

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.

January 7, 2019 – 3:00 P.M., E.S.T.

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

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

Staff Present: Messrs. J. Belton, E. Miller, Mmes. S. Madden, C. Mayer, M.L. Meier, E. Pontarelli, J. Smith Perry, G. Taylor, S. Taylor, V. Tercias

A. Public Comment

Crystal Jennings, a community liaison representative for Pittsburgh United and Pittsburghers for Urban Transit stated they met with Councilman Coghill to talk about the HOF in his district. He wanted to know what means were being used to get the word out to people so that they can understand what the HOF is and how to apply to the programs.

B. Roll Call

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

C. Review and Acceptance of Minutes from the December 6, 2018 Meeting

The minutes of the Regular Board Meeting on December 6, 2018 were approved as written and previously distributed.

D. Recommend the Approval of Rental Gap Program (RGP) funding for the Observatory Hill Five Points Development

Staff Report

On November 8, 2018, the URA issued an RFP for the Rental Gap Program. At the December 6, 2018 Advisory Board Meeting, two projects were recommended for approval: the Centre Avenue YMCA development in the amount of \$600,000 and the Riverview Apartments Development in the amount of \$400,000. During December the URA received three more applications of which two applications were not complete and the developers need to submit additional information. The third application is the Observatory Hill Five Points application in the amount of \$240,000. The Advisory Board will review the Loan Review Package and Scoring Matrix during the January 7, 2019 meeting. The Advisory Board's funding recommendation will be presented to the URA Board of Directors on January 10, 2019.

Ms. Smith Perry stated that the Observatory Hill Five Points Development came via a non-profit community development corporation. The applicant is the Observatory Hill Development Corporation with the Northside Leadership Conference as their project manager. The property is located at 3917, 3923 and 3925 Perrysville Avenue and is adjacent to Perry Hilltop High School. The request is for the rehabilitation of the buildings with ground floor commercial space and upper floor residential housing. The buildings were purchased from the previous owner who could not maintain the buildings. The ground floor space is currently vacant. The plan is that two of the spaces will be rented by the North Side Community Fund and one of the spaces will be used as a restaurant. The six units on the above floors will be rented to people with households under 50% AMI and 30% AMI. The developer is proposing to rent two units at 30% AMI and four units at 50% AMI. HOF Rental Gap Program Loan funds are being requested in an amount of \$240,000. Staff is recommending that the full \$240,000 request be awarded. Two units will be at 30% AMI at \$60,000 per unit. Four units are at 50% AMI at \$30,000 per unit. The interest rate is 0% with a 30-year term. A mortgage will be recorded on the buildings and an affordable deed restriction will be recorded for all six of the units. In addition to the HOF funding, the URA is providing a Rental Development Housing Improvement Program loan in the amount of \$180,000. Also, there are two small URA grants from the URA's Center of Innovation and Entrepreneurship, and a Streetface Grant and CDIF grant. The CDC is requesting funds because they are renting the units affordably and there is very little cash flow.

Dorrie Smith, President of the Observatory Hill Development Corporation stated that they have been working on this strategic plan for a few years. The Five Points development is key because that is part of the main corridor. It is important to change the makeup of the business district and the corridor and make it affordable housing for homebuyers and renters.

Mark Fatla, Executive Director of the Northside Leadership Conference stated this is a long-range strategy driven by the neighborhood. This project will achieve both renovation of the buildings and provision of affordable housing for the community.

RECOMMENDATION 1 (2018)

Majestic Lane made the motion for Item D. Recommend the Approval of Rental Gap Program (RGP) funding for the Observatory Hill Five Points Development. The financial commitment will expire on May 31, 2019 if the construction/financial closing has not taken place. Diamonte Walker seconded. Those in favor: J. Bey, K. Chintalapalli, J. Deming, S. Su, A. Walnoha. The motion carried. M. Masterson & S. Tilghman abstained/left the table for the discussion in accordance with the Conflict of Interest policy.

E. Educational Presentation Regarding Community Land Trusts

Staff Report

Ed Nusser, Real Estate and Planning Manager for the Lawrenceville Corporation, will discuss the concept of Community Land Trusts (CLTs) and describe how CLTs create permanent affordable housing.

Ed Nusser explained what a Community Land Trust is by identifying that CLTs are nonprofit, geographic based organizations; have been in existence for 50 years; operate in 47 states; governed by a board of CLT residents, stakeholders & practitioners; over 13,000 units of CLT housing exist throughout the US.

Community Land Trusts create permanently affordable homeownership by changing the structure of traditional property ownership; and cultivating long-term relationships with residents, occupants and users.

The way that Community Land Trusts do this is that CLTs separate ownership of land from improvements; the CLT retains ownership of land; improvements (the home) are owned by individual(s); CLT leases land to owner of improvements.

CLTs create permanently affordable homeownership. CLT homeowners sign a ground lease to agree to share with future homebuyers the affordability that was initially created for them; agree to a resale formula that will be used to determine the price at which they can sell their homes.

The resale formula that is used is a key tool that allow CLTs to maintain permanent affordability and simultaneously allows homeowners to build equity. This can be done by one of three options: fixed rate of return, indexed or shared appreciation.

With the resale formula of the fixed rate of return, there is a 3% down payment; monthly reductions in balance of the mortgage, and the resale value grows 1.15% annually.

The comparison to conventional homeownership includes the key differences of restrictions on use and resale value and purchased through a leasehold mortgage rather than fee simple mortgage. The key similarities are the responsibility for all property taxes; eligible for all income tax benefits of traditional homeownership; and fully inheritable.

The post purchase stewardship that CLTs offer is the CLT lays out clear expectations and monitors and enforces compliance; enters into long-term mutually accountable relationships with homeowners; and stand behind and backstops its homeowners to ensure their success.

With homeowner security, over 90% of CLT homeowners remain in their homes at least five years; historically, the average tenure of CLT homeowners is seven years; over 70% of CLT homeowners, when they sell their CLT homes, purchase an unrestricted, market-rate home. CLT mortgages have a lower percentage of foreclosures.

The Lawrenceville Corporation in it's first CLT phase has constructed 7 homes between the period of June 2017-April 2018. The sales period was from February 2018-September 2018, and all seven homes were sold. The buyers have bought into the idea of a community land trust. They appreciate the work of the CLT.

An expansion of CLTs has been identified in the Pittsburgh area with the City of Bridges Community Land Trust. It will initially be serving the communities of Polish Hill, Millvale and Sharpsburg and will be up and running in early 2019.

F. Staff Presentation Regarding the Housing Opportunity Fund Marketing Strategy

Staff Report

Vethina Tercias, HOF Community Outreach Specialist, described community outreach activities conducted to date and the future marketing strategy.

Ms. Tercias shared the marketing and community outreach information that is being developed. Wall to Wall is helping to develop market materials which includes flyers, post cards, magnets, and pens. There are four flyers available which outline the programs which are as follows: one flyer for all of the programs, the Rental Gap Program, Down Payment and Closing Cost Assistance Program, and the Homeowner Assistance Program. There will be a separate HOF logo devised and the URA and City emblems will be incorporated into the materials as well.

On February 4th, nine billboards will be displayed in the city with one targeted for each district. Wall to Wall designed the materials for the billboards. These boards will be geared toward the Down payment and Closing Cost Assistance program. If the billboards are successful, other programs can be advertised i.e., the Homeowner Assistance Program.

Ms. Smith Perry stated the logic behind the billboard is that there are a lot of people who might be able to use the programs but are not on the Internet. HOF also met with the Port Authority and looked at advertising on the buses. However, the buses travel outside of the city and all four of the bus garages service areas that are partially out of the city.

Ms. McDonald Roberts volunteered to help work with the language used for the billboards. As billboards are used to capture people's attention, the statement they make is very important.

Ms. Smith Perry stated that representatives from the board will meet in a smaller group setting to work on the language for the billboards.

Ms. Tercias stated that there have been meetings and/or presentations with Uptown Ecoinnovation, Stanton Heights Community Meeting, Lincoln-Lemington Community Meeting, Homewood Community Meeting, Friendship Community Meeting, Coro Fellows Q&A, Northside Leadership Conference Meeting, and the Vacant Property Working Group. HOF has partnered with the Mayor's office and government affairs to get the information out to the public. Outreach has been made through "Next Door", United Way/2-1-1, and Facebook.

G. Discussion of Potential Future Programs

Staff Report

In upcoming months, staff wants to pursue two new programs funded at least in part by additional resources: The Small Landlord Program and the Roof-A-Thon.

Ms. Smith Perry also gave an update of the status of existing HOF programs. The Down Payment Closing Cost Assistance application is going out in the next week. Also, HOF has a meeting with lenders coming up where the lenders will be provided with the application and the program will be explained to them.

Sharon Taylor, an URA employee is transferring to the HOF dept to help close the Down Payment Closing Cost Assistance loans and the Homeowner Assistance Program loans. The Homeowner Assistance Program RFP is for non-profit agencies that want to participate in the program. At the February HOF Advisory Board meeting, there will be a reviewal of some of the responses to the RFP.

H. Preliminary Discussion Regarding 2019 Allocation Plan

Staff Report

The 2018 Allocation Plan was approved by City Council on October 2, 2018. The 2018 Allocation Plan is as follows:

Pittsburgh Housing Opportunity Fund Proposed 2018 Allocation Plan					
Total Funding:	\$9 M				
AMI Levels:	30%	50%	80%	Estimated Units/Households to be Served	
Target Funding:	\$4.50 M	\$2.25 M	\$2.25 M		
Housing Stabilization Program	\$0.5 M	\$0.25 M		\$0.75 M	186
Rental Gap Program	\$2.5 M	\$1.375 M		\$3.875 M	100
Homeowner Assistance Program	\$1.5 M	\$0.625 M	\$0.25 M	\$2.375 M	100
DP/CC Assistance			\$0.75 M	\$0.75 M	125
For-Sale Development Program			\$1.25 M	\$1.25 M	14
Administration				\$1 M	
	\$4.5 M	\$2.25 M	\$2.25 M	\$10 M	525

The Advisory Board should start to discuss what the process will be to create a 2019 allocation plan to be submitted to City Council in the Spring 2019.

Ms. Smith Perry stated for the 2019 Allocation Plan, suggestions have been made for a Small Landlord Program for developers who have less than four units. The HOF has been talking to a couple of banks in the city who may be able to help fund this type of loan program. Another possibility is undertaking a week of providing roofs or furnaces to help as many people as possible.

Ms. Walnoha asked what happens if funds in a specific line cannot be used in a timely manner.

Ms. Walker stated there needs to be an internal callback if something does not go forward so that funds are not deemed encumbered.

Ms. Smith Perry stated the Observatory Hill Five Points project that was awarded will need to close by May 31, 2019. However, the timeline can always be extended if there is a good reason why they cannot close. They will be notified of the deadline.

The proposed 2019 Allocation Plan Timeline is as follows: February – Working Group Sessions; February/March – Community Outreach and Participation, March – Discuss Draft Plan, and April – Vote on Final Plan.

I. Other Business

The URA received \$2,000,000 from the State of PA DCED recently. They were awarded NSP funds that were left over from other municipalities that they are awarding to the City. The funds are for acquisition/rehab/resale by community development corporations for affordable homeownership. This ties in with the For-Sale Development Program that is part of the HOF. The HR&A Advisors are working on an application similar to the rental one where there are rental budgets and cash flows that are all very uniform. They can prepare this for for-sale homes and create it so that it can be multi-tiered for HOF and NSP.

The floor was open to Public Comments.

Celeste Scott, a community liaison representative for Pittsburgh United and Pittsburghers for Urban Transit would like to see preparation so that the public understands the issues, and things are accessible to people. Hearing feedback from the public is important.

Crystal Jennings, a community liaison representative for Pittsburgh United and Pittsburghers for Urban Transit is looking forward to the small working group meeting for the marketing advertisement and asked to be included in other meetings with the board.

The next meeting is the first Thursday of the month, 9:00 a.m., City Council Chambers. Most of meetings throughout the year are scheduled at City Council Chambers. If City Council Chambers are not available, those meetings will be held at the URA, Wherrett Room, 200 Ross Street, 13th floor.

J. Adjournment

There being no further business, the meeting was adjourned.