

Minutes of the Regular Meeting of the Housing Opportunity Fund Advisory Board for the Urban Redevelopment Authority of Pittsburgh. City of Pittsburgh YouTube channel.

March 4, 2021

Members Present: Lena Andrews, Jamil Bey, Joanna Deming, Knowledge Build Hudson, Theresa Kail-Smith, Mark Masterson, James Myers, Paul Spradley, Sonya Tilghman, Derrick Tillman (Vice Chair), Diamonte Walker, Adrienne Walnoha, Kellie Ware-Seabron (Chair), Megan Winters

Staff: Breanna Benjamin, Brett Morgan, Derek Kendall-Morris, Doren Hilmer, Evan Miller, Jeremy Carter, Jessica Smith Perry, Shaina Madden, Vethina Hage, Sara Shore

Others: David Finer, Alexander Fisher, William Lamar, Chad Barnett, Rick Swartz, Andrew Haines, Chad Barnett, Meghan Aitken

A. Roll Call

Kellie Ware-Seabron called the meeting to order. A quorum was present.

B. Review and Acceptance of Minutes from the February 4, 2021 Meeting

Joanna Deming asked that her comments on a special session for the fair housing committee be amended as follows: "Joanna Deming suggested a special session for all board members to be involved in the fair housing work."

Kellie Ware-Seabron requested the record reflect that the \$750,000 reallocated in Recommendation 8A and 8B originated as additional funding gifted by Councilman Corey O'Connor from his district and not as part of the annual HOF allocation. The reallocation of the gifted funds was an atypical situation to support the development of Flats on Forward in the councilman's district and necessitated an exception to the guidelines made at this point.

Sonya Tilghman moved to approve the minutes of the February 4, 2021 board meeting with the two amendments. Adrienne Walnoha seconded. The motion carried.

C. Public Comment

Megan Confer-Hammond, Executive Director of the Fair Housing Partnership of Greater Pittsburgh, shared that the federal government has applied the *Bostock* decision to fair housing policy, prohibiting discrimination based on sexual orientation and gender identity. She asked that once the Fair Housing Committee has established membership, she be contacted for a meeting to begin planning. She also raised concerns about misinformation about the Housing Stabilization Program from 2-1-1 Navigators as well as the wait time for residents calling for a referral to the program.

D. Garfield Highlands Development

Evan Miller presented the Garfield Highlands development. He recommended a HOF Rental Gap Program loan in the amount of \$540,000 for the new construction of the scattered site Garfield

Highlands development in the Garfield neighborhood. The commitment will expire on September 4, 2021.

Adrienne Walnoha requested future presentations include a breakdown of all sources of funding for projects. She also asked for an explanation regarding the application and outreach process as it pertains to their long waitlist.

Rick Swartz, Executive Director of Bloomfield Garfield Corporation (BGC), responded that the staff managing current BGC projects will be same staff handling the intake process for the new development. Closer to groundbreaking, the staff will review commitments to affordability requirements, families facing homelessness or near homelessness, and families with special needs. BGC will craft the marketing strategy in June or July. Given that the current waitlist has approximately 800 people, BGC will contact the first 200 names on the current waitlist to see if those individuals and families would qualify under the terms and conditions of the project. He further explained that this is the first BGC development where over half the units are committed to families facing homelessness or have members with special needs.

K. Ware-Seabron recommended an additional equity lens to the waitlist screening process.

R. Swartz replied that staff reported over 90% of the people on the waitlist are households of color. He observed that Garfield continues to attract African American and other minority households from communities such as Homewood and the Hill District.

J. Deming asked how the organization will prepare tenants for homeownership.

R. Swartz responded that BGC began conversations with the Cleveland Housing Network, who has engaged with community groups in Pittsburgh. This summer, BGC plans to enlist Cleveland Housing Network as consultants for one-on-one tenant homeownership education for residents in BGC's existing 64-unit development. He explained that the goal is to retire the debt on those units through the sale of the properties. The expected average sales price will be between \$60,000 and \$80,000 with an escrow for down payment assistance. In collaboration with NDC, BGC still needs to identify funds that can be used to retain CHN. The existing development is in its 8th year.

Andrew Haines of Gatesburg Road Development added that they are including a \$2,000 per unit lease purchase reserve which each tenant can access for down payment assistance in year 15. Those funds will be in a CD or another investment tool to gain interest.

Adrienne Walnoha commented on the need for the board to have a conversation on how URA products resources overlay with organizations creating housing units.

Mark Masterson asked how many of the lots in the development were publicly owned.

R. Swartz responded that all but one lot was purchased through the City or by the URA.

M. Masterson asked if they are going through the landbank process.

R. Swartz replied that they are not.

M. Masterson asked how long it took to assemble 25 parcels.

R. Swartz responded that it took four and a half years.

M. Masterson asked about the cost of construction in the past few years.

A. Haines replied that the cost of construction has increased 30% and lumber is at a record high.

M. Masterson inquired if that increase has happened in the past few years.

A. Haines replied that this is since COVID in March 2020. He added that building in the city, historically, has also been high compared to building outside of the city. Overall, construction costs have increased 25% to 30% everywhere in the past year.

M. Masterson asked how many additional units are called for in the community plan.

R. Swartz replied that in 2010, the organization set a goal of adding 500 units of housing over a 20-year period. They are currently 40% of the way through that total between BGC projects and projects completed by other organizations. He observed that they may not reach that goal due to a strong push in recent years to develop green spaces in Garfield. BGC plans to respond to that interest and have staff dedicated to the green space project. As a result, he anticipates the development of 75 to 100 for-sale, scattered site units over the next eight or nine years.

Jessica Smith Perry responded to A. Walnoha's earlier comment on the overlay of URA programs. She explained that the URA staff considers applicable programs for any projects they work with. If the Down Payment and Closing Cost Assistance Program is still operational when the residents are ready for homeownership, then the URA will be open to providing support.

R. Swartz stated that the BGC is establishing a land trust in Garfield. The goal is for the land trust to become the organization that spearheads permanent affordable housing in the area.

Derrick Tillman asked if the supportive services provided by the organization complement the homeownership program.

R. Swartz explained that NDC hired two staff members to manage the existing developments, one of whom is from Garfield. He detailed the supportive services provided by the staff members and BGC, including the Neighbors in Need fund, post-secondary school planning for Pittsburgh Public Schools students, and the employment center.

M. Masterson asked if there is a mortgage on all 25 scattered site properties and if the cash flow repayment is based on the sale of all 25 units.

J. Smith Perry explained that, for tax purposes, there is one ownership entity for the LIHTC development. The tax credit covenant and financing will be for the whole project so the mortgage will be for the whole project. The units will have covenant deed restrictions.

M. Masterson asked if, at the end of the project, there would be an opportunity for the entire cash flow to pay down the mortgage and make the units more affordable.

J. Smith Perry responded that the definitions of cash flow determined by the investors and other lenders will be included in the legal documents.

E. Miller clarified that the cash flow is not just from the units funded by the HOF. The URA views the cash flow as a project, similar to if the project was a 25-unit apartment building or somewhere market rate. The market rate would help increase the cash flow payment received on an annual basis.

A. Haines added that if a tenant decides not to purchase a unit that is affordable at 60% AMI or below, the tenant will not be forced to move or relocate. The unit will remain a rental.

Sonya Tilghman asked if there would be a possibility of an outstanding URA mortgage if the initial sales are not completed.

E. Miller affirmed and explained that is the reason for the 40-year affordability term on the loan.

Knowledge Build Hudson asked if it the 15 years referred to the time the tenant is in the unit or of the unit existing.

A. Haines replied it refers to the unit itself. The property cannot be turned over to homeownership before year 15. Whoever lives in the unit in that 15th year can purchase the property. The down payment assistance is on the unit and not the tenant.

Lena Andrews commended BGC and Gatesburg Development on this project.

RECOMMENDATION 11 (2021)

Mark Masterson motioned to recommend a HOF Rental Gap Program loan in the amount of \$540,000 for the new construction of the scattered site Garfield Highlands development in the Garfield neighborhood. The commitment will expire on September 4, 2021. The parameters of the loan will require that 3 units be rented at or below 30% AMI and 11 units at or below 50% AMI. Additionally, the motion included a waiver of guidelines on the 11 units to allow a per unit amount of \$32,727 which exceeds the \$30,000 per unit cap identified in the program guidelines. Joanna Deming seconded. Lena Andrews, Jerome Johnson, Sonya Tilghman, and Derrick Tillman abstained. The motion carried.

E. Advisory Board Administrative Items

K. Ware-Seabron presented a list of proposed committees. She opened the floor to conversations on developing an RFP process that allows the committee to review applications for HOF funding in batches. She stated that the opportunity to review applications on a quarterly or twice-a-year basis would allow the advisory board to maximize benefits to the community.

A. Walnoha commented that it would be beneficial if the advisory board planned towards the specific types of projects it wants to entertain by establishing goals and targets.

K. Ware-Seabron agreed with A. Walnoha. She proposed the creation of a task force that would receive suggestions from various committees to develop an RFP process. She explained that the HOF exhaust its 2020 RGP funds in May, so this is an opportunity to establish the process for the 2021 RGP funds. She observed that the process would need to be voted on by the May 6th advisory board meeting.

D. Tillman believed there are good components of the idea of establishing outcomes. He cautioned that reviewing RFPs at intervals may cause a disruption given that the LIHTC processes have timelines that may not align with an RFP process. He also warned against the possibility of not funding projects in favor of others that meet the targets but ultimately do not receive tax credits.

M. Masterson commented that the advisory board needs to meet legislative requirements such as the funds going to each district. He observed that the board could use the scoring system used by URA staff members. He acknowledged that that scoring system has not been utilized because there were enough funds to finance every project that came forward.

J. Smith Perry agreed with D. Tillman that the URA needs to help fill gaps on projects that were awarded Low Income Housing Tax Credits by PHFA. The recommendation for the Garfield Highlands Development, which was awarded a 9% LIHTC, was the second action out of the 2020 RGP funding. Three other projects that were recently awarded tax credits will be presented to the board in April and May. Together, these projects will expend the 2020 allocation.

Jamil Bey observed that the legislation prioritizes stable and secure housing based on AMI; however, AMI varies by race. For example, half of all Black people in the area have a median income under 50% AMI. He commented that many of the HOF projects stabilize housing for white residents while predominantly Black neighborhoods like Homewood, the Hill District, and Hazelwood have had the most families leave within the last 10 years. He urged the board to consider its targets and metrics to serve Black Pittsburghers.

A. Walnoha commented that the URA provides data on who has applied for and utilized programs but not the "why." She would like for the board to have a better understanding of the reasons, barriers, awareness, etc. of those who would be eligible for HOF resources.

K. Ware-Seabron suggested an Outreach Committee would serve as a two-way street for information between the board and the public.

A. Walnoha asked for next steps.

K. Ware-Seabron outlined the next steps to vote on and populate committees as well as develop the RFP process.

J. Deming commented that the establishment of and the goals of proposed committees should be determined by the Fair Housing Committee's recommendations.

D. Tillman agreed with J. Deming. He asked for clarity on if the sustainability committee refers to environmental sustainability or ensuring individuals do not have to repeatedly seek out resources. Regarding the RFP process, he stated his preference to establish a scoring system.

K. Ware-Seabron responded that sustainability refers to environmental sustainability, such as green buildings and green materials. She stated that sustainability as it pertains to individuals consistently seeking out resources could be addressed by a wealth building initiatives committee.

A. Walnoha advocated for a large group conversation about fair housing to help set the agenda for working groups.

K. Ware-Seabron agreed with the idea and recognized that would require another session between board meetings. She asked if the advisory board would like to meet in the next month to discuss fair housing objectives.

D. Tillman agreed and suggested the board invite ex-officio members to that conversation.

M. Masterson asked about the limits on committee size.

K. Ware-Seabron answered that the committees are limited to five advisory board members.

M. Masterson proposed that five board members meet and present recommendations about fair housing to the whole board for discussion.

K. Ware-Seabron replied that six board members volunteered for the committee, including herself. She offered to be an ex-officio member or entertain a motion to waive the limit. She believed that the board could not engage in a process closed to the public and not solely for board members.

J. Smith Perry clarified that the bylaws allow for the committee to meet with external stakeholders, but those stakeholders cannot be committee members.

S. Tilghman agreed with M. Masterson.

RECOMMENDATION 12 (2021)

Theresa Kail-Smith motioned to waive the bylaw guidelines limiting committee membership to five members to allow the following six members to serve on the Fair Housing Committee: Lena Andrews, Jerome Jackson, Derrick Tillman, Adrienne Walnoha, Kellie Ware-Seabron, and Megan Winters. Derrick Tillman seconded. The motion carried.

K. Ware-Seabron asked the advisory board if the April meeting needed to be rescheduled due to Good Friday. The board does not need to move the meeting.

Jeremy Carter noted that the bylaws require the chair of working group must be approved by majority vote. The working group will meet and present the chair for the vote at the April meeting.

F. Programmatic Expenditures and Impact

J. Smith Perry presented the commitments and closings to date of both consumer and development programs through 2020, including AMI demographics.

M. Masterson asked for the count of total households served without the homeless shelter project.

J. Smith Perry responded that without the homeless shelter, the breakdown would have approximately 1,200 households at 30% AMI or below and 732 households at 50% AMI or below.

G. Announcements

J. Carter provided the following announcements and updates:

The Allegheny County Covid Rental Relief program will open March 15th. The program is for both city and county residents. The program can be accessed on the county's website: <https://covidrentrelief.alleghenycounty.us/>

Two changes were made at the URA Advisory Board meeting for the approval of the Legal Assistance Program. First, the URA expanded on the recommendation pertaining to dual causes. The guidelines now provide for legal assistance for mediation, limited legal representation, and full legal representation. This service will be at the discretion of the program administrator with URA guidance. Second, URA staff had conversation with Just Mediation PGH, and there is no existing structure for homeowner mediation. As such, that will not be included in the program at this time.

The RFP submissions for the Legal Assistance Program are due March 12th.

S. Tilghman commented on her concerns that 2-1-1 could be overwhelmed as the coordinated entry system for the Legal Assistance Program given its current difficulties.

J. Carter clarified that coordinated entry for the legal assistance program will not be through 2-1-1. The URA will RFP that service to a coordinated provider that has experience with legal assistance.

M. Masterson asked is the staff aware of the issues with 2-1-1.

J. Carter replied that the staff has been made aware of some issues. Each time an issue is reported, URA staff follows up with 2-1-1 to find out what happened and how the problem can be prevented in the future. 2-1-1 informed the URA that there is an increase in temporary staff to manage the increased call volume and some temporary staff may not be trained on taking HSP calls.

H. Adjournment

The next HOF Advisory Board meeting will occur on April 1, 2021 at 9:00am.

Derrick Tillman moved to adjourn the meeting. Mark Masterson seconded. The motion carried.

There being no further business, the meeting was adjourned.