

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.

August 1, 2019 – 9:00 A.M., E.S.T.

Members Present: Messrs. J. Bey, M. Lane, M. Masterson, S. Su, Mmes. L. Andrews, J. Deming, T. Kail-Smith, S. Tilghman, D. Walker, A. Walnoha (phone)

Members Absent: R. Butler, K. Chintalapalli, J. Jackson, V. McDonald Roberts, L. Springs, D. Tillman, C. Torres

Staff Present: Messrs. E. Acosta (HOF Intern), D. Geiger, E. Miller, Mmes. V. Hage, J. Reese, J. Smith Perry, G. Taylor

**A. Public Comment**

Sabrina Clark, a Pittsburgh resident asked to make an appeal regarding the rules and decisions that disqualify applicants from the HSP program.

Celeste Scott, a community liaison representative for Pittsburgh United and Pittsburghers for Urban Transit, thanked the board for promoting the HSP program.

**B. Roll Call**

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

**C. Review and Acceptance of Minutes from the July 3, 2019 Meeting**

The minutes of the Regular Board Meeting on July 3, 2019 were approved as written and previously distributed.

**D. Recommend the approval of Rental Gap Program (RGP) funding for:**

**(a) the City's Edge Development in the amount of \$1,000,000. The commitment will expire on December 1, 2019 and is contingent on (1) outstanding litigation resolving and (2) all financing sources being committed.**

**Staff Report**

On November 8, 2018, the URA issued an RFP for the Rental Gap Program. To date, there have been seven awards: (1) the Centre Avenue YMCA development in the amount of \$600,000, (2) the Riverview Apartments Development in the amount of \$400,000, (3) the Observatory Hill Five Points Development in the amount of \$240,000, (4) the Residences at Wood Street Development for \$400,000, (5) the Parkview Manor Development for \$200,000, (6) the Mellon's Orchard Development for \$690,000 and (7) the Lemington Home Development for \$650,000. At the August 1, 2019 HOF Advisory Board Meeting, the Advisory Board will review an RGP loan request from Midpoint / Hill CDC for the City's edge development

in the amount of \$1,000,000 and an RGP loan request from Hazelwood Initiative for the preservation of a scattered site portfolio in the amount of \$400,000.

The City's Edge project calls for new construction of a ten-story mixed-use structure. The 309,208 square foot structure will consist of a 508-space parking garage on the first five floors, 17,187 square feet of commercial and community space on the first floor, and 110 units of housing on the top five floors. Current plans call for the storefronts to house a daycare, a minority/women-owned business incubation space, and a restaurant. The commercial parking facility would include a mix of leased and transient parking. The residential units will include 77 income-restricted units. The remaining 33 units will be market-rate. The project will also include a publicly-accessible plaza and a rooftop deck for residents.

Mr. Miller stated City's Edge is in the Uptown neighborhood of Pittsburgh located at 1450 Coldwell Street. The developer for City's Edge is MidPoint Group of Companies. The non-profit applicant for this project is the Hill CDC. The project has been awarded both 4% and 9% Low Income Housing Tax Credit (LIHTC) from PHFA and the Rental Gap Loan Program (RGP) will be used with the 4% LIHTC part of the project. MidPoint plans to close on the transaction as well as the financing in Fall 2019. The building is planned to be in service in July 2021. There are 110 total units, and 77 will be rented affordably. HOF funds are going to be allocated to 41 of the 77 affordable units. 8 of the units will be rented to households at or below 30% AMI and 33 will be rented to households at or below 50% AMI.

The requested amount for the City's Edge Development is \$1,000,000. The staff recommendation amount is \$1,000,000. \$480,000 will be taken from the 30% set aside and \$520,000 will be taken from the 50% set aside. There will be an 0% interest rate or a rate that is determined by the tax credit equity investor. The term of the loan will be for 35 years and it will be a cashflow loan. The HOF will have subordinate lien position on the property at 1450 Coldwell Street, and the developer has agreed to a 99-year term of affordability.

Ms. Smith Perry stated there is a very large number of funding sources for the project, and there is a team of people at the URA that are examining the funding sources. Part of the logic of why staff is recommending the full \$1,000,000 is because this is a 110-unit development. Most LIHTC projects are capped at 40 or 45 units, however, this one is much higher hence it has both allocations of tax credits. There is a lot of both public and private sources in addition to the LIHTC which is divided into a 4% LIHTC condo and a 9% LIHTC condo. There is also taxable and tax-exempt bond financing. The taxable bond financing comes through an authorization of volume cap that PHFA authorizes at the same time that they authorize 4% LIHTC and the HACP is putting in \$5,000,000 along with a project-based voucher operating subsidy. There are several private financiers involved for both the residential and commercial pieces of the development. As a result of the amounts of the sources, all the funders are working together to determine the final financing. Additionally, there is litigation pending on the site for the property which is related to an argument with a previous user of the site as to what their leasing ability might be after this development is completed.

Nathaniel Boe, Hal Coffey (legal advisor), Cindy Picone (Diamond & Associates), Terri Lee (Terri Lee Consulting), and David Serbin (Hill CDC) are present. Mr. Boe thanked Robert Rubinstein and the URA, Councilman Lavelle, Mayor Peduto and Brian Hudson and the PHFA team for their support.

David Serbin (Hill CDC) thanked the Advisory Board and stated that the Hill CDC is excited to be a partner in the project. There has been a robust development review of the project, and it has been before the community several times and is highly needed.

Hal Coffey (legal advisor) stated that the 99-year affordability period is the goal of the development, but having the funders involved in the approval of the application could become a significant issue. PHFA has a 40-year requirement for tax credits and then reporting requirements. If the deed restriction is for 99 years of affordability, it may be difficult to receive approval from all of the funders.

Ms. Smith Perry offered to contact PHFA staff to see if there are concerns with the 99-year deed restriction. In addition, the other funders will be contacted to see if they are comfortable with the stipulation. The item will come back to the board if the contingencies are not probable.

### **RECOMMENDATION 25 (2019)**

**Joanna Deming made the motion for Item D-a. Recommend the approval of Rental Gap Program (RGP) funding for the City's Edge Development in the amount of \$1,000,000 contingent upon financing being entirely committed; no outstanding litigation on the land; and a 99-year deed restriction. The commitment will expire on December 1, 2019. Majestic Lane seconded. Those in favor: J. Bey, J. Deming, M. Lane, D. Walker and A. Walnoha. The motion carried. Theresa Kail-Smith abstained. L. Andrews, M. Masterson, S. Su, & S. Tilghman abstained/left the table for the discussion in accordance with the Conflict of Interest policy.**

**(b) the Hazelwood Affordable Rental Preservation Program in the amount of \$400,000. The commitment will expire on December 1, 2019 and is contingent upon all financing sources being committed.**

The Hazelwood Affordable Rental Preservation Program (HARPP) is a three-phased, multi-year rental preservation strategy in Hazelwood being spearheaded by Hazelwood Initiative (HI). HI is purchasing 63 occupied affordable scattered site units in three phases. The transfer of the first phase consisting of 22 units will occur in September 2019. By HI purchasing these units, the affordability will be preserved for the next 35 years. 17 of the 22 units are in good to excellent shape and will not require any work once the sale occurs.

The Advisory Board's funding recommendations will be presented to the URA Board of Directors on August 8, 2019.

Mr. Miller stated the Hazelwood Affordable Rental Preservation Program is a scattered site project throughout Hazelwood. This is a three-phased multi-year affordable rental preservation strategy in Hazelwood that is being spearheaded by Hazelwood Initiative. A lifetime resident of the neighborhood has over his career purchased 63 rental units most of which are affordable. Hazelwood Initiative has come to an agreement with him to purchase his entire portfolio with the intention of renting the units affordability. The first phase is the transfer of 22 units and HOF funds will be used for 17 of the affordable units. The next two phases will transfer the remaining 41 units and will take place over the next thirty months. One of the motivations is the units are currently occupied, and the HOF doesn't want to penalize tenants who are over income and have them move out because HOF funds put an income restriction on

the units. HOF funds will be used in up to five units at 30% AMI and up to 12 units at 50% AMI. None of the current residents will be displaced, and if a tenant in one of the 17 units is over income by the time the transaction occurs, the unit needs to be rented in accordance with the deed restriction once the unit is unoccupied.

The requested amount for the Hazelwood Initiative Development is \$419,000. The staff recommendation amount is \$400,000. \$300,000 will be taken from the 30% set aside and \$100,000 from the 50% set aside. The interest rate is 0% and the term of the loan will be 35 years. This will be an amortizing loan with a 35-year affordability period. The supportive services that Hazelwood Initiative plans to provide include bringing in CIRCLES of Greater Pittsburgh to Hazelwood to participate in their programs which are mainly focused on fostering economic empowerment and stability. Also notable is that Hazelwood Initiative currently works with Hazelwood residents to prepare them for homeownership. They have an active Rehab4Resale program in the neighborhood. HOF is willing to revisit the refinancing of the project as they go through Phases II and III in the next 30 months. If they are able to obtain additional funding sources, the amount of years that the loan will amortize for may be reduced. The HOF will have a subordinate lien position on the properties located throughout Hazelwood. The residents of Hazelwood have been working with the Dept. of City Planning for the last year and a half to create a neighborhood plan. One of the highest priorities coming from the residents was that future development did not displace current residents. The preservation of these quality affordable units in Hazelwood is an effective strategy at accomplishing that goal and addressing the concern that the residents have in the neighborhood.

Dave Brewton from Hazelwood Initiative was present, and for the record, Sonya Tilghman, the Executive Director of Hazelwood Initiative is a HOF Advisory Board Member of the Housing Opportunity Fund and has abstained.

Dave Brewton thanked the Advisory Board for their consideration of the project. Hazelwood Initiative is excited about not just this phase, but the opportunity to have 63 units under control and are committed to the goals of development.

Ms. Deming asked what the funding commitment status is of the other sources.

Mr. Brewton stated they are still working to find a lender. However, it was determined to move forward and find permanent financing before the other two phases of the development begin.

#### **RECOMMENDATION 26 (2019)**

**Diamonte Walker made the motion for Item D-b. Recommend the approval of Rental Gap Program (RGP) funding for the Hazelwood Affordable Rental Preservation Program in the amount of \$400,000 contingent upon additional financing being in place. The commitment will expire on December 1, 2019. Jamil Bey seconded. Those in favor: J. Bey, J. Deming, M. Lane, D. Walker and A. Walnoha. The motion carried. Theresa Kail-Smith abstained. L. Andrews, M. Masterson, S. Su, & S. Tilghman abstained/left the table for the discussion in accordance with the Conflict of Interest policy.**

**E. Discussion: RFPs for 2019 funding**

### **Staff Report**

Ms. Smith Perry stated that the 2018 funds for the Rental Gap Program have exceeded their reserves and there is a need to roll into 2019 funds. Should the same rolling RFP that is currently on the website for the Rental Gap Program be used for 2019?

Mr. Masterson stated there is a concern about recusals. HR&A Advisors recommended that the recusals be by program year, but when a couple of program years are mixed together, there is not going to be anyone who can vote because of the number of projects that will be going through. There is going to have to be a way to address that issue.

Ms. Smith Perry stated in the discussion with HR&A Advisors their recommendation was to have the recusal based on funding year. The projects being presented today are funded in joint funding years. They are occurring over the 2018/2019 divide, but after this series the next projects will all be in 2019. Members will then be asked to recuse themselves based on the Conflict of Interest policy for 2019.

In the Homeowner Stabilization Program (HSP), the existing service providers will have their contracts fully drawn in the next few months and there is also the Homeowner Assistance Program (HAP), which the providers are currently working on to fulfill their contracts. There will then be a need to either amend their contracts for an increase or bring on new providers. Also, should there be a rolling RFP for the programs, or do they need to be revisited next month?

Mr. Masterson suggested that the programs be reexamined. There needs to be more data on how the programs are working and what happens when someone is told that they don't qualify and what does that process look like. There may need to be adjustments in the programs to make sure that the funds are serving the people that they are intended to serve.

Ms. Smith Perry will check with HR&A Advisors as they drafted the Conflict of Interest policy and will report back next month. In addition, there will be a review of the programs.

### **RECOMMENDATION 27 (2019)**

**Mark Masterson made the motion for Item E. Discussion: RFPs for 2019 funding for a rolling RFP for the Rental Gap Program for 2019. Diamonte Walker seconded. Motion carried.**

### **F. Discussion: 2020 Allocation Plan Process**

#### **Staff Report**

Ms. Smith Perry stated the 2020 Allocation Plan needs to go to the URA Board so that it is approved by Council by the end of the year. Therefore, public meetings will need to be scheduled. Currently, Pittsburgh United is in the process of conducting a series of meetings in several communities. As there have been a lot of meetings regarding HOF, the suggestion is to have meetings in Central, North and South and in the next round East and West. However, that doesn't mean that the HOF is not out in the neighborhoods for other meetings as well.

Ms. Walker agrees with the level of engagement of the neighborhoods. It is very impactful. There is a need to make sure to use all resources to get the word out so that people attend the meetings.

Ms. Smith Perry stated also as the RGP, HSP and HAP programs are in place, there will be more data to share with the public. This will aid in the development of a preliminary plan.

The item will be revisited next month and there will be an announcement of public meetings. The goal is to have an October preliminary plan with the Allocation Plan going to the November URA board and approved by Council by the end of the calendar year.

**G. Discussion: Creation of a Nominating Committee to Nominate a Chair and Vice-Chair**

**Staff Report**

The Advisory Board will select three or four people to serve as a nominating committee to nominate a Chair and Vice-Chair.

Ms. Smith Perry stated recognizing that the Advisory Board is five members short, there were four empty seats presented to Council last week. Those people will be interviewed by Council when they come back from recess and will be on board in October. There have been discussions with the Governing/Marketing Committee of the Advisory Board, and they have recommended that there be nominations for the Nominating Committee who will in turn nominate a Chairperson.

Mr. Masterson stated that the Governing/Marketing Committee's goal is to have a Chairperson in place by September. The idea of having a Nominating Committee is to review qualifications and job description to find members from the Advisory Board who will be willing to serve as Chairperson or Vice-Chairperson

Councilwoman Kail-Smith stated that there needs to be a full board in place and an open discussion before there is a decision of who is going to be elected as Chairperson.

Ms. Walker stated the committee met as a smaller group to discuss what recommendations would be made to the larger board. One of the recommendations was not to nominate a Chairperson until there is a full board.

Mr. Masterson stated that there has been a conversation with the whole board previously, and the Board voted on a deadline date of September.

Ms. Smith Perry stated that the Advisory Board will wait until the next four people are approved by Council to be considered a full board. They are as follows: Mark Masterson - reappointment; Knowledge Hudson – HACP representative, Megan Winters – West End representative and Ethel Johnson - tenant representative.

**RECOMMENDATION 28 (2019)**

**Theresa Kail-Smith made the motion to extend the deadline of the Nominating Committee to wait to nominate a Chairperson and Vice Chairperson until the new members are in place. Diamonte Walker seconded. Motion carried.**

## **H. Community Outreach Update**

### **Staff Report**

Mr. Masterson asked for more information regarding the HSP program. There have been complaints from different parts of the community about there not being a process in place to appeal a turndown. What happens when there is a disagreement and who would arbitrate?

Ms. Smith Perry stated it has been brought to the HOF's attention that people have asked if there is a process when applicants are turned down. The Advisory Board approved program guidelines for the HSP program, and there have been forms put in place that the providers are using in accordance with the program guidelines to make determinations. There have been conversations about having one front door, and if someone doesn't fit the program parameters, they will be recommended to programs that do fit their parameters. Discussions are taking place with the United Way to service the front door. Also, there is an intent to have an appeals committee established.

Additionally, it is not permitted legally to discuss anyone's personal information with the Advisory Board or with people outside of the URA. Consequently, specific situations may not be discussed at the meetings.

Ms. Reese stated the original intention was to allow the service providers to use their expertise to help make determinations in whether the HSP fund could help with stabilization. The program guidelines question whether the subsidy is deep enough to get an applicant back on their feet and provide safe, decent affordable housing in the long term.

## **I. Public Comment**

Celeste Scott, a community liaison representative for Pittsburgh United and Pittsburghers for Urban Transit, would like to make sure there is a process in place for turndowns for the HSP program. Also, can a determination be made to fill the Fair Housing position on the Advisory Board? In addition, there is a need for more funds to be allocated for the HAP and HSP programs.

Jay Dworin, Executive Director, Fair Housing Partnership, asked whether there was a discussion on how the projects that were presented will impact segregation. Did the Advisory Board ask those types of questions, and was it reviewed? Additionally, it is written in the legislation that there should be a Fair Housing Advocate on the Advisory Board, but the seat remains vacant. Can there be a conversation about having a Fair Housing advocate at the table?

Rick Coleman, Rico Construction & Development, stated the URA promised a homeowner on Dearborn Street to take care of repairs that are needed in the home. It's been five months, but nothing has been done. Can this situation be addressed?

Megan Hammond, Program Director, Fair Housing Partnership stated investigations have been conducted that show systemic to rapid discrimination based on race in areas that are predominately white throughout the city. Additionally, there is a geographic discrimination in the East areas especially for women with children. Overall, the number one protected class in housing discrimination is people who are physically disabled and requested that ADA regulations be taken into consideration for construction.

**J. Adjournment**

There being no further business, the meeting was adjourned.