghers for Urban Transit was the only speaker.

B. Roll Call

Ms. Smith Perry called the meeting to order and declared a quorum present.

C. Review and Acceptance of Minutes from the November 1, 2018 Meeting

The minutes of the Regular Board Meeting on November 1, 2018 were approved as written and previously distributed.

D. Discuss and Recommend Program Components for the For-Sale Development Program

Staff Report

Program guidelines were distributed to the Advisory Board prior to the meeting. The Board will discuss and then vote on a recommendation to the URA Board.

Ms. Smith Perry stated that the For-Sale Development Program is the fifth and final program in the 2018 allocation plan. At the last Advisory Board meeting, it was acknowledged that the legislation states that in a for sale development program, the funds must be lent in the form of a loan and not a grant unless there is an affordability restriction for 99-years or the life of the house. This had been discussed at length by the Advisory Board members at a Working Group Meeting which was held two weeks ago. The group's conclusion was that applicants can request funds as either a loan or grant. However, if they receive funds as a grant it will have a 99-year affordability period. In addition, a clause will be added stating that the URA has the right of first refusal to potentially purchase the property back which should help homebuyers know that they can potentially sell back to the URA.

In addition, since the last version of the guidelines that were emailed to the Advisory Board, one small change has been made where the threshold for the URA board approval has been lowered from \$250,000 to \$100,000.

Mr. Masterson asked about the Prevailing Wage requirements by the Federal Government and the Commonwealth of Pennsylvania. Will the local funds that are being used trigger prevailing wage?

Ms. Smith Perry stated that if a CDC applies to the HOF for funds to bridge the difference between total development costs and sales price and they need that in the form of a grant, state prevailing wages will be triggered when those funds go toward construction.

Mr. Masterson stated that predevelopment loans are available for financing to non-profits. Should this money be used in that capacity as there are other URA programs that can be utilized? There are other sources available to find loans for predevelopment. Additionally, in the section stating predevelopment and/or construction loans to non-profit developers may bear an interest rate of zero, **can** that be corrected to read **will** bear an interest rate of zero?

Mr. Tillman stated one of the main components of this is to spur affordable housing both for sale and rent, but also to help and encourage non-profit developers as well as smaller developers to build smaller projects. Predevelopment becomes a very important component and that is what allows projects to move forward and is usually the hardest gap to fill. The maximum loan term is 18 months. What happens if the term is exceeded or if the units haven't sold? Also, can the Right of First Refusal be explained.

Ms. Smith Perry stated the loan can be rolled over for an additional six month term. It was suggested that be reworded to two six month term(s).

Mr. Chintalpalli stated that because of the deed restriction, or if it was taking too long to sell, the property could be sold to the URA which would market the property as permanently affordable.

Mr. Tillman asked why the proceeds from the for-sale development program loan and grant will be escrowed at the URA along with the borrower's cash equity contribution?

Ms. Smith Perry stated it is part of the guidelines for most URA Housing programs. It may not be enforced but it is there for coverage in case there is a need to do so.

Mr. Masterson asked why the URA is charging a 2% fee for the developer approval process.

Ms. Smith Perry stated in all of the program guidelines there are fee charges. The HOF is a little different because there are administration funds. If there was a time in the future where there wasn't as much administrative funding, this would provide the availability to do so. However, the issue can be directed to the legal dept. It's possible that the 2% reference can be deleted and the statement regarding other customary fees will remain.

Mr. Tillman asked for the rationale about the progress payments, and the holding of 10% of the work determined to be in place from each stage payment. Typically, there is a percentage held before the final payment is made, but not on every progress payment.

Also, change orders have to be signed by the borrower, contractor and architect, and approved by the URA. If those funds are in the contingency, why does there need to be approval from the URA. Would the project be held up if no one was available to inspect the project?

Ms. Smith Perry stated that this is standard policy for the URA regarding progress payments and change orders.

RECOMMENDATION 6 (2018)

Mark Masterson made the motion for Item D. Discuss and Recommend Program Components for the For-Sale Development Program. The motion was to accept the Program Guidelines including the revisions discussed at the meeting. Kyle Chintalpalli seconded. The motion carried.

E. Recommend the Issuance of a Request for Proposals (RFP) for the For-Sale Development Program

Staff Report

After the URA Board of Directors votes to approve the Program Guidelines, the URA staff will use the Program Guidelines to draft a Request for Proposals (RFP) for the HOF For-Sale Development Program.

RECOMMENDATION 7 (2018)

Joanna Deming made the motion for Item E. Recommend the Issuance of a Request for Proposals (RFP) for the For-Sale Development Program. Sam Su seconded. The motion carried.

Ms. Smith Perry stated that there is an additional agenda item. The HOF consultants, HR&A Advisors drafted a Conflict of Interest policy that the Advisory Board reviewed and agreed to adopt. That policy states that anyone who works for non-profits or businesses that function in this field or are on boards must disclose that. If their organization plans to apply to any of the five allocation items for the 2018 allocation, they should excuse themselves from reviewing any applications for 2018 in that program category. Therefore, when people exempt themselves will there be enough for a quorum to vote on the items? Should the Advisory Board identify what a voting quorum should be?

Mr. Lane stated that if the quorum is nine, then five people for review of the projects is 51%. The Advisory Board was in agreement with a minimum of five members reviewing the applications.

Ms. Smith Perry stated that several of the Advisory Board members did not receive Rental Gap Program application packets because they might potentially be conflicted. However, there are public packets available that have general information summing up the applications.

Mr. Masterson asked whether the applicants had to be neighborhood-based organizations. Also, how would that be scored.

Mr. Chintalapalli stated all housing production and preservation projects with four units or more (for sale or rental) must have a non-profit applicant. Added weight will be given to projects where the non-profit applicant is a neighborhood based non-profit with the ability to approve major project decisions and acquire the property.

PROCESS ITEM / RECOMMENDATION 8 (2018)

Mark Masterson made the motion that the number of voting members of the Advisory Board that needs to be present to review applications is five. Sonya Tilghman seconded. The motion carried.

F. Recommend the Approval of Rental Gap Program (RGP) Funding for the Riverview Apartments Development

Staff Report

On November 8, 2018, the URA issued a RFP for the Rental Gap Program. By close of business on November 26, 2018, the URA received two completed applications: the Riverview Apartments Development and the Centre Avenue YMCA Development. During the Advisory Board Meeting, the HOF Advisory Board will review the Loan Review Packages and Scoring Matrixes. The Advisory Board should make funding recommendations to be presented to the URA Board of Directors on December 13, 2018.

Ms. Smith Perry stated the project submitted by Riverview Apartments Inc. is located in Squirrel Hill South, Council District 5. Riverview Apartments consists of two apartment buildings with 221 units that provides affordable housing for senior citizens. The buildings are in need of some major upgrades and repairs. The developer applied to PA Housing Finance Agency through the Low Income Housing Tax Credit program and received an allocation of credits. As part of the renovation, the developer is going to be reducing the 221 units to 191 units making efficiency units larger and more accessible. They planned for that reduction, so no one will be permanently displaced. The entire building is an affordable building under 80% AMI, but they are going to have 20 units below 30% AMI. They also have another 79 units below 50% AMI which is the threshold for the HOF. HOF staff is proposing that the full \$400,000 be taken out of the 30% AMI set aside for those 20 units. This project will have 35 year affordability as it is a PHFA requirement, and the HOF will do the same. There will be a deed restriction on the building stating that the 20 units must be affordable below 30% AMI for 35 years.

Hanna Steiner (Riverview Apartments) thanked the Advisory Board for consideration of their application. Not only will this project create 42 new accessible units, but the building will be improved so that it will be up to par in the neighborhood so that people will feel pride. At the same time, the social services will be preserved. People are going to have low income housing and neighborhood services and be able to stay in their homes for as long as possible.

RECOMMENDATION 9 (2018)

Majestic Lane made the motion for Item F. Recommend the Approval of a Rental Gap Program (RGP) Loan in the amount of \$400,000 for the Riverview Apartments Development. Sam Su seconded. The motion carried. M. Masterson, D. Tillman, S. Tilghman & A. Walnoha abstained/left the table for the discussion in accordance with the Conflict of Interest policy.

RECOMMENDATION 10 (2018)

Majestic Lane made the motion to amend the Riverview motion to include issuing a term letter with an expiration date of April 30, 2019. Kyle Chintalapalli seconded. The motion carried. M. Masterson, D. Tillman, S. Tilghman & A. Walnoha abstained.

G. Recommend the Approval of Rental Gap Program (RGP) Funding for the Centre Avenue YMCA Single-Room Occupancy Development

Ms. Smith Perry stated the next application for funding is from Action Housing Inc. For the record, Lena Andrews is staff of Action Housing and a member of the Advisory Board and she is not present. She has also reclused herself from reviewing any rental items under the 2018 allocation plan. Action Housing is a non-profit affordable housing developer and service provider in the City of Pittsburgh. Action Housing is working with the YMCA to redevelop/preserve the old YMCA in the Hill District on Centre Avenue in Council District 6. It is a single room occupancy building. Single room occupancy means there are rooms without bathrooms. It's for single, low income men. There are bathrooms located on each floor. As part of this rehabilitation, they are building individual bathrooms in a central location. The building currently has 77 units, but they will be going down to 74 units. Action Housing will be purchasing the building from the YMCA, and they have it under sales agreement. Their requested amount is \$1,000,000. They are in the process of applying for historic tax credit equity which they think will yield a little bit more than \$1,000,000. They are fundraising and approaching different foundation funding rounds because some foundations only fund twice a year. Their intent is to structure this redevelopment primarily with all charitable sources. They are going to continue to provide the social services that the YMCA already offers. Although, the requested amount is \$1,000,000, the recommendation is \$600,000, because fundraising activities are not yet complete.

RECOMMENDATION 11 (2018)

Majestic Lane made the motion for Item G. Recommend the Approval of a Rental Gap Program (RGP) Loan for the Centre Avenue YMCA Single-Room Occupancy Development at \$600,000 contingent upon a term letter with an expiration date of April 30, 2019. Joanna Deming seconded. The motion carried. M. Masterson, D. Tillman, S. Tilghman & A. Walnoha abstained/left the table for the discussion in accordance with the Conflict of Interest Policy.

H. Update Regarding the Homeowner Assistance Program, the Housing Stabilization Program, and the Down Payment and Closing Cost Assistance Program

Staff Report

Ms. Smith Perry stated that Vethina Tercias is the new HOF Community Outreach person. She will be going into different Council Districts and community meetings to talk about the HOF. Vethina is working with other URA staff to get marketing strategies started. In January, you are going to see 9 or 10 billboards in various areas in the city stating "Do you want to buy a home?" to advertise the Downpayment Closing Cost Assistance program. You are going to start to see a lot more social media and there are brochures that are starting to be produced to get the word out.

In terms of the programs, the Housing Stabilization Program (rental assistance program) went to the URA board last month. The plan is to issue an RFP in January. Ms. Smith Perry, Vethina Tercias, and Jamie Reese went to the United Way last week to tour their call center. The United Way is going to help draft and review the RFP. Also, there have been discussions with the Dept. of Human Services so that the programs do not overlap. It is the intention to bring this back in March to the Advisory Board to award the contracts for social service providers in March and then to consumers in April.

There are some tax issues regarding the Downpayment and Closing Cost Assistance program that are being addressed. The application should be released to the banks so that people can start applying for Downpayment and Closing Cost Assistance before Christmas.

The staff is working on the RFP for the Homeowner Assistance program (home rehabilitation program). It will go to program administrators that are not-for-profit who specialize in construction. There will be a pre-submittal meeting at the end of December. Those applications will be due in January and should come to the February Advisory Board meeting. Pittsburgh residents should be able to apply for the program in March.

I. Adjournment

There being no further business, the meeting was adjourned.