

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 3, 2022

Members Present: Lena Andrews, Oliver Beasley, Jamil Bey, Jerome Jackson, Mark Masterson, Paul Spradley, Sonya Tilghman, Derrick Tillman, Diamonte Walker, Adrienne Walnoha, Kellie Ware (Chair)

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

Others Present: Casandra Armour, Julie Collins, Megan Confer-Hammond, David Finer, Alexander Fisher, Max Glikman, Heather Gray, Matt Madia, Linda Metropulos, Ed Nusser, Iris Smith, Dan Sullivan

A. Roll Call

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

B. Review and Acceptance of Minutes from the February 3, 2022 Meeting

Jamil Bey motioned to approve the minutes of the February 3, 2022 board meeting as written and previously distributed. Paul Spradley seconded. Oliver Beasley abstained. The motion carried.

C. Public Comment

Megan Confer-Hammond, Executive Director of the Fair Housing Partnership of Greater Pittsburgh, provided the committee with some fair housing updates. She announced that April is Fair Housing Month and said we will be sending out information particularly on an event regarding the Fair Housing protections for survivors of domestic violence. She also said that she would like to be involved directly and regularly with The Fair Housing Committee and is ready and available with time dedicated to this specific task. She shared that we are seeing evictions increase as the ERAP program is ending and rent relief is going back to its pre-COVID state. She added that we are continuing to get cases in the city regarding fair housing, in which families with children are denied housing in the private market because they have children. There are two active complaints at the complaint level being investigated in the city right now. She closed with making a formal statement that ERAP has announced it is ending, so I implore the HOF to consider how HSP can learn from ERAP and consider having HSP take over the city applications in the ERAP program.

D. Community Discussions

Matt Madia, Director of Real Estate Services for Neighborhood Allies, gave a presentation on the Preservation Working Group. He explained that the Preservation Working Group is a group of individuals who are in organizations that primarily work on affordable housing at the city wide or even regional level. It grew out of some work that UPMC had been funding locally to try to figure out how they can play a more productive space in affordable housing. He said the core group consists of Neighborhood Allies, ACTION Housing, Bridgeway Capital, the URA, and UPMC. He said that one of the things that we

identified in the process is the need for a more concerted effort in our region around the preservation of affordable housing, and the goal quite simply is to make our ecosystem for preservation better. He explained that we are talking about preserving existing housing, ergo we are keeping strain off of the existing affordable housing system by making sure that current quality and affordable units are kept. He said preserving a unit of housing is cheaper than constructing a new unit of housing, so we are seeing \$250,000 and up per unit and that is only getting worse based supply chain and construction market activity. For new construction versus preservation, we see units that might need a little bit of work, but are livable, and can be purchased for anywhere from \$50,000 to \$100,000 per unit. From a financing perspective and a cash flow perspective, you are actually talking about projects that are oftentimes more viable or easier to pull together your capital stack. He offered that we are working in two areas specifically. The first, he said, is what I call the acute or emergency affordable housing crisis. This is where a LIHTC project or some other regulated housing stock goes on the market or is otherwise lost. He listed a couple of specific things in that space that are in development. One is in the very early stages of considering some recommendations around right of first refusal, which would give either a public buyer or community-based buyer the opportunity to purchase a regulated piece of affordable housing before it could go on the market. The other thing that we are doing is talking regularly with the Pennsylvania Housing Finance Agency who is increasingly interested in the concept of preservation.

E. Chatsworth Avenue – 4800 Block of Hazelwood (For Sale Development Program)

Victoria Jackson presented on Chatsworth Avenue – 4800 Block of Second Avenue. City of Bridges Community Land Trust (CBCLT) requests construction grant financing in the amount of \$620,000 to finance development costs for four (4) for-sale single family homes on Chatsworth Avenue in Hazelwood. Each home will be a three (3) bedroom and one-and-a-half (1.5) bathroom modular built unit. These units will be developed on vacant land currently owned by the Urban Redevelopment Authority. CBCLT is currently undergoing the disposition process to acquire the lots. Construction is expected to begin in April 2022 and be completed in November 2022. The Community Builders, Inc. and CBCLT were selected in response to the URA's Request for Proposal to complete a high-quality, mixed-use redevelopment project for publicly owned sites along the Second Avenue corridor in Hazelwood. These four units represent the first of two phases of CBCLT's residential development. CBCLT will build a total of 12 new permanently affordable for-sale units to be sold to households between 50% and 80% Area Median Income (AMI). Based on the national average length of tenure in community land trust homes, the grant is estimated to serve approximately 14 households over the course of the initial 99-year ground lease of the properties. Additionally, this project is part of the nationwide affordable housing pilot of the Living Building Challenge from the International Living Future Institute. Through this pilot, CBCLT aims to create affordable homes that deliver on home and environmental health as well as energy efficiency. This project has received commitments from the Federal Home Loan Bank Affordable Housing Program, Bridgeway Capital, Heinz Endowment, PHARE, and the Hillman Foundation.

Adrienne Walnoha said, in relation to the enhanced funding limit, we have had this conversation in the past about going over the funding limit that was established and we need to take seriously when and why we are making variations on those limits.

Ed Nusser, City of Bridges Community Land Trust Director of Real Estate, responded that first, the cost of the project we are seeing is influenced by the reality of construction costs right now. We are still dealing with supply chain issues, and we expect to be dealing with those for the next 18 to 24 months. Also, he said, these are going to be the most energy efficient, affordable homes anywhere in the state of Pennsylvania if we are able to accomplish the Living Building goals. They are going to be fully electric

homes, without natural gas connections, with solar panels on the roof that will in combination with appliance upgrades and wall assembly and installation upgrades deliver about a 70% to 80% energy use reduction from a typical baseline house in the region. He said that we recognize that this is a significant request on the dollar amount, but in the land trust model, we are guaranteeing that that dollar amounts can be stretched out for generations.

A. Walnoha said if we are making decisions that are outside of our typical parameters, I think you hit on two key points: one is adjusting our thinking related to escalating costs of product as one of those pieces; and two is considering enhanced features related to energy and energy costs.

Mark Masterson commented that the guidelines need to be revisited.

RECOMMENDATION 4 (2022)

Mark Masterson motioned to approve to authorize entering a For Sale Development Program grant agreement with City of Bridges Community Land Trust in the amount of \$620,000 and to also approve to authorize a waiver of For Sale Development Program guidelines to exceed the per unit grant amount of \$100,000. Adrienne Walnoha seconded. Lena Andrews, Sonya Tilghman, and Derrick Tillman recused themselves. The motion carried.

F. Prestigious Hills (Rental Gap Program)

Brett Morgan gave a presentation on the Rental Gap Loan (RGP) for the Prestigious Hills redevelopment. Prestigious Hills, LP is seeking an RGP loan in the amount of \$1,250,000 for the rehabilitation of Prestigious Hills, a 117-unit community located in the East Hills neighborhood of the City of Pittsburgh. Built originally in 1969, this multi-family community is part of a larger 404-unit phased development, though this rehabilitation will include the 117 units across twenty-nine (29) three to four-story buildings. Within those buildings, there are eighty-seven (87) three-bedroom units and thirty (30) four-bedroom units. Twenty-four (24) units will remain affordable at or below 30% AMI and ninety-three units at or below 50% AMI, preserving deep affordability at the site. Once considered a model residential community the East Hills neighborhood faced a sharp decline in the 1970s due to increasing crime rates, limited resources for physical improvements, and the failure of the adjacent East Gate Shopping Center. An affiliated entity of Telesis Corporation acquired the property in 2004 and completed a major rehabilitation of the units (then named Second East Hills Phase I) utilizing 9% Low Income Housing Tax Credits (LIHTC). At the time the work included modernization of the building systems, major site improvements, and the addition of a community building and other amenities. More than 15 years later, the site now requires additional investment to continue to serve as an affordable housing asset for the community. The scope of work for the 4% LIHTC project is interior and exterior renovations through the complete removal and replacement of all finishes within the apartments (i.e. replacement of kitchen cabinets/countertops, high-efficiency LED fixtures, HVAC and water heaters, bathroom plumbing, windows, entrance doors, patio doors, etc.) and replacement of roof overhangs above entry stoops that do not have adequate weather protection. Additional site improvements will take place as well including repair of existing sidewalks, stairs, fencing, retaining walls, handicap-accessible parking, and stormwater conveyance and drainage. Construction is to begin upon closing in Spring 2022 and will last through June 2023, tentatively. Some temporary relocation may occur for a handful of residents, though it is Telesis' intent to only move families once into fully renovated units. No existing residents will become permanently displaced. Prestigious Community, LLC is a limited liability company and General Partner (0.01%) formed by Civitas Communities (55.56%) and Prestigious Community Company (44.44%). PNC

Bank is the Limited Partner (99.99%) and Columbia Housing SLP Corporation is the Special Limited Partner (0.001% of Net Proceeds for Sale). Telesis became involved in 2002 with the previous owner when they were asked to assist with the redesign and rebuild, and now are working with the borrower to renovate the units. Mistick Construction shall serve as the project's general contractor and LGA Partners as the project's architect. The non-profit applicant is Neighborhood Associates Corporation (NAC), who was a founding member of Neighborhood Partners, LLC, the property manager of the Prestigious Hills community since 2003. NAC and its partners work with Prestigious Hills residents to survey their needs and work together with Telesis to determine the appropriate services to provide the community. NAC also engages with Prestigious Hills residents on any potential relocation that may need to occur as part of the planned rehabilitation. This includes informational meetings, directed outreach, and working with Telesis on a relocation plan that minimizes disruption during the development phase. Residents will also be connected to off-site service providers as requested or needed during this process. Neighborhood Partners will therefore serve as property manager and service provider for Prestigious Hills and are working with several key stakeholders including Beverly Jewel Wall Lovelace (BJWL) Children's Program, Banks Children's Learning Center, the Urban League, Youth Places, and Greater Pittsburgh Mad Dads.

Lena Andrews asked if the other funding sources are all secured.

Max Glikman answered that they are secured, and it is mostly to be tax credit equity, as well as a permanent loan and some PHFA funding.

M. Masterson asked how Neighborhood Associates Corporation is associated with the project.

M. Glikman answered that they are a non-profit that provides resident services to all Telesis communities nationwide.

M. Masterson asked who names the board of directors and who controls the nonprofit.

M. Glikman answered it is self-selected.

RECOMMENDATION 5 (2022)

Oliver Beasley motioned to authorize to enter into a Rental Gap Program loan agreement with Prestigious Hills, LP in the amount of \$1,250,000 for the renovation of Prestigious Hills (formerly known as "Second East Hills"), a 117-unit community in the East Hills neighborhood of the City of Pittsburgh. Diamonte Walker seconded. Lena Andrews, Jerome Jackson, Derrick Tillman, and Sonya Tilghman recused themselves. The motion carried.

G. Stanton Highland Apartments – Phase II

Niklas Persson presented on Stanton Highland Apartments – Phase II, located at 738 N. Highland Avenue. The Stanton Highland Apartments are comprised of 3 multi-family residential buildings in the East Liberty Neighborhood. The buildings were originally owned by the Pittsburgh Theological Seminary, and were purposed as market-rate, graduate student housing. However, changing needs from both the community and the seminary incentivized them to sell the 3 buildings to the non-profit, Action Housing, under the condition that the apartments be rehabilitated and transformed into affordable housing. Action Housing began Phase 1 of their plans in 2020, which included core and shell renovations to the 31

units in the Anderson and McMillan Buildings. With Phase 1 complete, Action Housing is requesting an RGP Loan for Phase 2 of their plans. The 23-unit Hawthorn Building will undergo similar core and shell renovations, as well as the construction of several additional components. This includes the construction of a new community room in the interior courtyard of the building complex. There will also be a new elevator tower and accessible entrance to the building. Modifications in accordance with UFAS will also be made to 10 of these units, making them accessible for tenants with physical and/or mental disabilities. HACP awarded the project up to \$2.07 M in gap funding and 23 project-based vouchers to support phase 2. HUD's PBV income eligibility restrictions along with HOF financing will dictate long-term affordability of these units, with tenants paying a maximum of roughly 30% of their income toward rent. It is anticipated that all 23 units will serve households with incomes less than 50% AMI. After the construction phase, Action Housing will work with Achieva, the United Way, and My Place programs to support at-risk tenants in these buildings. This includes those who may have disabilities or who are aging out of foster care. The property is not occupied so there will be no temporary relocation. Construction is expected to begin in early 2022 and be completed within 7 to 8 months.

A. Walnoha asked what spurred the community kitchen and community room pieces of the project.

Linda Metropulos responded that there is no community space in the whole complex of 54 units and given that we have a particular focus on serving people with disabilities, who often can be very isolated, we felt it was important to have a community room where people from the building could gather and we thought it was an important aspect of the programming of this building.

RECOMMENDATION 6 (2022)

Mark Masterson made a motion to authorize to enter into a Rental Gap Program loan agreement with AHI Stanton Highland Apartments, Inc. in the amount of \$690,000. Adrienne Walnoha seconded. Lena Andrews, Jerome Jackson, Derrick Tillman, and Sonya Tilghman recused themselves. The motion carried.

H. Small Landlord Fund (SLF) Guidelines

Bailey Knapp, Program Coordinator for the Homeowner Assistance Program, and the Small Landlord Fund (SLF), presented new program guidelines for the SLF. He provided an overview of the program and also talked about some of the URA Board approved amendments to the guidelines. He explained that the purpose of this program is to provide financing to landlords to make interior and exterior renovations to their rental units, with the goal to preserve and grow affordable housing within the City of Pittsburgh and also address health and safety concerns. He pointed out that there have been a growing number of inquiries; at least one a week, although the application is currently closed. He said we have had 11 applications during the application cycle and 8 of them were approved. He listed some of the eligibility guidelines and requirements and said one major component that defines the program is that we do require these landlords who are receiving these loans to agree to rent out the completed units to Housing Choice Voucher holders and comply with those contract requirements. If they decide not to do that, they still must rent out to individuals who are at or below 80% area medium income.

He listed some of the amendments that have been made to the guidelines recently, which include a \$40,000 increase in funding.

Sonya Tilghman asked how many units the 8 applications that were approved represent.

Bailey Knapp responded about 10-20 units.

I. Homeowner Assistance Fund – Update

- Program will now serve all city neighborhoods, but outreach will be targeted in the Hill District, Uptown, Lincoln/Lemington, Larimer, Homewood, and East Hills
- PHFA did Fund ACTION Housing however they only chose to fund ACTION'S community outreach strategy for the HAP Program
- Despite this, ACTION Housing plans to utilize the HOF funds as was previously presented during the November HOF Advisory Board Meeting with the addition of assistance with payment of real estate tax arrears
- Program Pilot launched on February 1st and will run until 8/1/22
- Kingsley Association, Wellness Collective, Hill District Consensus Group, and the Housing Stabilization Center have partnered with ACTION to raise awareness of this initiative

Dan Sullivan, with ACTION Housing, said a big addition, the Hill District Consensus Group, will focus outreach on the Hill District and Uptown. He added we have also put together almost \$800,000 worth of grant money from RK Mellon, UPMC, and the Pittsburgh Foundation to keep the drop-in centers running.

J. Advisory Board Administrative Items

1. Fair Housing Committee
Kellie Ware announced that there is a Doodle Poll out to schedule the next meeting
2. RFP Review Committee
K. Ware announced that the RFP Committee has all the recommendations in
3. Communications and Community Outreach Committee
No update
4. Nomination Committee
Shaina Madden said she wanted to acknowledge that the Chair and Vice Chair positions for this Advisory Board are yearlong terms with a two-year term max and we recommend that this Advisory Board discuss how they want to advance conversations around those positions. She added that it might be a good time for the nomination committee to reconvene and discuss what the approach is; if there are people interested in stepping in or people who want to step down.

A. Walnoha asked how the new administration impacts our thinking about membership.

S. Madden responded that we have informed the new administration of the vacant positions on the committee and or positions that are expiring. In addition, we have been made aware that

someone would like to step down. She said, we are waiting on the administration to wrap their head around that concept and make some decisions.

K. Ware asked do we want to form a nominations committee to vet our options.

A. Walnoha responded that with five seats needing to be filled in our group I think it is important to create a nominating committee.

RECOMMENDATION 7 (2022)

Diamonte Walker motioned to form a nominating committee. Adrienne Walnoha seconded. The motion carried.

K. Programmatic Expenditures and Impacts

Evan Miller presented a slide that shows the overall expenditures in dollar amounts by all programs. It does not reflect approvals for this month.

E. Miller presented a slide that shows the dollars committed and closed by AMI.

E. Miller presented a slide that shows dashboards with maps for the Down Payment and Closing Cost Assistance Program.

E. Miller presented a slide that shows dashboards with maps for the Homeowner Assistance Program and indicates where it is being deployed in the city.

E. Miller presented a slide for the Rental Gap Program and the For Sale Development Program.

L. Announcements

- HOF Advisory Calendar invite
- The next HOF Advisory Board Meeting is Thursday, April 7th, 2022, at 9:00 AM

M. Adjournment