

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

February 3, 2022

Members Present: Lena Andrews, Jamil Bey, Joanna Deming, Knowledge Build Hudson, Mark Masterson, Paul Spradley, Derrick Tillman, Diamonte Walker, Adrienne Walnoha, Kellie Ware (Chair), Megan Winters

Staff Present: Breanna Benjamin, Donna Freeman, David Geiger, Becca Gwyn, Vethina Hage, Victoria Jackson, Derek Kendall-Morris, Bailey Knapp, Lisa Korade, Shaina Madden, Evan Miller, Brett Morgan, Niklas Persson

Others Present: Reverend John Cook, Daniel Conley, David Finer, Alexander Fisher, Marimba Millions, Vanessa Murphy, Juan Powell, Maya Sierra, Ivonne Smith-Tapia, Aaron Sukenik, Cameron Weeks, Dan Wood

A. Roll Call

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

B. Review and Acceptance of Minutes from the January 6, 2022 Meeting

Jamil Bey motioned to approve the minutes of the January 6, 2022 board meeting as written and previously distributed. Derrick Tillman seconded. The motion carried.

C. Public Comment

No public comment.

D. Community Discussions

Ivonne Smith-Tapia, Director, Refugee and Immigrant Services from JFCS gave a presentation on refugee resettlement and housing. She explained that the refugee resettlement process involves many people overseas from the United Nations to the Department of Homeland Security, the FBI, and many agencies within the United States to make sure that refugees that come to the country are vetted and are victims of persecution. This process of vetting is very long and lasts approximately two years or longer. She said that after all of these screenings are completed and done, refugees start the process of placement, where we make sure that they have all of the things that they need before they arrive to the United States and when they are ready to start a new life. She reported that, around the world, there are 82.4 million people that are displaced and only a small portion of them are qualified to be refugees. The JFCS resettlement process focuses on three things: supporting immigrants by helping them navigate systems and gain access to resources, advocating for quality and culturally relevant services, and partnering with service providers and the community to make immigrant inclusion a priority.

Derrick Tillman asked if there are certain things that make landlords more receptive to working with refugees and also inquired if there are certain parts of the city where refugees tend to settle.

Ivonne Smith-Tapia replied that JFCS makes landlords aware of the support we provide to refugees. She said in the past, we were able to find communities like Crafton Heights, which welcomed refugees. She explained, now that those communities are full and lacking affordable housing, we are exploring housing in new communities that have shown interest in renting to refugees and becoming more inclusive.

E. Bedford Campus – Western Manor & Milliones Manor (Rental Gap Program & Demo Dollars)

Evan Miller presented on Western Manor and Milliones Manor. Western Manor is a HUD-202 financed, 32-unit apartment building serving Hill District seniors aged 62 or older with area median income at or below 50%. It is the understanding of the URA that the Western Manor building has pressing physical issues that need to be addressed to ensure the wellbeing of the residents who currently live there. The project has several recent failed HUD REAC inspections. Inaction could result in operations being terminated at the building, further destabilizing the lives of current residents. Significant issues at Western Manor are related to the roof and subsequent complications from water infiltration. The developer has created a three-phased remediation plan. Phase I, which this funding request would address, includes critical roof repair, tuck pointing, and mold inspection. Phase II will comprehensively address the mold issues identified by the inspection. Phase III will modernize non-mold-impacted units as well as the repair of concrete, curbing, walkways, and drives at the site. The complete project scope may change depending on the findings of the mold inspection to be carried out in Phase I of this current plan. The scope and repairs needed at the building for Phase I are estimated to be \$609,674. This request represents \$500,000 towards the Phase I repairs, with the intention that Hill CDC will continue to fundraise on behalf of Western Manor, Inc. to address these issues. Given the emergent nature of this request, this loan's approval is independent of other committed sources. The development team has applied to PHFA's PHARE program and has been in discussions with local lending institutions about other potential financing options. Having been in service in its current form since 1992, the URA does have existing debt at Western Manor. A RHDIP loan in the amount of \$308,000 was closed in 1992, 0% interest, cashflow payments. Maturity date is 10/1/2031. The URA also provided a \$75,000 purchase money mortgage due upon sale, also closed in 1992. Closing is expected to occur in the first quarter of 2022.

Milliones Manor is a 40-unit, Low-Income Housing Tax Credit project primarily serving seniors at or below 50%. Both buildings are part of the Bedford Senior Campus, along Bedford Avenue in the Hill District, containing another occupied apartment building, Christopher Smith Terrace, as well as two vacant buildings, Western Restoration (owned by the URA). Hill CDC is working to orchestrate a complete redevelopment of Bedford Senior Campus, including all of the existing buildings, plus a new 24-unit building on what is currently vacant land. Milliones and Western have both been in service in their current forms for over 30 years, and many building components have reached and passed the end of their useful lives. There are critical needs at both Milliones and Western, and Hill CDC is underway fundraising to address these capital improvements. A separate issue remains, both properties are in desperate need of operating funds to aid in the stabilization of the buildings. An infusion of funds earmarked for operating would attract a highly qualified property manager and help to satisfy outstanding payables at Western and Milliones. Operating funds and capitalization of reserves are not allowable uses under the HOF RGP program; however, the preservation and stabilization of these units is of the utmost importance to the Hill District community. Thus, staff recommends a Demonstration Program Grant in an amount of up to \$300,000 (up to \$150,000 per building, with grants made to the individual building owners) to fund operations at Western Manor and Milliones Manor. The URA plans to launch an emergency preservation program for affordable housing at risk of being lost, to be funded by American Rescue Plan funds. The URA is not yet in possession of said ARPA funds, thus cannot

commit them outright. Given the emergent nature of this request, the intention of this Demonstration Grant is to fund it in the interim from the HOF Demonstration line item, to later be reimbursed by ARPA funds.

Adrienne Walnoha said I think that these conversations are very interesting in the use of funds, especially when we have the opportunity for funds to be returned, so that we are making a critical impact but we're also recycling the fund dollars. I think that this larger preservation conversation, especially with our community's aging housing stock is an important one and I would love to see that next year for our funding conversations, to really have more of a focus in that realm of what we could possibly do with the HOF.

Mark Masterson asked is it going to be a grant with demo dollars or a loan to be recovered.

Evan Miller answered that it will be structured as a grant.

M. Masterson questioned how you get it back.

E. Miller responded that would be a URA finance question, but we are confident that we can move this money back into the demo program as a reimbursement.

M. Masterson asked how long the current ownership group has been involved and referenced the maintenance issues.

E. Miller replied that they have been in service since the early 1990's. He said it is not highly unusual to end up with these aging issues in these buildings because of the some of the restrictions on accessing reserves, but when it comes to the long-term stabilization, it is something to be considered. He said that right now, the main goal of the URA is to preserve the quality of life for the residents at these buildings in the interim.

M. Masterson asked Marimba Milliones what contributed to the property falling into disrepair and how does that change moving forward.

Marimba Milliones answered that in the case of Western Manor, Inc. you had a property manager that was largely behaving as owner until the past couple of years, when new people got involved with the project. She said there is a focus on the revitalization of the entire campus which is going to be the difference-maker, including a focus on what the capital needs of the project are, what the needs of the residents are and how can we really help to bring the entire campus together. She explained that with Milliones there is a matter of a very complex roofing system that needs to be addressed. She said the operating costs have prevented us from being able to navigate the change of a management company, which we are in the middle of now.

Jamil Bey questioned what specific structures are in place to prevent the property from declining in five years after this investment is made to stabilize it.

M. Milliones responded that the vision is that Western Manor can possibly be brought into a larger project, with the other developments on the site, in order to capitalize the entire project together. The issue with Western manner is it has largely been operated by a prior property manager for the entirety of its project, and by virtue of the way that the 202 is structured, those kinds of gaps can happen. But,

she said, I think you have in play right now a much more conscientious group of folks who are committed to ensuring that Western Manor does not experience ongoing issues, but that it does become a part of the broader campus.

J. Bey asked is the CDC the title holder.

M. Milliones answered that the CDC is not the title holder.

D. Tillman asked if an additional source has been determined for the \$109,674 gap. He also inquired if the new modular building has already been finished.

M. Milliones said the answer to the first question is there is a lot of interest in the project and there are conversations happening with private philanthropy relative to the site. She answered, in terms of the modular building, that is a new structure envisioned for the campus that could possibly bring additional housing for the campus.

RECOMMENDATION 38 (2022)

Mark Masterson motioned to approve \$500,000 in Rental Gap Program Loan funds and \$300,000 in Demonstration Program Grant funds. Diamonte Walker seconded. Lena Andrews and Derrick Tillman recused themselves. The motion carried.

F. Gladstone Residences (Rental Gap Project)

Brett Morgan gave a presentation on the Gladstone Residences. Gladstone Residences, LLC is seeking an RGP loan for the rehabilitation and re-use of the former Gladstone School, located at 327 Hazelwood Avenue in the Hazelwood neighborhood of the City of Pittsburgh. The site itself had been vacant for over twenty years when Gladstone Partnership, LLC, a single-purpose entity whose sole member is Hazelwood Initiative (HI), acquired the site in 2016 from Pittsburgh Public Schools. HI acquired the site to simultaneously preserve a key community asset while addressing rising housing costs and the existing limited supply of quality affordable rental housing in the neighborhood. From the acquisition of the site to the design of interiors, the community has been engaged throughout the process as affordable housing was a key objective addressed in the Greater Hazelwood Neighborhood Plan. The site itself is made up of six acres and is comprised of two three-story buildings: the “Original Building,” constructed in 1914 with additions in 1924, 1926, and 1965, and the “Annex Building,” constructed in 1926. The two buildings served the community for nearly ninety years as a middle school and high school. The Master Plan for the site establishes two parcels for development. The first parcel contains the Original Building, and thus, the entirety of the Gladstone Residences redevelopment including fifty-one studio, one-bedroom, and two-bedroom units designed for general occupancy for singles, couples, small families, and seniors. Ten percent (10%) of the units will be fully ADA accessible. The second parcel includes the Annex Building which will remain under Hazelwood Initiative’s ownership for a to-be-determined community-serving use in the future. While it is not expected to be a housing project, a planning exercise is tentatively taking place later this Spring. The redevelopment of the site will begin with extensive site work to improve connectivity to neighboring streets and corridors such as Gladstone Street and Hazelwood Avenue and to establish new, accessible routes to the building entrance via private accesses and sidewalks. The redevelopment will then include improvements to the building’s structural system, building shell, insulation, interior/exterior, mechanical systems, plumbing systems, and electrical systems. Construction is expected to begin in Q1 of 2022 following a tentative March

closing while construction completion is anticipated in Q3 of 2023. Gladstone Residences, LLC is a limited liability company formed by the Investor Member (99.99%) and the TCB Gladstone Residences MM LLC (.01%) for the purposes of redeveloping the Gladstone School. TCB Gladstone Residences MM LLC is the Managing Member and was formed by The Community Builders, Inc. (75%) and 327 Hazelwood Avenue Associates, LLC (25%) through an executed Memorandum of Understanding. Gladstone Community Partnership, LLC is the current owner and the entity that purchased the site from PPS. They will not have an active role in the development, but will have a seller loan to Gladstone Residences, LLC. Though TCB and HI are co-developers on the site, HI also serves as the non-profit applicant to the RGP application having led an extensive community engagement process for this redevelopment and for the Greater Hazelwood Neighborhood Plan. TCB also serves as the project's construction manager, property manager, and service provider. Regarding services, TCB is looking to partner with other organizations, such as TCB's affiliated entity Community Life, to implement its supportive services plan as it pertains to youth programming, family programming, job training and employment, and food security. Sota Construction will serve as the general contractor and Rothschild Doyno Collaborative as the architect.

D. Tillman asked if there are plans to develop the annex building as well.

Vanessa Murphy answered that the annex is owned by Hazelwood Initiative and there is an intent to get the community involved in the programming of that building.

B. Morgan also replied that it would most likely serve as community space to be utilized for either a nonprofit or by residents.

RECOMMENDATION 39 (2022)

Diamonte Walker motioned to approve \$3,715,000 in Rental Gap Program Loan funds. Jamil Bey seconded. Lena Andrews and Derrick Tillman recused themselves. The motion carried.

G. Homeowner Assistance Program (HAP) Contract Amendments

Derek Kendall-Morris recommended to increase HAP contracts by the following:

- I. Hilltop Alliance in the amount of \$300,000 from \$1,100,000 to \$1,400,000
- II. Habitat for Humanity of Greater Pittsburgh in the amount of \$200,000 from \$400,000 to \$600,000

D. Tillman asked if both groups work with minority contractors.

D. Kendall-Morris replied that Hilltop Alliance has a specific initiative where they do try to build up contractors and minority contractors that work within the neighborhoods that they serve. Habitat for Humanity of Greater Pittsburgh does most of the work through this program themselves with their own staff, but when they do use utilize subcontractors, they do their best to work with minority and local contractors.

Joanna Deming asked if this affects the overall cap for this line item.

D. Kendall-Morris answered that this just affects the individual contracts and allows these organizations to take on more projects.

RECOMMENDATION 40 (2022)

Derrick Tillman motioned to increase the HAP contracts. Adrienne Walnoha seconded. Lena Andrews abstained. The motion carried.

H. Advisory Board Administrative Items

1. Fair Housing Committee

Kellie Ware reported that she will send out a Doodle Poll to get a meeting scheduled in the next month.

2. Communications and Community Outreach Committee

Knowledge Build Hudson reported that the committee met with URA staff and discussed a timeline for when HOF staff will come back to the Communications and Outreach Committee with ideas for posts and advertisements. He said that they identified that there has not been a budget around engagement. He said we plan to review the budget that they bring to us, as well as the timeline, and then identify how to move forward.

I. Programmatic Expenditures and Updates

Vethina Hage presented a slide on HOF Expenditures 2018-2021.

V. Hage presented a slide with data broken out by dollars committed and closed and by AMI.

V. Hage presented a slide with data broken out by households and units by AMI.

V. Hage presented a slide with a map of URA programs throughout the city broken out by development and consumer programs.

J. Announcements

The next HOF Advisory Board Meeting is Thursday, March 3rd, 2022, at 9:00 AM.

J. Adjournment

Adrienne Walnoha motioned to adjourn.