

**Urban Redevelopment Authority
of Pittsburgh**

Housing Opportunity Fund Financial Statements

Year Ended December 31, 2025
with Independent Auditor's Report

MaherDuessel

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URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

HOUSING OPPORTUNITY FUND

YEAR ENDED DECEMBER 31, 2025

TABLE OF CONTENTS

Independent Auditor's Report

Financial Statements:

Balance Sheet	1
Statement of Revenues, Expenditures, and Changes in Fund Balance	2
Notes to Financial Statements	3

Supplementary Information:

Statement of Administrative Expenditures	7
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Independent Auditor's Report

**Board of Directors
Urban Redevelopment Authority of Pittsburgh**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Urban Redevelopment Authority of Pittsburgh (URA) – Housing Opportunity Fund (Fund), as of and for the year ended December 31, 2025 and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund, as of December 31, 2025, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Fund are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the URA, that is attributable to the transactions of the Fund. They do not purport to, and do not, present fairly the net position of the URA as of December 31, 2025, and the changes in its net position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maher Duessel

Pittsburgh, Pennsylvania
April 24, 2026

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

HOUSING OPPORTUNITY FUND

BALANCE SHEET

DECEMBER 31, 2025

Assets	
Cash and investments	\$ 28,462,620
Loans receivable, net	4,778,544
Loans receivable from URA	5,105
Other accounts receivable	50,000
Total Assets	\$ 33,296,269
Liabilities, Deferred Inflows of Resources, and Fund Balance	
Liabilities:	
Accounts payable	\$ 17,639
Total Liabilities	17,639
Deferred Inflows of Resources:	
Unavailable revenue	4,778,544
Fund Balance:	
Restricted for program	28,500,086
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 33,296,269

See accompanying notes to financial statements.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

HOUSING OPPORTUNITY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2025

Revenues:

Grant revenue	\$ 10,000,000
Interest income	1,101,807
Loan repayments	355,067
Total revenues	11,456,874

Expenditures:

Administrative	1,007,038
Urban development - Housing Program:	
Down payment/closing cost assistance	408,375
Homeowner assistance	1,467,253
Rental gap	2,463,695
Housing stabilization	1,600,000
For sale development	593,778
Legal assistance	117,930
Small landlord fund	261,668
Total expenditures	7,919,737

Net Change in Fund Balance	3,537,137
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Fund Balance:

Beginning of year	24,962,949
End of year	\$ 28,500,086

See accompanying notes to financial statements.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

HOUSING OPPORTUNITY FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

1. Organization

The Urban Redevelopment Authority of Pittsburgh (URA) was established in 1946 under the Pennsylvania Urban Redevelopment Law. The URA acquires and clears blighted property; initiates rebuilding with the private sector; negotiates with the federal, state, county, and local governments for public funds and facilities; and works to maintain and improve Pittsburgh neighborhoods and business districts. Funding for the URA projects and programs is obtained primarily through revenue bonds and intergovernmental grants.

The accompanying financial statements include only the financial position and results of operations of the HOF. These financial statements are not intended to present the financial position and results of operations of the URA.

2. Project Description

In December 2017, the City of Pittsburgh (City) committed \$10 million per year for 12 years, generated from an increase in real estate transfer taxes, to source a Housing Opportunity Fund (HOF). Any change to this funding would significantly affect the program. The Mayor appointed a 17-person Advisory Board (Board) to administer the fund in June 2018 and entered into a cooperation agreement with the URA to carry out program objectives. The URA created a new department, the Housing Opportunity Fund Department, to staff this initiative. The HOF staff and the Board created an allocation plan for the 2018 funding and new programs and program guidelines. The HOF programs include:

- Down Payment and Closing Cost Assistance (DPCCAP) provides financing to first-time homebuyers in the City to help make the purchase of a home affordable. This program is designed to help stimulate housing investment in the City by providing financial assistance to homebuyers for the purpose of purchasing an existing or newly constructed residential unit.
- Homeowner Assistance Program (HAP) provides financial and technical assistance to eligible homeowners for rehabilitating and improving residential owner-occupied properties citywide.
- Rental Gap Program (RGP) will be used to help fund the creation of new affordable housing and/or preserve existing affordable housing in the City. The HOF RGP

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

HOUSING OPPORTUNITY FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

provides loans to developers for the creation and/or preservation of affordable units.

- Housing Stabilization Program (HSP) provides one-time or short-term (no more than 12 months) funding to help with emergency housing expenses such as rent and utilities. It is designed to assist participants to stabilize their current housing, or facilitate access to appropriate housing, and prevent homelessness. The program will also allow for legal eviction prevention services, including legal consultation and representation for eviction defense and/or related supportive services.
- For-Sale Development Program (FSDP) provides construction financing to developers with non-profit applicants for the substantial rehabilitation or new construction of for-sale housing.
- The Legal Assistance Program (LAP) provides a variety of free housing legal services to eligible tenants and homeowners who live in the City of Pittsburgh.
- The Small Landlord Fund (SLF) provides funding to landlords with ten (10) or fewer units for the preservation of existing affordable rental housing and/or the conversion of market/vacant housing to affordable housing in the City of Pittsburgh.

3. Summary of Significant Accounting Policies

Basis of Accounting/Measurement Focus

The accompanying financial statements have been prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The HOF's cash balance at December 31, 2025 was \$958,562. This cash is subject to custodial credit risk, but these cash deposits are collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

HOUSING OPPORTUNITY FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

Investments are recorded at fair value. The URA categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The investments in Money Market Funds of \$27,504,058 at December 31, 2025 are valued using quoted market prices (Level 1 inputs).

Money market investments are subject to credit risk and are rated AaaM by Moody's at December 31, 2025.

Loans Receivable

Loans receivable are recognized when the loan is established for loans with terms of thirty years or less. Loan balances are fully offset by unavailable revenue as loan repayments are not considered to be available as current resources. Loans with amortization terms greater than thirty years or which are repayable on a contingent basis such as the sale of the property or completion of development are treated as grants for accounting purposes and recorded as expenditures when disbursed or are fully reserved.

It is the HOF's policy to provide for future losses on loans based on an evaluation of the current loan portfolio, current economic conditions, and such other factors which, in the HOF's judgement, may impact collectability. At December 31, 2025, the total allowance for uncollectible loans, including those repayable on a contingent basis and fully reserved at the time of issuance was \$25,577,893.

Deferred Inflows of Resources

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The HOF has only one type of item that qualifies for reporting in this category, unavailable revenue related to long-term loans receivable.

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

HOUSING OPPORTUNITY FUND

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

Fund Balance

The fund balance of the HOF is considered restricted. The restricted fund balance category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. This category includes funds that are restricted for specific expenditure under agreement with grantors.

4. Program Expenditures

In 2025, the HOF operated seven HOF Programs (Down Payment & Closing Cost Assistance, the Homeowner Assistance Program, the Housing Stabilization Program, the Rental Gap Program, the For-Sale Development Program, the Legal Assistance Program, and the Small Landlord Fund) and disbursed funds in the form of amortizing loans, cash flow loans, deferred loans, and grants.

Administrative expenses include costs allocated from the URA and primarily represent personnel costs charged based on actual hours worked on HOF activity.

SUPPLEMENTARY INFORMATION

URBAN REDEVELOPMENT AUTHORITY OF PITTSBURGH

HOUSING OPPORTUNITY FUND

STATEMENT OF ADMINISTRATIVE EXPENDITURES

YEAR ENDED DECEMBER 31, 2025

Administrative Expenditures:

URA administrative allocation:

Personnel - direct	\$	325,220
Personnel - indirect		437,717
Personnel - fringe		110,945
Management fees		100,000
Other expenses		33,156

Total administrative expenditures	\$	<u>1,007,038</u>
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