

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.

October 3, 2019 – 9:00 A.M., E.S.T.

Members Present: Messrs. K. Build-Hudson, J. Jackson, M. Masterson, S. Su, D. Tillman

Mmes. L. Andrews, J. Deming, E. Johnson, T. Kail-Smith, A. Walnoha (via phone), K. Ware-Seabron

Members Absent: J. Bey, M. Lane, S. Tilghman, D. Walker, M. Winters

Staff Present: Messrs. J. Carter, D. Grantham, D. Kendall-Morris, E. Miller, Mmes. B. Benjamin, V. Hage, J. Reese, J. Smith Perry, G. Taylor, S. Taylor

A. Public Comment

Bob Damewood, Regional Housing Legal Services. The Small Landlord Fund is going to be presented to the URA Board. Mr. Damewood asked if the guidelines can protect against displacement or rent increases. Other concerns are that the Housing Stabilization Program (HSP) is running out of money. Also, some homeowners are slightly over income and cannot afford to fix their homes. The advocates, URA and the Advisory Board should get together and try to expand the funding.

Swain Uber, PPSA. Reminded everyone that the luncheon with Nora Lichtash and Michael Anderson is on October 4, 12:00-2:00 p.m. In addition, there is a huge need for the Small Landlord Fund. Pittsburgh is struggling with the utilization of Choice Housing Vouchers (Section 8) and hopefully this fund will increase that utilization. Also, it would be great to have the URA position on the Advisory Board filled, and as the Advisory Board is now close to being full, a Chairperson needs to be elected.

Raymond Moore, Education Outreach Coordinator, Fair Housing Partnership, stated that Stanton Avenue is the street dividing Highland Park and East Liberty and there is racial disparity between the two neighborhoods. Are the recipients of the funds obligated by the HOF to affirmably market the rental units to ensure that the development of the units doesn't result in segregation? When the HOF recognizes the publication of the HOF's successes, does it showcase Pittsburghers across all classes? What are the number of black residents who have benefited from the HOF programs? Pittsburgh falls in the bottom of 15 cities that have the widest homeownership gap based on race.

Rick Swartz, Executive Director, Bloomfield Garfield Corporation stated that it would be a good idea before the Small Landlord Fund program goes before the URA for approval that the basic guidelines are reviewed to see if there are opportunities for deferral of principle payment. Also, are there opportunities for a different amortization schedule and how do you protect the tenants who are living the house currently? In many neighborhoods, there is an opportunity to incentivize owner occupied rental property. Maybe some of the incentives around deferral of principle payment can be directed toward people who live in the property. If the URA or the Advisory Board would like to engage in more dialogue around the terms and conditions, groups like Bloomfield Garfield are happy to participate.

Ms. Smith Perry stated the Small Landlord Program is not a HOF-sourced program, and that is why it has not been discussed at the Advisory Board meeting. It was discussed publicly at the URA board meeting last month and was posted on the URA website with an email for public comment. If there any public comments in writing that anyone would like to submit, please do so by tomorrow at www.ura.org. This program is intended to help the immediate crisis of Section 8 vouchers being returned.

B. Roll Call

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

C. Review and Acceptance of Minutes from the September 5, 2019 Meeting

The minutes of the Regular Board Meeting on September 5, 2019 were approved as written and previously distributed.

D. Introduction of New HOF Advisory Board Member:

1. Ethel Johnson – Tenant Representative

Staff Report

Ethel Johnson was introduced. Ms. Johnson stated she is a West End resident and has been a volunteer in various organizations since the late 1970s. Currently, she is a representative of HACP scattered sites.

E. Introduction of New URA Staff and a discussion of the New Center for Housing Opportunities

Staff Report

Ms. Smith Perry stated that there is a new center at the URA which includes existing housing functions and is called the Center for Housing Opportunities. It includes the original housing functions and housing staff as well as new staff. The staff is not always fully funded by HOF administration money, and other URA sources are used. New people include: Dan Grantham in the Executive Dept. and is here observing, Breanna Benjamin will be working with HSP. Derek Kendall-Morris will work on the various home repair programs. Jeremy Carter is the Manager of Community Programs.

F. 5635 Stanton Avenue - Recommend the approval of Rental Gap Program (RGP) funding for the redevelopment of 5635 Stanton Avenue in the amount of \$110,000. The commitment will expire on February 1, 2020.

Staff Report

5635 Stanton Avenue is an 11-unit affordable development for individuals and families. 5635 Stanton Avenue consists of two (2) one-bedroom units, eight (8) two-bedroom units, and one (1) three-bedroom unit. The property has one main building with eight units and a rear carriage house with three units.

The property was acquired in 1995 by the Highland Park Community Development Corp (HPCDC) and the Bloomfield-Garfield Corporation, collaborating under the newly-formed entity of Stanton Avenue Associates LP. Both Highland Park Community Development Corporation and the Bloomfield-Garfield Corporation are 501c3 organizations. The partnership's goal was to restore an historic mansion and carriage house that had fallen into vacancy and disrepair. In order to preserve the building's historic character and still provide affordable housing to East End residents, Stanton Avenue Associates applied for and received an allocation of Low Income Housing Tax Credits (LIHTC) from the PA Housing Finance Agency (PHFA). Matched with that were an award of state historic tax credits and loans from the URA.

The requested HOF RGP loan will be used to complete critical exterior repairs, including removal of rotting wood fascia, exterior painting of all wood surfaces, replacement of exterior doors, and repairs to leaking windows. There will also be interior repairs required due to water penetration from the roof and windows. The Advisory Board's funding recommendations will be presented to the URA Board of Directors on October 10, 2019.

Mr. Miller stated this is a very large stately historic mansion on Stanton Avenue that was acquired in 1995 by Highland Park CDC and the Bloomfield Garfield Corporation. They created a partnership called Stanton Avenue Associates LP with the goal of restoring this mansion that had fallen into disrepair and vacancy over the years. It consists of a large mansion on Stanton Avenue as well as a carriage house that fronts Mellon Street. Since this project has come to exist in its current form, it has been an affordable housing option in that neighborhood. Stanton Housing Associates does not want to turn it into a market rate development, and they would like to preserve the affordable nature of this project. However, it is an older home, and there are a lot of costly repairs that are due. Therefore, the developer requested HOF funding to do some critical exterior repairs including improving rotting wood throughout the exterior of the home. Existing doors need to be replaced and there is also window replacement in parts that need to be addressed. There are also interior areas from water penetration that need to be repaired.

The development is presently fully occupied primarily by long term tenants who have lived there 10+ years. In exchange for this financing, there is an income restriction that is recorded on the property. All eleven units are currently rented affordably. The proposal is that the HOF funds will be attached to eight of the affordable units for households at or below 50% AMI. The remaining 3 units will be unrestricted to ensure non-displacement of existing tenants. The requested amount from Stanton Avenue associates is \$110,000. The staff recommendation amount is \$110,000. The funds will be taken from the 50% set aside of the 2019 RGP line item. The interest rate is 0%. The term of the loan will be for 15 years; part of it being amortized and part cashflow.

Collateral is a subordinate lien position on the property located at 5634 Stanton Avenue and the affordability period that would be attached to this financing. The RGP loan is \$110,000 and there is a \$40,000 bank loan to complete the rest of the project. An alternative form of financing alone would prove to be too costly for them to do all of the work, and a source like the HOF RGP allows them to make the

necessary improvements while also being able to preserve the affordable mission of the project. There are no supportive services for this property. The MWBE requirements apply at \$250,000 in total project costs, and this project is under that.

Ms. Deming asked about the demographics and the building being located on the line of demarcation.

Mr. Swartz stated all the tenants are African Americans, and there are several Section 8 vouchers.

Mr. Build-Hudson asked if there are any proactive services that can be provided for the residents.

Mr. Swartz stated through the BGC, they manage the East Side Neighborhood Employment Center so that residents have the ability to use the facility for job searches and resume prep if they want to improve their employment situation. There is also a program called Neighbors in Need. It is customary for the management company to refer people to the BGC who have fallen behind in their rent, and there are grants available up to \$500-\$600 to help residents catch up with rents. In addition, there are After School programs available.

RECOMMENDATION 33 (2019)

Mark Masterson made the motion for F. 5635 Stanton Avenue - Recommend the approval of Rental Gap Program (RGP) funding for the redevelopment of 5635 Stanton Avenue in the amount of \$110,000. The commitment will expire on February 1, 2020. Kellie Ware-Seabron seconded. Lena Andrews, Jerome Jackson, Sam Su & Derrick Tillman abstained/left the table for the discussion in accordance with the Conflict of Interest policy. Theresa Kail-Smith and Ethel Johnson abstained.

G. Module Development – Garfield – Recommend the approval of For-Sale Development Program (FSDP) grant funding in the amount of \$70,000 for the development of one affordable house on Black Street in Garfield. The affordable house is part of a three-unit development. The commitment will expire on February 1, 2020.

Module is a Pittsburgh-based startup that designs “right sized” homes that can be expanded using patent-pending wall and roof systems that can be easily connected to additional Module-designed rooms. Module is developing three new structures on Black Street in Garfield. Bloomfield Garfield Corporation is the applicant for the FSDP funding. One of the three houses will be affordable to a household at or below 80% AMI.

Mr. Miller stated this is a module design and is part of a three-home development in Garfield with new construction on three vacant lots in the 5400 block of Black Street. Pittsburgh based Module is specializing in this design of modular pre-fabricated homes that provide both high energy efficiency and extremely comfortable living standards as well. The unit at 5456 Black Street is going to be sold affordably to households at 80% AMI or below. Module is working in conjunction with Bloomfield Garfield Corporation on the project. Module and BGC will work to market and sell this home to an appropriate buyer that is at or below 80% AMI. The construction is expected to begin in November and have an eight-month construction timeline.

The anticipated sales price is \$183,749. There is a deferred second mortgage, Neighborhood Housing Program (NHP) funds of \$50,000 available and Down Payment Closing Cost Assistance at \$7,500. The anticipated amount that will be financed by the buyer is approximately \$127,911 which makes the home affordable to a household of three at or below 80% AMI. The request is for \$70,000 in grant funds with an affordability period of 99 years. The deed restriction will be recorded mandating that upon resale, it be sold to a household at or below 80% AMI during the 99 years. The deed restriction will only be on one of the units.

The request is for \$70,000 for For-Sale Development Program grant funding. Module is adding \$33,000 of their own equity, and they have a \$129,000 construction loan from Dollar Bank. There are corporate sponsorships of \$25,000 coming from vendors who are providing high performance windows, appliances and HVAC. This is a little bit more expensive than a stick-built home. However, with the high quality of materials and potential savings, it is cost reasonable. The total development costs are \$290,000. The MWBE narrative has been approved, and they are close to having the final plan approved.

Ms. Ware-Seabron asked for further information about the long-term savings for the end user because of the energy efficiency and how that would affect affordability.

Brian Caudio, Module stated there could be a monthly savings of up to \$170 a month because of the large amount of insulation in the home, and there are less penetrations in the building resulting in a savings in energy costs.

Mr. Masterson asked how the unit is going to be affirmatively marketed.

Mr. Caudio stated they would connect with the community partners to market this affordable home to someone who may not be able to afford this quality of housing otherwise.

Mr. Tillman stated there was a critical report written about Pittsburgh and race. The Advisory Board needs to think about every program and how all of the decisions intersect with that subject. In addition, there needs to be a more global strategy.

RECOMMENDATION 34 (2019)

Joanna Deming made the motion for Module Development – Garfield – Recommend the approval of For-Sale Development Program (FSDP) grant funding in the amount of \$70,000 for the development of one affordable house on Black Street in Garfield. The affordable house is part of a three-unit development. The commitment will expire on February 1, 2020. Mark Masterson seconded. Sam Su & Derrick Tillman abstained/left the table for the discussion in accordance with the Conflict of Interest policy. Ethel Johnson abstained.

H. Programmatic Updates, Expenditures, Impacts, and Policy Discussions

- **Housing Stabilization Program (HSP)**
- **Down Payment and Closing Cost Assistance Program (DPCCA)**
- **For-Sale Development Program (FSDP)**
- **Homeowner Assistance Program (HAP)**
- **Rental Gap Program (RGP)**

Staff Report

Ms. Smith Perry stated that in the Homeowner Assistance Program (HAP), 37 loans have been approved, 25 denied and 65 are being processed. The reasons for denials include: missing deed, over income, property not in applicant's name, delinquent on taxes and title issues. The people with title issues have been temporarily turned down and will be referred to Neighborhood Legal Services as soon as they are under contract. Also, people who are delinquent on taxes must be on a payment plan for six months.

Mr. Tillman stated there is a concern with people having to be on a payment plan for six months, and that just being on a payment plan should be acceptable. Part of the reason for the delinquency comes from income challenges and there will be a lot of African Americans impacted by this policy.

Ms. Smith Perry stated that the guidelines for most of the programs are going to be revised in 2020. Taxes cannot be waived because HOF is part of a government agency, but there may be a way for more flexibility on taxes.

In the Down Payment and Closing Cost Assistance Program (DPCCA), 37 have closed, and 11 more will be closing in the next few weeks. Almost everyone using this program is getting a first mortgage from a lender. The lender fills out the application and sends the financial backup to the URA.

Mr. Tillman stated that all lenders need to be aware of the program. The applicants themselves need to be aware so if the lenders don't know about the program, they can ask the bank to inquire about the process.

Ms. Hage stated in a three-month period, the Housing Stabilization Program (HSP) has served 102 clients. With the combined 2018 and 2019 contracts it is estimated that 306 clients will be helped through this program, and funds are predicted to run out within nine months. The YWCA is already using 2019 funds at this time.

Mr. Masterson asked if there is an Appeals process.

Ms. Hage stated once someone goes through the full intake process, and the service provider deems them not eligible for the program, the service provider will send out a letter of denial stating the reason why they are not eligible for the program. This will include steps that they can take to become eligible. They will have instructions on how to file an appeal. People can call and leave a message on Google Voice, but also have the option of sending a written version of their message if they desire. Breanna Benjamin will be in charge of collecting the messages and will compile the messages and relay them to the Appeals Committee. It has not been determined how frequently the committee will meet. The Appeals Committee will consist of an URA staff person, United Way staff person, DHS staff person and two Advisory Board members. The implementation date for the United Way and the Appeals Process is November 4.

Ms. Smith Perry stated that the 2019 funding is being used for the Rental Gap Program (RGP). There have been six commitments and three have closed. Developments should be shovel ready (within four months of closing) when they apply. However, Low Income Housing Tax Credit Developments need commitments

during the application process. Pennsylvania Housing Finance Agency has changed their process for the 4% Housing Tax Credits slightly. 2019 RGP funds will be fully committed soon, and it needs to be determined how to handle future potential commitments so that people can apply for tax credits. The question to consider is how to achieve a median balance of all the deals planned for the next couple years vs. having funding available as they come up.

Mr. Build-Hudson stated if funds are going toward 4% tax credits because it will have a larger impact, there needs to be a standard set for that. The funds that are being used need to have the optimum impact. There is always going to be immediate need. Even though there is the issue of not being able to help certain people because of lack of funds, there needs to be a celebration of the amount of people who are being helped.

Ms. Smith Perry stated that 18 units have been committed for the For-Sale Development Program (FSDP). There are still 2018 funds available for this program and all of 2019 funding is available. This line item is well funded at this point.

Ms. Smith Perry stated the HAP and HSP Programs will need to be funded heavily in 2020. Also, based on the conversation regarding the 4% tax credits, the RGP program may also need to be in that category. There will be special meetings with the Advisory Board members in the next couple of months. There is also training for Advisory Board members next week regarding the URA programs and how they relate to the HOF programs.

I. 2020 Allocation Plan Meetings

Staff Report

Ms. Hage stated in an effort not to duplicate the great work that was recently done by Pittsburgh United, HOF is going to try a different method this year to connect and get feedback from the public. The approach for 2020 is going to be focused on meeting people where they are and in their communities. This will be accomplished by attending existing community meetings and events in the neighborhood. There has been past success with this method. HOF staff has been able to have a dialogue with residents as opposed to just having a presentation. Staff will be able to answer questions, and also distribute the survey and collect feedback. There will be a list of community events and meetings that Advisory Board members can review and provide feedback so that HOF is reaching all communities. Also, Advisory Board members are welcome to attend the meetings.

Mr. Masterson asked if Pittsburgh United could help in the turnout of community meetings because they are getting to places that staff cannot.

Ms. Reese stated that it is a good point to leverage the strength of Pittsburgh United. However, it is also the desire to expand on the methods that are being used and that it will be valuable to meet people through the community organizations so that there will be a more well-rounded picture.

J. Announcement – The November and December HOF Advisory Board Meetings will be held at the URA – 200 Ross Street, 13th Floor as Budget Hearings at scheduled in Council Chambers during that timeframe.

K. Adjournment

There being no further business, the meeting was adjourned.