



Performance Audit

**Urban Redevelopment Authority  
Housing Opportunity Fund**

Report by the  
Office of City Controller

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**AUDITEE RESPONSE**



CITY OF PITTSBURGH  
**OFFICE OF THE CITY CONTROLLER**  
Controller Rachael Heisler

June 2024

To the Honorable Mayor Edward Gainey and  
Honorable Members of Pittsburgh City Council:

The Office of the City Controller is pleased to present this performance audit of the **Urban Redevelopment Authority of Pittsburgh (URA), Housing Opportunity Fund**. The performance audit was conducted pursuant to the Controller's powers under Section 404(c) of the Pittsburgh Home Rule Charter. This performance audit examines the policies, procedures, and programs of the HOF and analyzes its output.

### **EXECUTIVE SUMMARY**

The URA is the City of Pittsburgh's economic development agency. The purpose of the URA is to promote housing affordability, economic mobility, entrepreneurship, and neighborhood revitalization. In 2015, in response to the declining affordability of housing in Pittsburgh, City Council created the Affordable Housing Task Force.

The Task Force recommended that a Pittsburgh Housing Trust Fund be established, which would receive \$10 million annually allocated to specific Area Median Income (AMI) levels. An increase in the Deed Transfer Tax was identified as the funding source.

In 2016, Pittsburgh City Council established the City's Housing Opportunity Fund (HOF), overseen by the URA. The HOF offers eight different affordable housing programs available for City residents, landlords, and developers: Legal Assistance Program, Housing Stabilization Program, Homeowner Assistance Program, Down Payment and Closing Cost Assistance Program, Small Landlord Fund, Rental Gap Program, For-Sale Development Program, and Demonstration Program.

In total, the HOF received \$51,958,000 in funding between 2018 and 2022, and the 1% Deed Transfer Tax rate increase generated \$71,565,327 in revenue—a difference of \$19,607,327. **This increase in funds is not dedicated to the HOF. It is absorbed into the City's general fund.** The URA administration needs to reevaluate the HOF programs to maximize utilization of funds. The HOF continues to receive \$10,000,000 from the City and needs to explore ways of being more effective in implementing successful outcomes. **(Recommendation #4)** This is especially

important because the URA, with City approval, recently sought funding through a first time ever affordable housing bond issuance in the amount of \$31.575 million.

Typically, the HOF collects demographic information and documents race and gender data for their programs; however, this data was not listed in the records given to the auditors for the Legal Assistance Program (LAP). The URA and the HOF administration should make sure that all demographic data is collected from all LAP applicants and all other housing programs. **(Recommendation #5, #8, #9, #10).**

Due to the finding that only five law firms serviced all 646 LAP participants, the URA should expand their advertising for attorneys. This could help increase the pool of attorneys available to provide assistance to the Legal Assistance Program which would maximize LAP capacity to service more applicants and utilize all available funding. **(Recommendation #6)**

The Housing Stabilization Program's total spending from all sources in 2022 was \$566,958.10, which is \$41,985.10 more than the program allocation for 2022 of \$525,000. This indicates that the HSP has the capacity to utilize all allocated funds. The URA should increase promotion of the Housing Stabilization Program through other public facing and housing organizations to ensure that all non-recurring funding sources are fully utilized in addition to yearly HOF allocations. **(Recommendation #7)**

One of the qualifying criteria for applicants to the Down Payment Closing Cost (DPCC) program is not to have liquid assets over \$20,000; if the applicant has more than \$20,000, their application is denied. The auditors reviewed the DPCC application and the URA website and found that this limitation is not listed anywhere. This \$20,000 limit for liquid assets should be advertised to the public. **(Recommendation #11)** The loan limits for the DPCC program can be adjusted by HOF staff as needed. This is a good practice to meet the applicant's needs. **(Recommendation #12)**

Of the 41 Homeowner Assistance Program (HAP) applications which were denied, 23% were denied due to lack of documentation. The URA/HOF administration should take steps to ensure that all applicants that are eligible to participate in the HAP are able to do so. The administrations should also consider mandating more frequent follow-ups or assigning applicants that are having trouble providing paperwork and/or paying taxes to a case worker. They should continue to work with denied HOF program applicants to connect them with other services and/or assistance they may need. **(Recommendation # 13, #14)**

As of June 2023, a contractor was assigned to 25 (29%) of the 85 total 2022 HAP projects leaving 60 or 71% of applicants waiting. The URA should consider partnering with an organization that has experience managing programs similar to the Homeowner Assistance Program. An outside organization could possibly increase capacity for the URA to better administer the program and attract contractors to work with those residents enrolled in the program. The URA administration needs to develop a record keeping policy for the HAP project files, such as a checklist. **(Recommendation #17, #18)**

The HOF advisory board members should reevaluate the underutilized Small Landlord Fund. Increasing participation may require changes to the program. **(Recommendation #19)** The Advisory Board members should continue to allocate HOF dollars to the Demonstration Program

each year to enable the URA to respond to housing-related emergencies as they arise as well as being able to supplement programs that run out of money. **(Recommendation #20)**

Our findings and recommendations are discussed in detail beginning on page 9. We believe our recommendations will provide more efficient operations within the URA. We would like to thank the URA staff for their cooperation and assistance during this audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Rachael Heisler". The signature is written in a cursive, flowing style.

Rachael Heisler  
Controller, City of Pittsburgh



## INTRODUCTION

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This performance audit of the **Urban Redevelopment Authority's (URA) Housing Opportunity Fund (HOF)** was conducted pursuant to the Controller's powers under section 404(c) of Pittsburgh's Home Rule Charter. This audit examines the policies, procedures, and programs of the HOF and analyzes its output.

This is the third URA performance audit conducted by the City Controller's Office. Previous audits focused on the URA's consumer housing programs in 2011 and contract award procedures in 2012.

## OVERVIEW

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The URA, incorporated in 1946, is the City of Pittsburgh's economic development agency. The purpose of the URA is to promote housing affordability, economic mobility, entrepreneurship, and neighborhood revitalization. The URA administers state and federal grants and coordinates efforts to improve the economic vitality, housing stock, and overall living conditions within the City.

The URA organization is divided into three units: central operations, development services, and lending and investments. The agency is governed by a five-member Board of Directors. All Board members are appointed by the Mayor; City Council does not get a vote or a veto.

### Establishment of the Housing Opportunity Fund (HOF)

In February 2015, in response to the declining affordability of housing in Pittsburgh, City Council created the Affordable Housing Task Force with the passage of Resolution 24 of 2015. According to the Resolution, the purpose of the Affordable Housing Task Force was to:

Assess the current and projected future landscape of housing affordability in the City of Pittsburgh, evaluate current programs and initiatives to produce new affordable units and preserve existing ones, and make recommendations to the Mayor and City Council to create new programs and initiatives and/or expand existing ones to promote mixed-income development in neighborhoods across the city and ensure a vibrant mix of housing options for people of all income levels.

The Affordable Housing Task Force held five community meetings across the City and commissioned two reports: an assessment of the City's housing needs and an analysis of the financial feasibility of inclusionary housing policies. The 2016 Housing Needs Assessment, produced by Mullin & Lonergan Associates, evaluated the existing conditions of the housing market, housing and demographic trends, and resident vulnerability. The 2016 Feasibility

Analysis, produced by Peninger Consulting, provided a market and economic trends analysis and financial feasibility testing for inclusionary housing policies.

The Task Force published their final 59-page report, which included findings and recommendations, and presented it to the Mayor and City Council in May 2016.

The Task Force found that the supply of affordable housing was insufficient to meet demand. Specifically, the City was short 17,241 housing units affordable for lower-income residents (50% AMI or below). Several solutions were proposed, amongst them a “Pittsburgh Housing Trust Fund,” to be overseen by the URA. The Task Force recommended that such a trust fund set an initial target of raising \$10 million annually to build upon and expand existing programs and resources, and further suggested that funding should be allocated as follows:

- 50% of funds targeted to families and individuals earning at or below 30% of the Area Median Income (AMI),
- 25% of funds targeted to families and individuals earning at or below 50% of the AMI,
- 25% of funds targeted to families and individuals earning at or below 80% of the AMI.

The Area Median Income (AMI) is a metric calculated annually by the U.S. Department of Housing and Urban Development (HUD). AMI is calculated for specific geographic regions based on household size and income. The regions for which the AMI is calculated are determined by the U.S. Office of Management and Budget. The AMI for Pittsburgh is based on the median incomes of five counties: Allegheny, Armstrong, Beaver, Butler, and Westmoreland. A household's income is calculated by its gross income, which is the total income received before taxes and other payroll deductions.

The AMI represents the midpoint (median) of a region's income distribution, meaning that half of the households in a region earn more than the median and half of the households earn less than the median. The AMI is used as a benchmark to set income limits that determine an individual's eligibility to apply for federal housing assistance programs. In 2022, the HOF used the AMI levels for the Pittsburgh region shown in Table 1.

**TABLE 1**  
**Pittsburgh Area Median Income (AMI) Levels**  
**2022**

<b>Household Size</b>	<b>30% AMI</b>	<b>50% AMI</b>	<b>80% AMI</b>	<b>100% AMI</b>	<b>115% AMI</b>
1	\$19,920	\$33,200	\$53,100	\$66,400	\$76,360
2	\$22,770	\$37,950	\$60,700	\$75,900	\$87,285
3	\$25,620	\$42,700	\$68,300	\$85,400	\$98,210
4	\$28,440	\$47,400	\$75,850	\$94,800	\$109,020
5	\$30,720	\$51,200	\$81,950	\$102,400	\$117,760
6	\$33,000	\$55,000	\$88,000	\$110,000	\$126,500
7	\$35,280	\$58,800	\$94,100	\$117,600	\$135,240
8	\$37,560	\$62,600	\$100,150	\$125,200	\$143,980

Source: Urban Redevelopment Authority of Pittsburgh

The Task Force evaluated potential revenue streams to determine how to raise \$10 million annually for the proposed Pittsburgh Housing Trust Fund. An increase in the Deed Transfer Tax (sometimes referred to as the Realty Transfer Tax) was identified as a potential funding source. The Task Force estimated that a 1% increase to the Deed Transfer Tax could bring in approximately \$9 million in revenue per year, based on 2015 City budget numbers.

In Pennsylvania, this Deed Transfer Tax is a combined tax levied by the local municipality, the school district, and the State. The tax is paid when real estate is transferred or sold from one owner to another. The total combined real estate transfer tax in the City in 2016 equaled 4%: 2% levied by the City of Pittsburgh, 1% levied by Pittsburgh Public Schools, and 1% levied by the Commonwealth of Pennsylvania.

The City’s portion of the tax is a combination of two taxes authorized under two different sections of the City code: one Pittsburgh Deed Transfer Tax levied under Chapter 255 (effective February 1, 1956), and one Pittsburgh Home Rule Deed Transfer Tax levied under Chapter 256 (effective January 1, 1982). In 2016, each section authorized a 1% tax, for a total of 2% Deed Transfer Tax.

In response to the Affordable Housing Task Force’s recommendations, Pittsburgh City Council established the City’s Housing Opportunity Fund with the passage of three pieces of legislation in 2016 and 2017: Ordinance Number 37 of 2016, Ordinance Number 55 of 2017, and Resolution Number 867 of 2017.

Ordinance Number 37 of 2016, enacted December 20, 2016, created the “Pittsburgh Housing Trust Fund,” called the Housing Opportunity Fund, and outlined requirements for management and disbursement of the fund.

Pittsburgh City Council Ordinance Number 55 of 2017, enacted December 19, 2017, authorized an increase to Pittsburgh's Deed Transfer Tax. The Pittsburgh Home Rule Deed Transfer Tax (Chapter 256) was increased from 1% to 1.5% on February 1, 2018, and from 1.5% to 2% on January 1, 2020. The Pittsburgh Deed Transfer Tax, Chapter 255, was not changed and remained at 1%. This brought the City's portion of the Deed Transfer Tax to 3%.

As of January 2020, the total combined real estate transfer tax rate in the City of Pittsburgh is 5%, including the 1% school district and 1% state taxes. Per the ordinance, the tax increase is subject to review by City Council 12 years from the effective date, to 2029.

With the passage of Resolution Number 867, enacted December 28, 2017, the URA was allocated \$10 million per year from the City's general fund to implement the HOF. City Council has to vote every year to allocate this \$10 million to the HOF, it does not happen automatically.

### **Housing Opportunity Fund Programs**

The HOF is overseen by an Advisory Board and a Governing Board. The 17-member Advisory Board is responsible for drafting an annual allocation plan, which serves as the HOF budget and outlines the HOF's programs, projects, and activities. The URA's Board of Directors serves as the HOF Governing Board. The Governing Board is responsible for ensuring that the disbursement of HOF funds complies with the annual allocation plan and the HOF's authorizing legislation.

The HOF offers eight different affordable housing programs available for City residents, landlords, and developers. These programs are:

1. **Legal Assistance Program (LAP):** Provides a variety of free housing legal services to eligible tenants and homeowners.
2. **Housing Stabilization Program (HSP):** Provides one-time or short-term financial assistance to households who are facing a temporary, non-recurring housing crisis.
3. **Homeowner Assistance Program (HAP):** Provides financial assistance to eligible homeowners for rehabilitating and improving residential owner-occupied properties.
4. **Down Payment and Closing Cost Assistance Program (DPCC):** Provides financial assistance to eligible first-time homebuyers who are interested in purchasing an existing or newly constructed residential unit.
5. **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.
6. **Rental Gap Program (RGP):** Provides loans to nonprofit developers or developers with nonprofit partners for the creation and/or preservation of affordable units.

7. **For-Sale Development Program (FSD):** Provides low-interest rate construction financing and/or grants to nonprofit developers or developers with nonprofit partners for projects involving the substantial rehabilitation or new construction of affordable for-sale housing.
8. **Demonstration Program:** Serves as a reserve fund for emergencies, such as mass evictions or natural disasters, for capacity building, to supplement highly utilized programs, and for special projects that may not align with existing HOF program offerings.

## Updated Housing Needs Assessment

In January 2022, the City of Pittsburgh released an updated Housing Needs Assessment, conducted by HR&A Advisors. The updated assessment found that there remains a housing supply gap of 11,126 units for those making 50% AMI or less. In addition, half of all renters in Pittsburgh are “cost-burdened,” meaning they spend 30% or more of their income on housing. More than 25% of renters are “extremely cost burdened,” spending 50% or more of their income on housing. Among homeowners, 20% are cost-burdened and 10% are extremely cost-burdened.

## OBJECTIVES

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1. To analyze the revenue created by the 1% increase to the Deed Transfer Tax for HOF.
2. To report the HOF’s program allocations and expenditures compared with the annual allocation plan.
3. To explain the available HOF programs, their requirements, and report their utilization.
4. To analyze the HOF program participant demographics by gender, race, neighborhood location, and City Council district.
5. To determine if accountability of workmanship, inspections and project timeliness are documented in recordkeeping.
6. To make recommendations for improvement.

## SCOPE

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The scope of this performance audit is the income generated by the Deed Transfer Tax for the years 2017-2022; Housing Opportunity Fund yearly allocations for 2018-2022; program expenditures for the year 2022; the program application and procedures in 2022; the demographics of participants of HOF Programs in 2022, and the status of the HOF’s Advisory Board as of 2023.

## METHODOLOGY

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The auditors had meetings via Microsoft Teams with the Executive Director and the Director of Housing of the URA, to discuss audit objectives. Meeting topics included the URA's policies, processes, procedures, and the availability of performance data regarding the HOF programs.

Data was requested from URA staff, received and analyzed, including organizational charts of the URA and the HOF and a spreadsheet of HOF program data for 2022. The spreadsheet included data about project locations, the funding and output of each program, and demographic information for applicants. Also received were program guidelines not available on the URA website.

The auditors reviewed the 2023 URA website for HOF program information, guidelines, and application processes.

The auditors used the 2017-2022 Operating Budgets to analyze Deed Transfer Tax (or Realty Transfer Tax) revenue from 2017-2022 and the HOF funding allocations from 2018-2022.

Also reviewed were the U.S. Department of Housing and Urban Development and the Housing Authority of the City of Pittsburgh websites, the URA HOF Financial Statement for Year Ended December 31, 2022, prepared by Maher Duessel, and the 2016 and 2022 City of Pittsburgh Housing Needs Assessments.

Auditors met with the Housing Authority's Executive Director, Chief Operations Officer, and Government Relations Liaison to determine inter-authority communication about HOF programs available to landlords.

The HOF 2022 Annual Report and meeting minutes from URA Board of Directors meetings were also reviewed.

A 10% random sample of HAP projects was selected for verification of records that are required to be maintained for project completion. The sample was chosen by determining the number needed, and randomly choosing a number between one and nine for project selection. Nine was chosen, and every ninth project from the list of 2022 projects was chosen for analysis. The auditors requested the electronic records for a sample of 10 projects and checked the backup documentation for eighteen different documents: Loan Agreement, Owner/Contractor Agreement, Mortgage Note, Mortgage, Grant Agreement, Deed, Work Estimate Property Report, Invoice(s), HAP Application, Contractor Registration Packet, Photos of Work in Progress, Recorded Mortgage Doc, URA Bid Approval, URA 'Next Steps' Letter, URA Contractor Selection Letter, Homeowners Insurance Policy, Contractor Rejection Letter, Homeowner Rejection of Contractor, and Quitting Program Email. A status update was requested from the URA as of February 2024 to determine record keeping documentation.

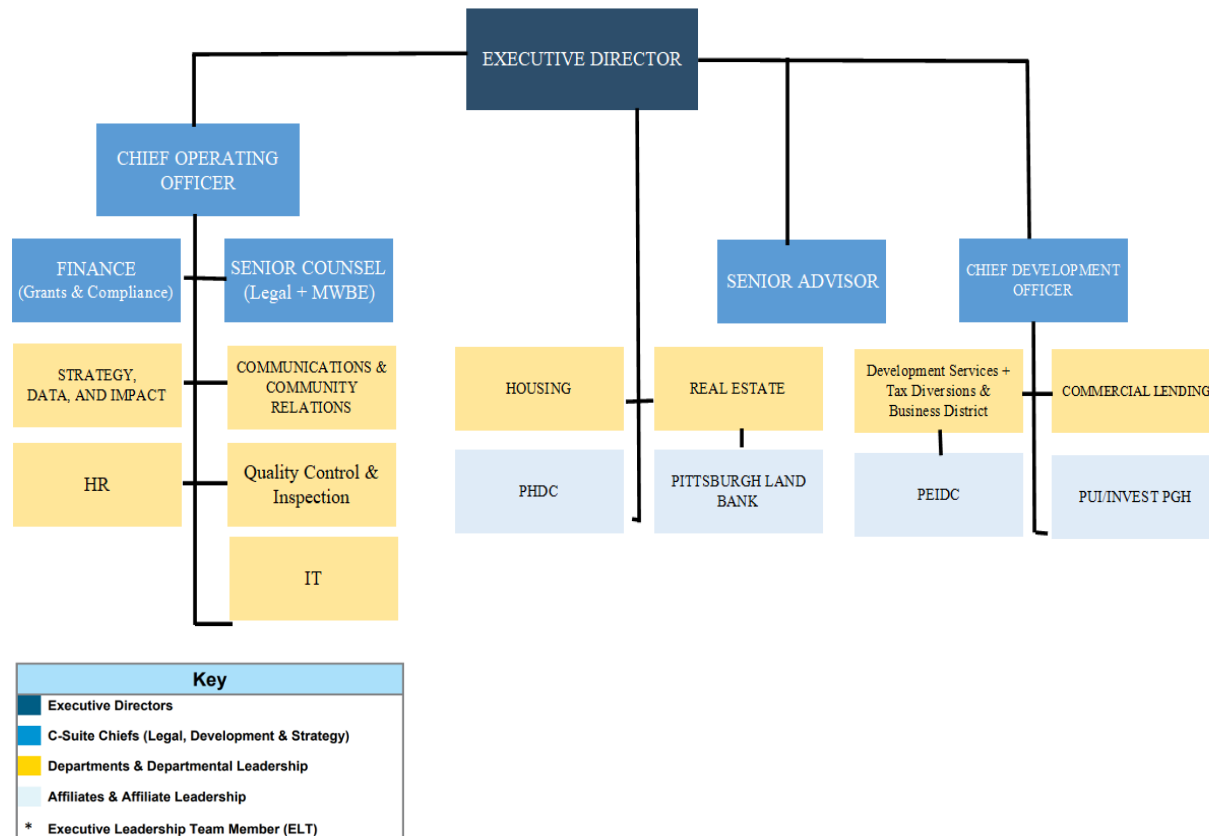
## FINDINGS AND RECOMMENDATIONS

### URA Organizational Chart

The URA is led by an Executive Director. The URA’s executive leadership team includes a Chief Operating Officer, Chief Financial Officer, Chief Development Officer, Chief Housing Officer, Director of Communication and Community Relations, Senior Advisor, and Senior Legal Counsel.

The website states that the URA is organized into three business units: central operations, development services, and lending and investments. The lending and investments unit is further divided into commercial and business lending and residential and consumer lending. The auditors were unable to locate an organizational chart on the URA website; URA administration provided the auditors with an organizational chart. This 2022 URA organizational chart is shown in Chart 1.

**CHART 1**  
**URA Organizational Chart**  
**2022**



Source: Urban Redevelopment Authority

**Finding:** The URA organizational chart provided to the auditors by the URA does not show the three business units of the authority and the offices and services that function under each. It also does not show that the URA is governed by a five-member Board of Directors who are appointed by the Mayor.

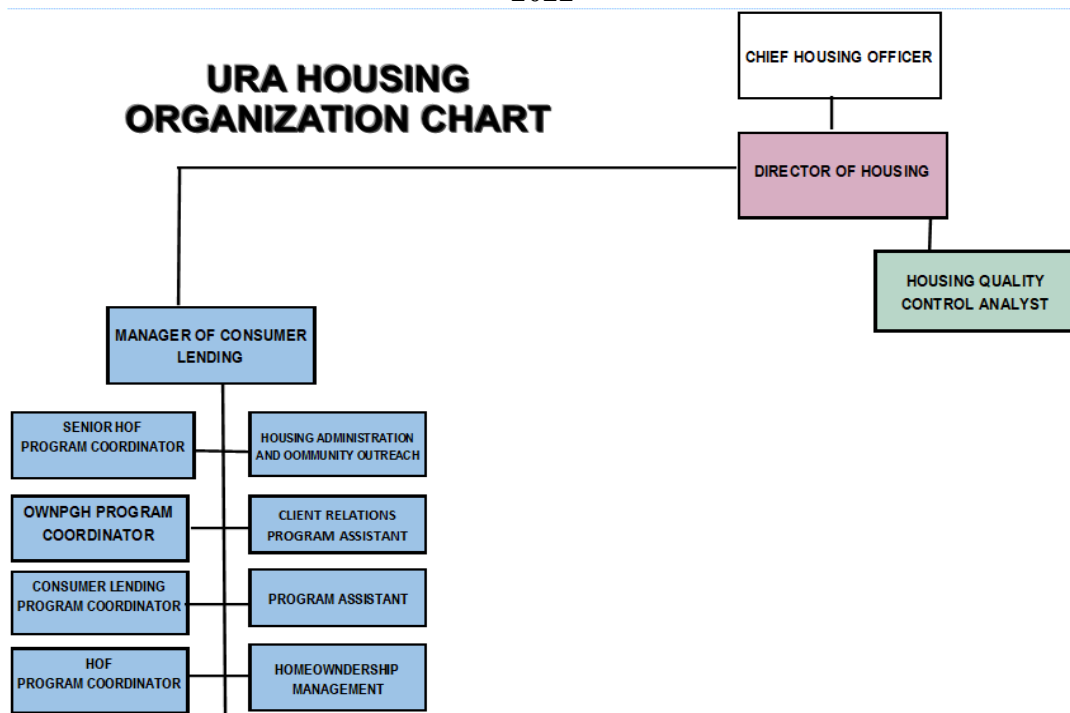
**Finding:** The auditors searched the City Code, Home Rule Charter and the URA bylaws and were unable to find any written reference to the Mayor appointing URA board members.

**RECOMMENDATION 1:**

URA administration should update their bylaws to include a written policy that the five Board of Directors are to be appointed by the Mayor and does not require City Council approval.

The URA’s Housing Opportunity Fund (HOF) falls under residential and consumer lending in the lending and investments business unit and is managed by the Chief Housing Officer, with the Director of Housing overseeing daily operations. Chart 2 shows the 2022 HOF organization chart. It appears that the HOF program duties are scattered among staff.

**CHART 2  
URA Housing  
Organizational Chart  
2022**



Source: Urban Redevelopment Authority



**Finding:** The URA Housing organization chart does not clearly show who is responsible for the administration and operations of the HOF.

**RECOMMENDATION 2:**

The URA administration should update their organizational charts to clearly show the three business units: central operations, development services, and lending and investments (with the residential and consumer and commercial and business lending sub-units), as well as the position of HOF staff within the URA organization. A clear and concise organizational chart helps the public understand the operations of the authority and makes it easier for the individual to get help and/or information. These organizational charts should be posted on the URA’s website for public information.

**Deed Transfer Tax Revenue and HOF Funding**

The Housing Opportunity Fund is allocated \$10 million each year. The funds are generated by an increase to the City’s Deed Transfer Tax, explained in the overview of this audit, but the HOF’s yearly allocation is not directly correlated with the amount of money collected from the Deed Transfer Tax increase. The HOF is allocated \$10 million each year from the City’s general fund, regardless of how much money is raised by the tax increase.

City Council allocated an additional \$1,958,000 in funding to the HOF in the City’s 2021 Operating Budget for legal and rental assistance due to the COVID-19 pandemic.

Table 2 shows a summary of the allocations to the HOF from its inception in 2018 to 2022. In total, the HOF received \$51,958,000, from 2018 through 2022.

**TABLE 2  
Housing Opportunity Fund Allocations  
2018-2022**

<b>Year</b>	<b>HOF Funding in Excess of \$10M/Year Allocation</b>	<b>Total HOF Funding Allocation</b>
2018	\$0	\$10,000,000
2019	\$0	\$10,000,000
2020	\$0	\$10,000,000
2021	\$1,958,000	\$11,958,000
2022	\$0	\$10,000,000
<b>Total</b>	<b>\$1,958,000</b>	<b>\$51,958,000.00</b>

Source: City Operating Budgets 2018-2022; Office of the City Controller

## Deed Transfer Tax Analysis

As described in the Overview of this audit, Pittsburgh’s local Deed Transfer Tax was increased by 1% in order to raise the additional \$10 million per year for the HOF. In 2016, the Affordable Housing Task Force estimated that the 1% increase would bring an additional \$9 million per year.

The auditors analyzed the effects of the tax increase and compared it with the amount of funding the HOF has received. Table 3 shows the local Deed Transfer Tax rate (DTT) and the amount of local Deed Transfer Tax money collected from 2017 through 2022. Table 3 also shows the effect of the tax increases in 2018 and 2019 in 0.5% increments.

**TABLE 3**  
**Deed Transfer Tax (DTT)**  
**Rate Increase and Revenue**  
**2017-2022**

Year	City DTT Rate	DTT Revenue	DTT Revenue Dollar Increase from Previous Year	DTT Revenue % Increase from Previous Year	City DTT Rate Increase	DTT Revenue Generated by Rate Increase
2017	2.0%	\$29,865,432	-	-	-	-
2018	2.5%	\$34,146,076	\$4,280,644	14.3%	0.5%*	\$6,829,215
2019	2.5%	\$36,029,741	\$1,883,665	5.5%	0.5%	\$7,205,948
2020	3.0%	\$45,053,202	\$9,023,461	25.0%	1.0%	\$15,017,734
2021	3.0%	\$62,154,372	\$17,101,170	38.0%	1.0%	\$20,718,124
2022	3.0%	\$65,382,917	\$3,228,545	5.2%	1.0%	\$21,794,306
<b>Total</b>	-	<b>\$272,631,740</b>	-	-	-	<b>\$71,565,327</b>

Source: Office of the City Controller

\*The 0.5% DTT rate increase from 2% to 2.5% occurred in February 2018, but the auditors were unable to separate out January 2018 DTT revenue collected at the 2% rate.

In 2017, before the first tax rate increase occurred in 2018, the City collected \$29,865,432 in local Deed Transfer Tax revenue. In 2022, the City collected \$65,382,917 in local Deed Transfer Tax revenue. This is an increase of \$35,517,485, or 118.9% over the 6-year period.

**Finding:** The amount of local Deed Transfer Tax collected from 2017 to 2022, by the City, increased by \$35,517,485 or 118.9%.

The 0.5% DTT rate increase brought in an additional \$6,829,215 in 2018 and \$7,205,948 in 2019. When the full 1% DTT rate increase was implemented in 2020, the City collected an additional \$15,017,734, which is \$6,017,734 more than the \$9 million that the Affordable Housing Task Force estimated the rate increase would generate.

In 2021, the total DTT revenue collected by the City increased by 38%, from \$45,053,202 in 2020 to \$62,154,372 in 2021. **In 2021, the City collected \$20,718,124 from the 1% rate increase, which is more than double the estimated \$9 million.** In total, from 2018 to 2022, the City collected \$71,565,327 due to the DTT rate increase.

**Finding:** The City collected \$71,565,327 in additional DTT revenue between 2018 and 2022 due to the DTT rate increase.

#### Actuals Collected vs Actuals Allocated

Table 4 shows the amount of local DTT revenue that was collected due to the 1% rate increase compared with the HOF’s yearly funding allocation.

**TABLE 4**  
**Deed Transfer Tax (DTT)**  
**Revenue and Housing Opportunity Fund Allocations**  
**2018-2022**

Year	DTT Revenue Generated by Rate Increase	Total HOF Funding Allocation	DTT Revenue in Excess of HOF Allocation
2018	\$6,829,215	\$10,000,000	-\$3,170,785
2019	\$7,205,948	\$10,000,000	-\$2,794,052
2020	\$15,017,734	\$10,000,000	\$5,017,734
2021	\$20,718,124	\$11,958,000	\$8,760,124
2022	\$21,794,305	\$10,000,000	\$11,794,306
<b>Total</b>	<b>\$71,565,327</b>	<b>\$51,958,000</b>	<b>\$19,607,327</b>

Source: City Operating Budgets 2018-2022; Office of the City Controller

In total, the HOF received \$51,958,000 in funding between 2018 and 2022, and the 1% DTT rate increase generated \$71,565,327 in revenue—a difference of \$19,607,327. **This increase in funds is not dedicated to the HOF. It is absorbed into the City’s general fund.**

**Finding:** The 1% DTT rate increase generated \$19,607,327 in additional revenue after accounting for the HOF’s allocation.

#### Annual Allocation Plan Utilization

As explained in the Overview of this audit, the HOF’s 17-member Advisory Board is responsible for drafting an annual allocation plan for the HOF. The annual allocation plan serves as the HOF’s budget and outlines the programs, projects, and activities which are eligible for HOF funding each year. The allocation plan must be approved by City Council.

Advisory Board members are appointed by the mayor. As of October 2023, four of the 17 Advisory Board seats are vacant: one is the mayor's representative, one is the URA's representative, and two are seats for neighborhood-based non-profit or community resident representatives from the west and the east.

**Finding:** Four (24%) of the 17 HOF Advisory Board seats are vacant as of October 2023.

### **RECOMMENDATION 3:**

The Office of the Mayor, City Council, and the URA should work together to fill all vacancies on the HOF Advisory Board as soon as possible.

Each year, the Advisory Board drafts the annual allocation plan for the HOF. After a period of public comment, the annual allocation plan is submitted to City Council for review and approval prior to the passage of the yearly city operating budget.

The enabling legislation for the HOF stipulates that the annual allocation plan set targets for the overall investment of HOF funds, as follows:

- 50% of funds must benefit families and individuals at or below 30% AMI,
- 25% of funds must benefit families and individuals at or below 50% AMI, and
- 25% of funds should benefit families and individuals at or below 80% AMI by providing or supporting homeownership opportunities
  - The 80% AMI limit may be exceeded to provide down payment and closing cost assistance to first-time homebuyers.

In addition, the URA can use up to 10% of the annual funds for administration. Table 5 shows the annual allocation plan for 2022.

**TABLE 5**  
**Housing Opportunity Fund**  
**Annual Allocation Plan**  
**2022**

<b>HOF Program</b>	<b>30% AMI or Below</b>	<b>50% AMI or Below</b>	<b>80% AMI or Below</b>	<b>Total</b>
Legal Assistance Program (LAP)	\$300,000	\$100,000	\$50,000	\$450,000
Housing Stabilization Program (HSP)	\$150,000	\$375,000		\$525,000
Homeowner Assistance Program (HAP)	\$1,050,000	\$700,000	\$400,000	\$2,150,000
Down Payment Assistance (DPCC)			\$700,000	\$700,000
Small Landlord Fund (SLF)		\$275,000	\$150,000	\$425,000
Rental Gap Financing (RGP)	\$3,000,000	\$800,000		\$3,800,000
For-Sale Development Program (FSD)			\$950,000	\$950,000
Administration (up to \$1M)				\$1,000,000
Demonstration Program				\$0
<b>Total</b>	<b>\$4,500,000</b>	<b>\$2,250,000</b>	<b>\$2,250,000</b>	<b>\$10,000,000</b>

Source: Urban Redevelopment Authority

The Demonstration Program was not allocated any money in the 2022 Allocation Plan.

**Finding:** No money was allocated to the Demonstration Program in 2022.

Table 6 shows the funding allocations for each HOF program from the 2022 Allocation Plan, the 2022 HOF monies that were spent or committed (2022 funds that were dedicated to a project but not actually spent), and the percentage of the 2022 funding allocation that was spent or committed by program.

**It is important to note that each program must spend or commit the previous year's HOF allocation in full before accessing the current year allocation.** Table 6 shows both the total amount spent or committed from any funding source (previous yearly HOF allocations and federal funding sources) for each program in 2022 and the amount of the 2022 HOF allocation that was spent or committed in 2022. The three programs that spent or committed less than half of their yearly 2022 HOF allocation in 2022 are shown **in red**.

**TABLE 6**  
**Housing Opportunity Fund**  
**2022 Allocation Plan, Total Spent/Committed,**  
**and 2022 HOF Allocation Spent/Committed**  
**per Program for all AMI Levels**  
**2022**

<b>HOF Program</b>	<b>2022 Allocation Plan for all AMI Levels</b>	<b>Total Program Spent/Committed in 2022 for all AMI levels</b>	<b>2022 HOF Dollars Spent/Committed for all AMI Levels</b>	<b>Percent of 2022 HOF Allocation Spent/Committed in 2022</b>
Legal Assistance Program	\$450,000	\$357,597.89	\$11,850	3%
Housing Stabilization Program	\$525,000	\$566,985.10	\$0.00	0%
Homeowner Assistance Program	\$2,150,000	\$2,906,645	\$1,919,395	89%
Down Payment and Closing Cost Assistance Program	\$700,000	\$470,882	\$470,882	67%
Small Landlord Fund	\$425,000	\$119,667.83	\$119,667.83	28%
Rental Gap Program	\$3,800,000	\$4,089,286	\$4,089,286	108%
For-Sale Development Program	\$950,000	\$1,659,715	\$1,659,715	175%
URA Administrative Costs	\$1,000,000	\$1,052,302	\$1,052,302	105%
Demonstration Program	\$0	\$300,000	\$300,000	-
<b>Totals</b>	<b>\$10,000,000</b>	<b>\$10,223,080.82</b>	<b>\$9,623,097.83</b>	94%

Source: Maher Duessel HOF financial statements

**In total, including all funding sources, the HOF spent or committed \$10,223,080.82 in 2022.** Of the total amount spent or committed, \$9,623,097.83 (94%) was from the 2022 HOF allocation and \$599,982.99 was from other sources, including federal grants and HOF allocations from prior years.

The 2022 HOF allocation that was spent or committed by each program in 2022 ranged from 0% to 175%. Three programs utilized less than 50% of the 2022 HOF allocation in 2022: the Legal Assistance Program (3%), Housing Stabilization Program (0%), and Small Landlord Fund (28%).

**Finding:** Five of the seven programs spent less than 100% of their yearly allocation in 2022 and three spent less than 50%.

**Finding:** The URA is not utilizing all the funding available through the HOF.

Each program must spend or commit the previous year's HOF allocation in full before accessing current year allocation. When a program requires extra money, URA staff makes an appeal to the Advisory Board and the allocation can be amended. When this occurs, funds are taken from less-utilized programs or from the Demonstration Program.

**Finding:** HOF program allocations can be increased as needed by the HOF Advisory Board.

Until they are spent, HOF funds are held in an interest-bearing Zions Bank trustee account. According to URA staff, interest accrued in the HOF bank account is not included in the annual allocation plan.

**Finding:** Interest generated by unused HOF funds needs to be accounted for and allocated back into the HOF.

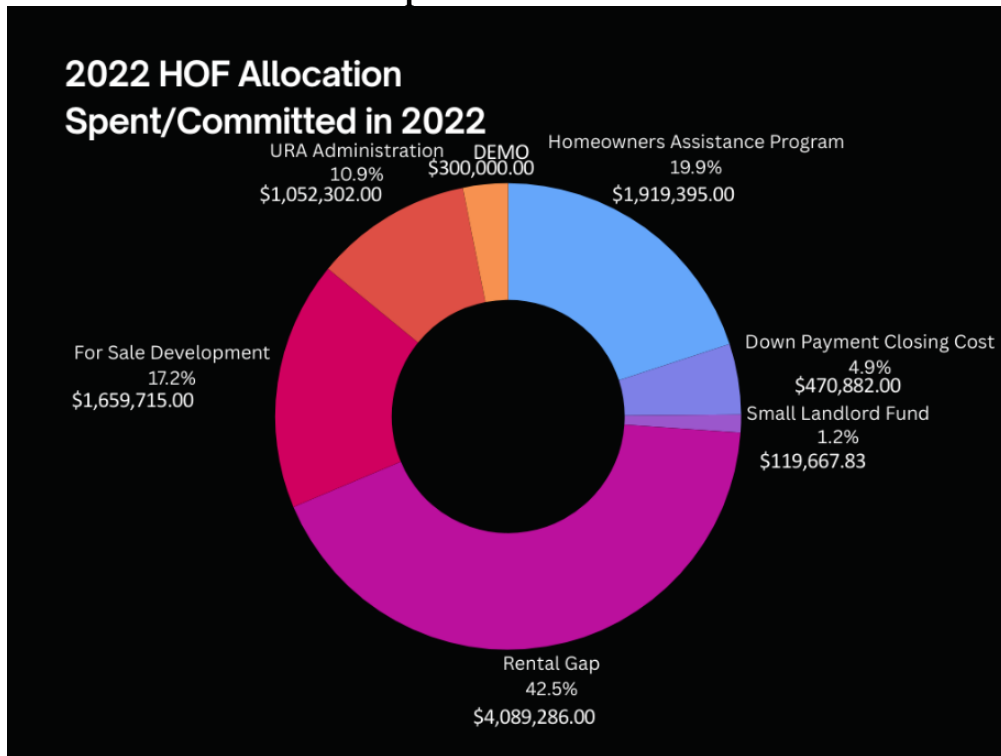
According to the URA HOF Independent Auditor's Report for 2022, prepared by Maher Duessel, administrative expenditures for 2022 came to \$1,052,302, which is 105% of the yearly allocation (\$1,000,000). The \$1,052,302 was comprised of \$860,000 (81.7%) in personnel costs, \$100,000 (9.5%) in management fees, and \$92,302 (8.8%) in other expenses, such as for outreach.

#### **RECOMMENDATION 4:**

The URA administration needs to reevaluate the HOF programs to maximize utilization of funds. The HOF continues to receive \$10,000,000 from the City and needs to explore ways of being more effective in implementing successful outcomes. (Especially since the URA closed on a \$31.575 million bond in December 2023 to support affordable housing in Pittsburgh.)

Chart 3 shows the funds that were spent/committed from the 2022 HOF Allocation. The graphic encompasses the funds for 7 of the 8 HOF programs, (HSP is not shown as zero dollars was used for 2022). Included is the URA Administration allocation and the Demonstration program.

**Chart 3**  
**2022 HOF Allocation**  
**Funds Spent/Committed**



Source: Urban Redevelopment Authority

Totals for All HOF Programs

The following is a summary of the output of all HOF programs. Table 7 shows the total number of people were assisted by the HOF’s tenant and homeowner programs in 2022, as well as the funds spent or committed in 2022 by each program and the cost-per-person of each program. The total HOF funds spent/committed comprises all funding sources, including federal CDBG funds and yearly HOF allocations prior to 2022.



**Table 7**  
**Housing Opportunity Fund Programs**  
**Average Cost per Person Assisted**  
**with HOF Funds Spent in 2022**

<b>Program</b>	<b>Total People Assisted by HOF Funds</b>	<b>Total HOF Funds Spent</b>	<b>Average Cost Per Person</b>
Legal Assistance Program	646	\$357,597.89	\$553.56
Housing Stabilization Program	224	\$566,985.10	\$2,531.18
Homeowner Assistance Program	85	\$2,906,645.00	\$34,195.82
Down Payment and Closing Cost Assistance Program	69	\$470,882.00	\$6,824.38
<b>Total</b>	<b>1,024</b>	<b>\$4,302,109.99</b>	<b>\$4,201.28</b>

Source: Urban Redevelopment Authority

The four consumer programs for all funding utilized in 2022 assisted 1,024 people, totaling \$4,302,109.99, with the average cost per person being \$4,201.28.

Table 8 shows the total affordable units created by HOF developer and landlord programs, the total amount spent per program, and the average cost per unit in 2022. These programs utilized only their 2022 HOF allocation in 2022.

**Table 8**  
**Housing Opportunity Fund Programs**  
**Average Cost per Affordable Unit Created**  
**with 2022 HOF Funds**

<b>Program</b>	<b>Total Affordable Units Created by 2022 HOF Funds</b>	<b>Total 2022 HOF Funds Spent</b>	<b>Average Cost Per Unit</b>
Small Landlord Fund	6	\$119,667.83	\$19,944.64
Rental Gap Program	244	\$4,089,286.00	\$16,759.37
For-Sale Development Program	22	\$1,659,715.00	\$75,441.59
<b>Total</b>	<b>272</b>	<b>\$5,868,668.83</b>	<b>\$21,575.99</b>

Source: Urban Redevelopment Authority

The three developer programs that used 2022 HOF funds created 272 affordable units, totaling \$5,868,668.83, with the average cost of \$21,575.99 per unit.

### **HOF Programs: Eligibility Requirements and Output**

The HOF provides services for homeowners and renters in the City of Pittsburgh, including home improvement loans, home buyer loans, emergency assistance, etc. There are seven programs that assist City residents, landlords, homebuyers, and developers: the Legal

Assistance Program, Housing Stabilization Program, Homeowner Assistance Program, Down Payment Closing Cost Assistance Program, Small Landlord Fund, and the Rental Gap Program. Listed below are descriptions of each program as well as the eligibility criteria and requirements.

When applications for HOF programs are received, URA staff review each application to determine whether the applicant is eligible for **any** affordable housing funding from other funding sources available through the URA, such as federal Community Development Block Grant (CDBG) or the HOME Investment Partnerships Program (HOME) funding from the U.S. Department of Housing and Urban Development (HUD). When the URA diverts other available funding to eligible affordable housing projects, more HOF funds are available for other HOF applicants. Sometimes CDBG and HOME funding is combined with HOF funding to aid the applicant. The monies associated with funds other than the HOF are not addressed in this audit.

**Finding:** The URA diverts HOF applicants to other affordable housing funding sources available through the URA where possible, thereby conserving HOF monies for applicants that do not qualify for other types of funding.

### Legal Assistance Program (LAP)

The Legal Assistance Program provides legal aid to both tenants and homeowners for matters with housing issues where you may lose your home, are behind in your rent or experiencing landlord problems. The LAP was created in 2021.

Tenants are eligible to receive mediation services, limited legal consultation or full legal representation. Homeowners are eligible to receive tangled title and foreclosure prevention services. A *tangled title* is a property title that doesn't accurately reflect the present homeowner's claim to the home, (e.g., someone lives in a house, but is unable to prove ownership because that person's name does not appear on the deed.) The AMI eligibility for tenants is 50% and is 80% for homeowners. The application process is initiated once the tenant or homeowner contact the URA via phone to receive a referral.

Table 9 shows the LAP's number of applicants, the fund origins and amount allocated in 2022.

**TABLE 9**  
**Legal Assistance Program (LAP)**  
**Expenditures in 2022**

HOF Fund	Amount Spent/Committed for all AMI Levels	Number of Applicants
HOF 2021	\$330,759.84	551
HOF 2021 Demonstration	\$14,988.05	18
HOF 2022	\$11,850.00	77
<b>Total</b>	<b>\$357,597.89</b>	<b>646</b>

Source: Urban Redevelopment Authority

The LAP is the most utilized HOF program with 646 applications in 2022 with, \$357,597.89 being spent. However, it should be pointed out that only 3%, (\$11,850) of the HOF 2022 allocation of (\$450,000) was spent in 2022, as shown in Table 6. In total, the program spent \$357,597.89, which is \$92,402.11 less than the total 2022 HOF allocation.

**Finding:** The LAP's total spending from all sources in 2022 was \$357,597.89, which is \$92,402.11 less than the program allocation for 2022 of \$450,000.

#### LAP Demographics

Typically, the HOF collects demographic information and documents race, and gender data for their programs, however, this data was not listed in the spreadsheet given to the auditors for the LAP.

**Finding:** The URA and the HOF administration did not collect race and gender demographic statistics for the LAP.

#### **RECOMMENDATION 5:**

The URA and the HOF administration should make sure that all demographic data is collected from all LAP applicants, i.e., race and gender.

#### LAP Contracted Lawyers

The LAP utilized five different law firms to represent LAP applicants in 2022. The law firms that contracted with the LAP were Just Mediation Pittsburgh, Ebony Law, Neighborhood Legal Services Association (NLSA), Community Justice Project and Morant Law.

To hire prospective attorneys, the URA sent out an RFP (request for proposal), seeking service providers and received responses. There is a voting process from the URA's advisory board to select the service providers for the program. According to the Director of Housing, the turnaround time from RFP receipt until an agreement is made is 60 days. The amount of funding the firm receives is based on the number of staffed attorneys.

Tenant and homeowner representation are assigned depending on what kind of legal representation the applicant needs. The LAPs requirement is that the attorneys or firms have experience in social service work and are versed in cases focusing on low-income tenant, and tangled title issues.

Although there was a criterion for the selection of attorney/firms, to prevent applicants from being eliminated, it was not utilized because only a few firms were interested in working for the LAP program. The selection was primarily based on the readiness to assist, as well as having the financial capacity to sustain payment to the lawyers. The HOF ultimately assumes

financial obligations to fulfill their applicant’s needs, however the firms must be able to cover the legal fees and court costs associated with the case until the HOF can reimburse them.

According to the Director of Housing, in 2022 the turnaround time for the HOF to process payments to the firms was 10 business days. Some attorneys have hourly rates, and or office rates. The payments are based off a market understanding of the amount that other attorneys are charging. Typically, the standard amount charged for providing legal aid is \$150.00 per hour. The most utilized firm was the Neighborhood Legal Services Association (NLSA), servicing 325 or 50% of the applicants.

Table 10 shows the 2022 five legal providers and the number of applicants serviced along with the percentage of work each organization performed for the Legal Assistance Program.

**TABLE 10**  
**Legal Assistance Program**  
**Legal Service Providers**  
**with Number of Applicants and Percentage Serviced**  
**2022**

Name of Law Firms	Number of Applicants % Serviced
Just Mediation	154 (24%)
Morant Law	8 (1%)
NLSA	325 (50%)
Community Justice Project	15 (2%)
Ebony Law	144 (23%)
<b>Total</b>	<b>646 (100%)</b>

Source: URA Administration

**Finding:** Only five law firms serviced all 646 participants in the LAP with only 3% of the 2022 funding spent.

**RECOMMENDATION 6:**

The URA should expand their advertising for attorneys. This could help increase the pool of attorneys available to provide assistance to the Legal Assistance Program which would maximize LAP capacity to service more applicants and utilize all available funding.

## LAP City Council District Demographics

There are nine City Council Districts encompassing all 90 City neighborhoods. The LAP is available to provide services to residents of all nine City Council Districts. Table 11 shows the number of applicants serviced by the LAP per city council district in 2022.

Of these applicants, the residents of City Council’s District 6 utilized the program most often with 196 applicants (30%) servicing the following areas: Perry Hilltop, the Hill District, Northside, Uptown, Downtown, and Oakland. A complete list of neighborhoods per district can be found in the appendix of this audit as Exhibit A.

**TABLE 11**  
**Legal Assistance Program**  
**Number of Applicants and Percentage by City Council District**  
**2022**

<b>City Council District of Applicant</b>	<b>Number of Applicants (% Serviced)</b>
1	143 (22%)
2	29 (4%)
3	63 (10%)
4	40 (6%)
5	16 (2%)
6	196 (31%)
7	29 (4%)
8	3 (1%)
9	123 (19%)
Unknown	4 (1%)
<b>Total</b>	<b>646 (100%)</b>

Source: URA Administration

The top three city council districts that utilized the LAP program the most in 2022 were Council District 6 with 196 applicants, District 1 with 143, and District 9 with 123.

## LAP AMI Levels and Demographics

The AMI eligibility requirements for tenants are 50% and is 80% for homeowners. In 2022, applicants with an AMI level of 30% or below utilized the LAP services the most with 513 applicants.

Table 12 shows the number of LAP applicants by AMI levels and its corresponding percentage in 2022.

**TABLE 12**  
**Legal Assistance Program**  
**AMI Levels with Number**  
**of Applicants and Percentage**  
**2022**

AMI Levels	Number of Applicants Per AMI Levels with (% Serviced)
30% or Below	513 (79.05%)
31% - 50%	126 (19.5)
51% - 80%	5 (.05%)
Unknown	2 (.5%)
<b>Total</b>	<b>646 (100%)</b>

Source: URA Administration

### **Housing Stabilization Program (HSP)**

The Housing Stabilization Program provides one-time or short-term financial assistance to households who are facing a temporary, non-recurring housing crisis. The HSP was created in 2019.

For tenants and homeowners to be considered for this program, they must reside in the City of Pittsburgh, provide proof of need (late/eviction notice, lease, utility bills), develop a housing stability plan with a service provider, and provide income documentation (W-2, pay stub, unemployment letter, letter from employer). The AMI eligibility for tenants is 50% and is 80% for homeowners. Applications for the HSP is initiated by phone or email, the calls are free and confidential, and interpreter services are available.

### **HOF’s Partnership with Allegheny County’s Department of Human Services (ACDHS)**

The Pennsylvania Department of Human Services is a state agency dedicated to providing care and support to vulnerable citizens. Every county has a Department of Human Services; for the City of Pittsburgh, it is Allegheny County. ACDHS serves both city and county residents, and in this audit the initials DHS will represent ACDHS.

Prior to HOF funds being used, federal funds from the Emergency Rental Assistance Program (ERAP) were utilized. The ERAP was created to help renters dealing with financial challenges related to the COVID-19 pandemic. For eligible households, the program offered rental and utility assistance to help Pennsylvanians avoid eviction or loss of utility service. With ERAP funds being available, the HOF funds did not need to be used and HOF was able to roll

over unused funds from the previous year to the following year. When DHS uses HOF funds to assist residents, they make sure that applicants reside within the city limits.

In 2022, DHS became the service provider for the HSP. The HOF wanted to ensure that applicants were being properly handled and screened by professionals and chose the employees of the County’s DHS agency because they are experienced in determining eligibility of applicants. According to URA leadership, one drawback of using the DHS as a service provider is that they do not automatically collect demographic data such as race and gender. DHS will not use HOF funds to assist residents that are outside of the city limits.

**Finding:** When the HOF enlisted the DHS to work on the HSP, they did not require DHS to collect gender and race demographic information.

### HSP Funding Sources

In 2022, in addition to the HOF funding, there were four monetary sources utilized for the HSP. These outside sources of funding are the Pittsburgh Foundation, the RK Mellon Foundation, the Department of Human Services (DHS) EARP funds, and the Wells Fargo Foundation. These foundation grants are one-time only and are not expected to be recurring funding sources for the URA.

Table 13 shows the 2022 HOF funding sources utilized by the HSP along with the number of applicants, the percentage serviced and how much funding assistance was given.

**TABLE 13**  
**Housing Stabilization Program**  
**Number of Applicants by Funding Source,**  
**Percentage Serviced and Dollar Assistance**  
**2022**

<b>Names of Funding Source Used by the HOF</b>	<b>Number of Applicants Per Funding Source with % Serviced</b>	<b>Total Funding Assistance Amount</b>
DHS (ERAP Funds)	168 (75%)	\$406,321.39
Pittsburgh Foundation	2 (1%)	\$10,000.00
RK Mellon	2 (1%)	\$3,679.00
Wells Fargo	2 (1%)	\$2,549.00
HOF 2018	2 (1%)	\$6,820.00
HOF 2018/2019	1 (1%)	\$3,134.46
HOF 2019	47 (20%)	\$134,481.25
<b>Total</b>	<b>224 (100%)</b>	<b>\$566,985.10</b>

Source: URA Administration

In 2022, there were 224 applications for the HSP. Of these 224 applicants, 168 (75%) received money through the DHS EARP funds, and the remaining 56 or 25% received money from the other funding sources as listed in Table 13.

None of the 2022 HOF allocation was utilized for the HSP in 2022. However, the program spent \$566,985.10 in total, which is \$41,985.10 more than the 2022 HOF allocation of \$525,000.

**Finding:** The HSP’s total spending from all sources in 2022 was \$566,958.10, which is \$41,985.10 more than the program allocation for 2022 of \$525,000. This indicates that the HSP has the capacity to utilize all allocated funds.

**RECOMMENDATION 7:**

The URA should increase promotion of the Housing Stabilization Program through other public facing and housing organizations to ensure that all non-recurring funding sources are fully utilized in addition to yearly HOF allocations.

HSP City Council District and Funding Allocations

Table 14 shows the number and percentage of applicants serviced by city council district and the funding allocated for the HSP in 2022.

**TABLE 14**  
**Housing Stabilization Program**  
**Number and Percentage of Applicants Serviced**  
**by City Council District and Total Funding Allocated**  
**2022**

City Council District of Applicant	Number of Applicants by City Council District with % Serviced	Total Funding Allocated
1	29 (13%)	\$78,986.87
2	24 (11%)	\$56,106.13
3	26 (12%)	\$68,245.17
4	20 (9%)	\$58,954.98
5	16 (7%)	\$42,267.29
6	49 (22%)	\$122,463.75
7	10 (4%)	\$21,614.13
8	5 (2%)	\$10,210.76
9	42 (19%)	\$103,984.02
Unknown	3 (1%)	\$4,152.00
<b>Total</b>	<b>224 (100%)</b>	<b>\$566,985.10</b>

Source: URA Administration



Table 14 shows that City Council’s District 6 utilized the HSP the most, with \$122,463.75 allocated to 49 applicants. District 9 closely follows with \$103,984.02 allocated to 42 applicants. In 2022, the HSP awarded a total of \$566,985.10 to 224 applicants.

**Finding:** City Council Districts 6 and 9 respectively utilized the HSP the most.

HSP Race and Gender Demographics

As previously mentioned, the application process of the HSP has been entrusted to the Department of Human Services. However, in 2022 the HOF administration did not make it mandatory for the DHS to collect the applicants race and gender information.

As shown in Table 15 the 168 or 75% of all applicants that the DHS funded and serviced in 2022 did not have a race listed. In addition, there were 39 applicants (17%) that were directly serviced by the HOF, where the race data was left blank or unknown leaving 17 applicants reporting that they were of the black race. This resulted in 207 HSP applicants (92%) not having their race disclosed.

Table 15 shows the number and percentage of the Housing Stabilization Program applicants serviced by race in 2022.

**TABLE 15**  
**Housing Stabilization Program**  
**Number and Percentage of Applicant’s Serviced**  
**By Race Demographic**  
**2022**

Race of Applicants	Number of Applicants Per Race with % Serviced
Black	17 (8%)
Unknown/Unreported	207 (92%)
<b>Total</b>	<b>224 (100%)</b>

Source: URA Administration

Gender data was also not consistently collected on the applicants in 2022. Table 16 shows that 16 or 7% of the applicants reported their gender being 12 female and 4 males. The remaining 208 or 93% were unknown,

**TABLE 16**  
**Housing Stabilization Program**  
**Number and Percentage of Applicant's Served**  
**By Gender Demographic 2022**

Gender of Applicants	Number of Applicants Per Gender with % Served
Female	12 (5%)
Male	4 (2%)
Unknown/Unreported	208 (93%)
<b>Total</b>	<b>224 (100%)</b>

Source: URA Administration

From the HSP applications, 16 applicants were identified as male, or female and 17 applicants were identified as black. It is unknown if the same individuals reported themselves by sex and/or race or if they were all separate.

**Finding:** In 2022, there were 92% of the HSP applicants with unknown race and 93% had unknown gender.

**RECOMMENDATION 8:**

The URA administration needs to make sure that all gender and race information for all applicants participating in housing programs are collected and documented.

HSP AMI Levels

Table 17 shows the number and percentage of HSP applicants served by AMI levels for 2022.

**TABLE 17**  
**Housing Stabilization Program**  
**Number and Percentage of Applicant's Served**  
**By AMI Level Demographics**  
**2022**

AMI Level of Applicant	Number of Applicants Per AMI Level with % Served
30% or Under	168 (75%)
31% - 50%	50 (23%)
51% - 80%	2 (1%)
Unknown	4 (1%)
<b>Total</b>	<b>224 (100%)</b>

Source: URA Administration

As shown in Table 17, 168 or 75% of the HSP recipients were at 30% or Under AMI Level. The next highest number of recipients was between 31%-50% AMI Level with 50 or 23% of the applicants.

### **RECOMMENDATION 9:**

The URA administration needs to request that the DHS collect race and gender information for all applicants. This should be stated in a written contract or agreement. It is important for outside agencies to know what is expected of them.

### **RECOMMENDATION 10:**

The URA and the HOF administrations should collect complete demographic data including race, gender, council district and AMI Level from all applicants. The collection of this type of data will help administrators and outside auditors analyze the effectiveness of the program reaching low-income individuals.

### **Down Payment and Closing Cost Assistance Program (DPCC)**

The Down Payment and Closing Cost Assistance Program provides financial assistance to eligible first-time homebuyers. The DPCC has been a part of the HOF since its inception in 2018. The application process can be initiated via phone or email.

The DPCC program guidelines states the following in reference to loan types and repayment requirements:

- For first-time homeowners at or below 80% of the Area Median Income (AMI), determined on an annual basis by the U.S. Department of Housing and Urban Development (HUD), they can receive up to \$7,500 for down payment and closing cost assistance.  
The amount of the assistance is based on a determination of need in accordance with the owner's net worth as defined in the Eligible Borrower Section.
- For first-time homeowners above 80% AMI but less than 115% AMI, they can receive up to \$5,000 for down payment and closing cost assistance. The amount of the assistance is based on a determination of need in accordance with the owner's net worth as defined in the Eligible Borrower Section.
- The down payment and closing cost assistance will be recorded in the form of a 0% interest loan.
- For homeowners at or below 80% AMI, the loan will be a five-year deferred loan. No payments are made during the term of the loan. The loan may be in subordinate position to a first mortgage lender. After five years, if the owner is still living in the home, the loan is forgiven.

- For homeowners above 80% AMI but less than 115% AMI, the loan will be a ten-year deferred loan that is forgiven at the amount of 10% per year. At the end of year ten, if the owner is still living in the home, the loan balance will be \$0.
- For homeowners at or below 80% AMI, if the house sells or transfers before five years, the loan is due in full. For homeowners above 80% AMI but less than 115% AMI, if the house sells or transfers before ten years, the remaining loan balance which has not yet been forgiven is due.

OWN PGH is another program offered by the URA and is similar to the DPCC program. However, this program is through the American Rescue Plan Act and DPCC is funded through the Housing Opportunity Fund. The American Rescue Plan Act was a federal stimulus package passed in response to the COVID-19 pandemic. This program aimed to provide support to homeowners or address housing-related issues. Information about OWNPGH can be found at [OwnPGH Homeownership Program \(ura.org\)](http://OwnPGH Homeownership Program (ura.org)).

OWN PGH aims to reduce the financial burden on homeowners by lowering the amount of money they need to borrow for their home. By doing so, it decreases the monthly payment obligations for borrowers, ultimately making homeownership more affordable in the long run.

On the other hand, DPCC is more focused on addressing upfront costs associated with purchasing a home, such as down payment expenses, closing costs, transfer taxes, and title fees. By helping potential homebuyers cover these costs, the program aims to remove a significant financial barrier to homeownership, particularly for individuals who may not have the necessary cash on hand to cover these expenses.

Both programs play distinct but complementary roles in making homeownership more attainable for individuals in Pittsburgh, with OWN PGH reducing the ongoing financial burden and DPCC addressing the initial financial hurdles associated with purchasing a home. These programs both work together to aid Pittsburgh residents in achieving homeownership.

### DPCC Eligibility Requirements

Upon completing an application for the DPCC Assistance Program, the applicant must meet the eligibility requirements for further consideration. The home purchased must be the primary residence with the borrower's name on the deed; and can be a duplex, townhouse, etc., with up to two connected units, provided the borrower occupies one of the units. The property must be a permanent structure used primarily for year-round residential use. If the property has to be improved and is vacant, the borrower must certify in writing, prior to closing, that it is his/her intent to occupy the property within 30 days upon work completion.

The borrower cannot have any outstanding City, School, or County real estate taxes, or must have been on a back tax payment plan for at least six months. The borrower also must not have liquid assets of over \$20,000 after closing and meet the AMI requirements outlined per household size as shown in Table 1. Liquid assets are assets that may be readily converted to

cash, such as checking and savings accounts, money market accounts, certificates of deposit, stocks, bonds, etc.

The borrower's lender, typically a local bank or financial institution, must complete the application. The lender will submit the application into the URA on the borrower's behalf. The borrower must complete a U.S. Department of Housing and Urban Development (HUD) Certified First-Time Homebuyer Course administered by a HUD certified counselor. The URA must receive the application at least 21 days prior to the desired closing date.

One of the qualifying criteria for the DPCC program is not to have liquid assets over \$20,000. If the applicant has more than \$20,000 in liquid assets their application is denied. The auditors reviewed the DPCC application and information on the URA website and found that this limitation is not listed anywhere.

**Finding:** Information about the \$20,000 liquid asset limit is not available on the DPCC application or HOF website.

**RECOMMENDATION 11:**

The HOF administration should list on the DPCC application and website that there is a \$20,000.00 maximum asset limitation as part of the DPCC eligibility requirements. Without advertising this limitation, unknowing applicants could apply and be ineligible.

In 2022, the HOF received 76 applications for the DPCC Assistance Program. Of those 76 applicants, seven were denied: four because they were over the income limit, and three because they had liquid assets that exceeded the \$20,000 program limit. There were 69 applicants approved to receive assistance.

Table 18 shows the number of accepted applicants, their AMI Level and the percentage serviced for the DPCC Assistance Program in 2022.

**TABLE 18**  
**DPCC Assistance Program**  
**AMI Levels of Accepted Applicants**  
**2022**

AMI Levels	Number Of Applicants with % Serviced
30%	14 (20%)
50%	32 (47%)
80%	9 (13%)
115%	14 (20%)
<b>Total</b>	<b>69 (100%)</b>

Source: URA Administration

The data the auditors received from the URA showed the loan amount each applicant borrowed. According to this data all 14 applicants with a 50% AMI level each received a maximum loan amount of \$7,500.00. Of the 14 applicants with an AMI level of 30%, one received a loan amount of \$7,000.00, and the other received the maximum loan amount of \$7,500.00 each.

The maximum loan amount that an applicant with an AMI level ranging between 80 to 115% is \$5,000.00; there were 23 borrowers under these categories. Of these 23 borrowers, five were awarded loans that exceeded the maximum amount of \$5,000.00. There were five DPCC applicants with AMI's ranging from 80 to 115% that received more than the maximum loan amount of \$5,000.00. One applicant received, \$6,382.00 and the other four received \$7,500.00 each.

**Finding:** The loan limits for the DPCC can be adjusted by HOF staff as needed. This is a good practice to meet the applicant's needs.

**RECOMMENDATION 12:**

HOF administration and staff should continue to adjust closing amounts for applicants as needed. This is important and a good practice to meet an applicant's needs and should be continued.

Table 19 shows the number of applicants serviced with percentage by gender for the Down Payment Closing Cost Assistance Program in 2022.

**TABLE 19  
DPCC Assistance Program  
Applicants by Gender  
2022**

DPCC Applicants by Gender	Number of Applicants with % Serviced
Male	22 (32%)
Female	44 (64%)
Did Not Choose to Disclose/Blank	3 (4%)
<b>Total</b>	<b>69 (100%)</b>

Source: URA Administration

Table 20 shows the race demographics of the 69 applicants serviced by the Down Payment Closing Cost Assistance Program in 2022.

**TABLE 20  
DPCC Number of  
Applicants by Race  
in 2022**

<b>Race</b>	<b>Number Of Applicants with % Serviced</b>
Black	36 (52%)
White	25 (36%)
Did Not Wish to Disclose	7 (11%)
Blank	1 (1%)
<b>Total</b>	<b>69 (100%)</b>

Source: URA Administration

Table 21 shows the DPCC Assistance Program applicants funding allocated per city council districts in 2022.

**TABLE 21  
DPCC Funded Applicants by City Council Districts  
2022**

<b>City Council District</b>	<b>Number of Applicant's Per District with % Serviced</b>	<b>Total Amount Funded</b>
1	6 (9%)	\$37,500.00
2	21 (30%)	\$147,000.00
3	2 (3%)	\$15,000.00
4	6 (9%)	\$40,000.00
5	6 (9%)	375,000.00
6	13 (18%)	\$91,382.00
7	2 (3%)	\$12,500.00
8	1 (1%)	\$5,000.00
9	12 (17%)	\$85,000.00
<b>Total</b>	<b>69 (100%)</b>	<b>\$470,882.00</b>

Source: URA Administration

In 2022, the HOF awarded a total of \$470,882.00 in loans to 69 applicants for the DPCC Assistance program. The top three city council districts utilizing the DPCC Assistance Program in 2022 were Council District 2 with 21 (30%) applicants totaling \$147,000 in loans, District 6

with 13 (18%) applicants totaling \$91,382 in loans and District 9 with 12 (17%) applicants totaling \$85,000.00 in loans.

Half of the 69 applicants were at 50% AMI. The auditors did not do an analysis of the purchase price of homes because this information was not available in the data we received.

### **Homeowner Assistance Program (HAP)**

The Homeowner Assistance Program (HAP) provides financial assistance to homeowners for rehabilitating and improving their residential owner-occupied properties. The purpose of the program is to assist City residents with bringing their homes into compliance with City codes, undertaking energy efficiency improvements, and making general property improvements. The HAP has been a part of the HOF since 2019.

#### Eligible Activities

HAP funds may be used for home improvements to owner-occupied homes. Funds must be used first to remedy any code violations or lead paint hazards, then for energy-related improvements, then general property improvements. Funds cannot be used for work that is already in progress, and all improvements must comply with zoning and historic review requirements.

The URA conducts an inspection of the property to identify issues that must be addressed before making energy-related or general property improvements. In the event the scope of work exceeds the maximum loan threshold (\$30,000), and the homeowner is unable to finance the remaining portion of the work, the loan may be denied.

**Finding:** HAP loans are capped at \$30,000. If the property needs more than \$30,000 in repairs, and the property owner cannot pay the difference, the HAP loan will be denied.

#### Eligibility Requirements

Eligible applicants are residents of the City of Pittsburgh who make **80% or less** of the AMI. All applicants must provide the following items:

- Legible contact information,
- Proof of current homeowner insurance policy,
- Proof of ownership or owner's permission to make modifications, and
- Proof of income (two most recent pay stubs) and copy of latest income tax returns (or non-filing verification letter).

In addition, the property must be owner-occupied and located in the City of Pittsburgh and the borrower cannot have any outstanding City, School, or County real estate taxes, or if taxes are owed, the borrower must have been on a payment plan for at least six months.

The Homeowner Assistance Program does not prohibit residents from utilizing it more than once, however, according to URA staff, since this program has a wait list, it would be



unlikely that an application for a repeat client would be approved ahead of new clients in need of home repairs.

### Maximum Loan Amounts and Terms

The HAP issues both loans and grants, with total assistance per applicant capped at \$35,000. Loans are available up to the amount of \$30,000 and grants in the amount of \$5,000.

URA loans to residents have a 0% interest rate and a term of 20 years. Loans are deferred, meaning that no loan payments are required unless the property is sold or transferred (such as when the homeowner passes away) during the loan term. If the home is sold or transferred prior to the end of the 20-year loan term, the unpaid balance is due in full. In loan term year ten, loans are forgiven at a rate of 10% per year for the next ten years. Loans are recorded as a mortgage on the property, creating a lien on the property.

According to the URA, HAP loans are deferred and forgiven over time so that low-income borrowers are not saddled with additional monthly debt to pay.

**Finding:** URA consumer loans are designed such that low-income borrowers are not saddled with monthly payments.

### Application Process and Orientation

There is one application for all URA residential property repair programs. URA staff reviews each application and determines whether the applicant is eligible for HAP funds. Applicants that qualify for other funding sources available through the URA, such as state and federal programs that assist with accessibility modifications or emergency repairs, are diverted to those programs to conserve HOF funding for applicants that do not qualify for other programs.

The URA utilizes outside organizations to help with program administration, referred to as private program administrators. Program administrators are community organizations with the capacity to connect participants to available contractors. The following organizations serve as HAP program administrators:

- Habitat for Humanity of Greater Pittsburgh
- Hilltop Alliance
- Northside Leadership Conference
- Rebuilding Together Pittsburgh
- Oakland Planning and Development Corporation (OPDC)
- The Pittsburgh Project

Participants may obtain their own contractor, provided the contractor can provide proof of insurance coverage, access to credit, and a PA contractor's license. If a participant cannot or does not wish to find a contractor on their own, they will be assigned to a program administrator. The program administrator will match the participant with a contractor and will act as a project manager to handle tasks such as preparing work orders and coordinating payments to the

contractor. If a participant obtains their own contractor, URA staff will fill the role of the program administrator/project manager.

All program participants, once accepted, receive approval letters that outline the terms of their acceptance to the program. The URA then holds a virtual orientation for HAP participants. The orientation is not required, but applicants are highly encouraged to attend. Applicants are given information about loan closing and financing, the initial and final property inspections, and told what to expect from the URA, program administrators, and contractors for the duration of the program. If a participant does not attend the orientation, URA staff ensures that the participant still receives the information provided at orientation.

### Inspections, Scope of Work, and Loan Closing

An initial inspection of the property is conducted by a URA construction advisor to identify any code violations, and a certified risk assessor inspects the property to determine the level of lead hazards in the home. Either the URA construction advisor or the private program administrator will prepare a work write-up which identifies the code violations and lead hazards which must be addressed, as well as any energy efficiency and general property improvements the homeowner would like to make.

The URA reviews the work write-up to determine a fair and equitable cost of the proposed improvements. Once the work write-up has been approved by the program participant and the URA, the program participant can either take the work write-up to their own contractor or have the URA find a contractor for their project through a competitive bidding process. Once a contractor has been selected, the contractor and the URA meet with the program participant to sign the work write-up and finalize the scope of work.

Once the scope of work is finalized, the URA works with the program participant to complete closing documents and secure the loan. Once the loan closing is complete, the contractor can begin work.

### Construction and Payments to Contractors

Contractors can request stage payments as portions of the project are completed or may invoice for the project in full when it is complete. A URA construction advisor conducts an on-site inspection at the time the contractor requests payment for work completed. If the borrower and the URA construction advisor approve, the URA will make payments directly to the contractor or the HAP program administrator. If an HAP program administrator is being used, the program administrator will make payments directly to the contractor and the URA will reimburse the program administrator.

The contractor is the program participant's primary point of contact during construction. Contractors are expected to communicate when they will be on the participant's property during construction and must be granted access to the participant's home during normal business hours. If the participant is not available, they must arrange for someone else to be present or for a lockbox to be placed on the door so that the contractor is able to access the home as needed.

When the project is completed, a final inspection is made by the URA and, if necessary, the City of Pittsburgh Department of Permits, Licenses, and Inspections (PLI). Contractors (or program administrators) must request payments on the proper URA forms, signed and approved by the program participant, to receive their final payment.

Accepted and Denied Applications

In total, there were 126 applications for the HAP in 2022; 85 were approved and 41 were denied. Of the 41 denials, 32 were denied for only one reason and nine were denied for two reasons (no applications were denied for three or more reasons).

Table 22 shows the reasons that applications were denied and the number of applications that were denied for that reason in 2022. There were 41 denied applications, but because nine of them were denied for two reasons. **Table 22 shows 50 reasons for denial because all reasons for denial were counted separately.**

**TABLE 22**  
**Homeowner Assistance Program**  
**Reasons for Denial of Application**  
**2022**

Reason for Denial	Number Denied Applications
Owed taxes (City or County)	24
Did not provide documentation	9
Over income limit	5
Property outside City	6
Applicant is not the homeowner	5
Reapplied too soon	1
<b>Total</b>	<b>50</b>

Source: Urban Redevelopment Authority

Owing city or county taxes was the most common reason for denial, cited in 24 (59%) of the 41 denied applications. In all nine cases where an application was denied for two reasons, one of the reasons was the applicant owing city or county taxes.

URA staff reported that when applicants are denied because they owe taxes, URA staff provide the applicant with information about the steps they will need to take to get up to date on their taxes and/or get on a payment plan. Once the applicant has paid their taxes or started a payment plan, they can present this information to the URA to have their existing application reconsidered.

The next most common reason was that the applicant failed to provide necessary documentation, such as proof of ownership, income documentation (usually the two most recent paystubs), proof of insurance, or tax compliance verification. This was found in nine (23%) of the 41 denied applications. According to URA staff, if an applicant does not provide the

necessary documents, the URA contacts them to let them know their application is incomplete. The applicant then has until the end of the application period to provide the missing documentation. The application period lasts approximately 45 days.

**Finding:** Of the 41 HAP applications which were denied, 23% were denied due to lack of documentation.

Administrative requirements, such as producing paperwork and paying taxes, can be a barrier that prevents low-income households from accessing benefits and programs for which they are eligible.

### **RECOMMENDATION 13:**

The URA/HOF administration should take steps to ensure that all applicants that are eligible to participate in the HAP are able to do so. The administrations should also consider mandating more frequent follow ups or assigning applicants that are having trouble providing paperwork and/or paying taxes to a caseworker.

There were 16 applications (39% of 41 applications) denied because the applicant was not eligible for the HAP due to being over the program income limit, living outside the city, or because they did not appear to own the home. When applicants are denied because they do not appear to be the legal owner of the home, they are referred to other services and programs, such as the LAP, for assistance.

**Finding:** URA staff follow up with applicants who are ineligible for assistance from the HAP program to connect them with other services.

### **RECOMMENDATION 14:**

The URA/HOF administrations should continue to work with denied HOF program applicants to connect them with other services and/or assistance they may need. This is an excellent practice that should be continued.

According to the documents provided to the auditors by the URA, one applicant was denied because they “received assistance in 2020 (must wait another year to apply again.” The documents indicated that the applicant had applied for both the HAP and the Home Accessibility Program for Independence (HAPI), which is a similar URA program for people with disabilities not funded through the HOF. The applicant received \$25,000 through the HAP in 2020 and \$9,996 from the HAPI in 2022.

The HAPI program guidelines state that grant recipients are limited to one grant for any one property. The HAP program guidelines do not include any language prohibiting participants

from taking advantage of the program multiple times or imposing any time restrictions for reapplications.

**Finding:** One HAP application was denied for a reason not outlined in the program guidelines.

**RECOMMENDATION 15:**

The HOF Advisory Board members should clarify program guidelines regarding repeat participants and clearly communicate this information to staff members, and include the limitation on their website and paperwork

Program Funding Sources

The HAP program utilizes funding from the HOF and from Federal Community Development Block Grants (CDBG). Table 23 shows the funding source and the amount of money that was spent or committed from each source for the HAP in 2022.

**TABLE 23**  
**Homeowner Assistance Program 2022**  
**Participants Funding Sources**

<b>Funding Type</b>	<b>Amount Awarded in 2022</b>
HOF 2021	\$175,000.00
HOF 2022	\$1,919,395.00
CDBG 2020-2021	\$192,250.00
CDBG 2021-2022	\$620,000.00
<b>Total</b>	<b>\$2,906,645.00</b>

Source: Urban Redevelopment Authority

In total, \$2,906,645 was spent or committed for the HAP in 2022, of which \$1,919,395.00, or 66%, was from the 2022 HOF allocation.

The HOF administration’s annual allocation plan allocated \$2,150,000.00 to the HAP for 2022, as shown in Table 6. The HAP program spent or allocated \$1,919,395, or 89%, of the 2022 funding allocation in 2022. The remaining \$230,605.00 will be spent in 2023 before the 2023 HOF allocation is used.

**Finding:** The HAP spent 89% of its 2022 HOF allocation in 2022.

Table 24 shows the funding sources in 2022 (HOF 2021, HOF 2022, and CDBG) and the number of participants that received funding from each source.

**TABLE 24**  
**Homeowner Assistance Program 2022**  
**Participants Funding Sources**

Funding Type	Number of 2022 HAP Participants
HOF 2021	5
HOF 2022	55
CDBG 2020-2021 and 2021-2022	23
HOF 2022 and CDBG	2
<b>Total</b>	<b>85</b>

Source: Urban Redevelopment Authority

Of the 85 HAP applicants that were approved in 2022, 22 (26%) received only CDBG funds, 60 (71%) received only HOF funds, and two (3%) received both HOF and CDBG funds. Of the 62 total recipients of HOF funds, five (8%) received 2021 HOF funds and 57 (92%) received 2022 HOF funds.

#### Participant AMI Levels

There were 85 program participants in the HAP program in 2022. Table 25 shows the number of participants that received funding from the HAP program and their household income AMI levels of either 30%, 50%, and 80%.

**TABLE 25**  
**Homeowner Assistance 2022 Program**  
**Participant AMI Levels**

AMI Levels	Number of Participants	Percent of Total
30%	40	47%
50%	26	31%
80%	19	22%
<b>Total</b>	<b>85</b>	<b>100%</b>

Source: Urban Redevelopment Authority

Of the 85 participants, 40, or 47%, had a household income of 30% or less of the AMI, 26 (31%) had a household income of between 30% and 50% AMI, and 19 (22%) had a household income of between 50% and 80% of the AMI.

**Finding:** Of the HAP participants who received 2022 HOF dollars, nearly half (47%) had a household income of 30% or less of the AMI. This demonstrates a commitment to supporting lower income Pittsburghers.

## Loans Issued and Cost Per Participant

Table 26 shows the dollar amount of the loans or grants that were issued to the 85 HAP program participants in 2022. There were five different loan/grant amounts; most participants received the program maximum of \$35,000. The maximum funding amount has not changed since the program was introduced in 2019.

**TABLE 26**  
**Homeowner Assistance Program**  
**Grant/Loan Amounts**  
**2022**

<b>Loan/Grant Amount</b>	<b>Number of Projects</b>	<b>Total Loan/Grant Dollars Issued</b>
\$5,000	1	\$5,000
\$17,250	1	\$17,250
\$17,640	1	\$17,640
\$31,930	1	\$31,930
\$34,825	1	\$34,825
\$35,000	80	\$2,870,000
<b>Total</b>	<b>85</b>	<b>\$2,906,645</b>

Source: Urban Redevelopment Authority

Of the 85 program participants, 80, or 94%, received the maximum \$35,000. Other loan/grants amount ranged from \$5,000 to \$34,825.

**Finding:** Of the 85 participants, 80 (94%) received the maximum funding amount of \$35,000.

### **RECOMMENDATION 16:**

The URA should consider increasing the per-participant program maximum funding amount. The overwhelming majority of participants are utilizing all available funding indicating that the maximum funding amount may not be sufficient to cover all necessary repair costs. The maximum funding amount has not changed since the program was introduced in 2019; the URA should consider increasing the maximum funding amount yearly with inflation.

In total, the HAP program spent or allocated \$2,906,645 to 85 participants, which is a cost-per-participant (or housing unit) of \$34,195.82.

**Finding:** The Homeowner Assistance Program allocated \$2,906,645 in 2022 HOF funds to 85 participants, which is a cost-per-participant of \$34,195.82.

Project Location

The total number of HAP program participants in 2022 was 85, which includes those that received CDBG, 2022 HOF, and 2021 HOF funds. Table 27 shows the city council district in which each HAP project was located in 2022.

**Table 27**  
**Homeowner Assistance Program**  
**Projects by Council District**  
**2022**

Council District	Number of Projects
1	9
2	11
3	13
4	8
5	13
6	9
7	5
8	0
9	17
<b>Total</b>	<b>85</b>

Source: Urban Redevelopment Authority

Of the 85 total HAP projects in 2022, 43 (51%) were located in three council districts. There were 17 HAP projects located in council district 9, 13 located in district 3, and 13 located in district 5. Table 28 shows the six neighborhoods with the most HAP projects in 2022.

**Table 28**  
**Top Six Neighborhoods with the Most**  
**Homeowner Assistance Program Projects**  
**2022**

Neighborhood	Number of Projects
Hazelwood	7
Knoxville	6
East Liberty	5
Sheraden	5
Carrick	4
Troy Hill	4
<b>Total</b>	<b>31</b>

Source: Urban Redevelopment Authority



Six neighborhoods were the location of 31 (37%) of the 85 HAP projects in 2022. Hazelwood had the most at seven, Knoxville had the second-most at six, followed by East Liberty with five. A full list of HAP project locations by neighborhood in 2022 can be found in the Appendix as Exhibit B.

### Participant Demographics

Demographic information is collected from HAP program participants, including race and gender. There were 85 total program participants in 2022, including those that received CDBG, 2021 HOF, and 2022 HOF monies. **Because five participants were couples who applied jointly, the following demographics analysis shows a total of 90 people.**

Table 29 shows the gender demographics of 2022 HAP program participants.

**TABLE 29**  
**Homeowner Assistance Program Participant**  
**Gender Demographics 2022**

Gender	Number of People
Male	23
Female	58
No Response	9
<b>Total</b>	<b>90</b>

Source: Urban Redevelopment Authority of Pittsburgh

Of the 90 people who participated in the HAP in 2022, 23 (26%) were male, 58 (64%) were female, and nine (10%) did not indicate their gender.

**Finding:** A majority, 64%, of Homeowner Assistance Program participants in 2022 were female.

Table 30 shows the racial demographics of the 90 people who participated in the HAP program in 2022.

**TABLE 30**  
**Homeowner Assistance Program Participant**  
**Racial Demographics 2022**

Race	Number of People
Black	43
White	30
Native American	1
Two or More Races	3
No Response	13
<b>Total</b>	<b>90</b>

Source: Urban Redevelopment Authority of Pittsburgh

Of the 90 people who participated in the HAP in 2022, 43 (48%) were Black, 30 (33%) were white, one (1%) was Native American, three (3%) identified as two or more races, and 13 (15%) did not indicate their race.

## HAP Contractors

URA staff reported that it can be difficult to locate contractors willing to work on URA subsidized projects, which has created a bottleneck for the HAP program. According to HOF staff, applicants generally wait for an available contractor for six months after being approved for the program due to limited contractor availability.

**Finding:** Some contractors do not want to work on HAP projects because they find the requirements burdensome and URA takes time to pay them.

Contractors must be vetted by the URA in order to bid or work on URA projects. Any contractor who is willing to work on HAP projects can contact the URA to be vetted by completing the application package for general contractors. The application package requires:

- Verification that the contractor and all employees are properly trained and certified to perform work in a lead-safe manner,
- Workman’s Compensation Insurance and at least \$500,000 in Comprehensive General Liability Insurance naming the URA an “additional insured,”
- Access to at least \$7,500 in credit to finance project start-up and obtain materials over the course of the project,
- Agree to the URA’s General Specification for Home Rehabilitation Loan Programs, which outlines the minimum construction standards and conditions for contractors when bidding on work financed by the URA,
- HAP/HAP+ URA Quality Control & Inspections Procedures – outline requirements and procedures for initial bid process, changes to the scope of work, and invoicing,
- City of Pittsburgh business registration,
- PA business registration, and
- Work references.

Contractors that do not have access to the required \$7,500 in credit can apply for financing through the URA’s Micro Enterprise Loan Program. The program awards loans from \$25,000 to \$100,000 at an interest rate of 4%. Only contractors who are contracted or subcontracted to work on a URA project and have between \$50,000 and \$2,000,000 in annual revenue are eligible for the Micro Enterprise Loan Program.

As of June 2023, a contractor was assigned to 25 (29%) of the 85 total 2022 HAP projects (including HAP participants who received 2021 HOF and CDBG funds). Table 31 lists the contractors assigned to 2022 HAP projects.

**TABLE 31**  
**Homeowner Assistance Program Contractors**  
**2022**

Contractor	Number of Projects
Rebuilding Together	4
Pittsburgh Project	4
Aziz Abraham (ABE)	3
Spanbauer	3
Patina	2
Greenwood Property Solutions	2
PDK	2
NSLC	1
Concrete Rose	1
OPDC	1
Hilltop Alliance	1
Habitat for Humanity	1
<b>Total</b>	<b>25</b>

Source: Urban Redevelopment Authority

The two contractors who worked on the most projects, with four each, were Rebuilding Together and The Pittsburgh Project. Together these two contractors were responsible for 32% of the projects that were already assigned work.

**Finding:** As of June 2023, a contractor was assigned to 25 (29%) of the 85 total 2022 HAP projects leaving 60 or 71% of applicants waiting.

**RECOMMENDATION 17:**

The URA should consider partnering with an organization that has experience managing programs similar to the Homeowner Assistance Program. An outside organization could possibly increase capacity for the URA to better administer the program and attract contractors to work with those residents enrolled in the program.

HAP Projects Random Sample Testing

The URA does not have a written policy for what HAP project documentation should be kept on file. The auditors wanted to determine what documentation HOF staff kept. According to the written HAP project guidelines, HAP projects should generate the following information:

- Proof of income
- Proof of ownership of home
- Proof of taxes paid (City, School, and County real estate taxes)
- Proof of homeowners insurance coverage
- Home appraisal or estimate of value
- Copies of all fully executed closing documents (loan agreement, mortgage, mortgage note, grant agreement)
- Copy of recorded mortgage
- RFP and/or contractor onboarding records
- Documentation of initial URA inspection, stage inspections, and final inspection
- Work write-up and URA approval
- Signed scope of work: URA, homeowner & contractor
- Photos of job progress
- Proof of payment/invoice

The auditors took a 10% random sample of the 85 HAP projects initiated in 2022 from the Excel spreadsheet provided by the URA. This produced a list of ten projects. The auditors requested a copy of the electronic documentation for these ten HAP project files.

The auditors identified 18 different documents in the HAP project sample files. Depending on the nature of the project, different files contained different documents. These documents included the following:

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Loan Agreement</li> <li>• Owner/Contractor Agreement</li> <li>• Mortgage Note</li> <li>• Mortgage</li> <li>• Grant Agreement</li> <li>• Deed</li> <li>• Work Estimate</li> <li>• Property Report</li> <li>• Invoice(s)</li> <li>• HAP Application</li> </ul> | <ul style="list-style-type: none"> <li>• Contractor Registration Packet</li> <li>• Photos of Work in Progress</li> <li>• Recorded Mortgage Doc</li> <li>• URA Bid Approval</li> <li>• URA 'Next Steps' Letter</li> <li>• URA Contractor Selection Letter</li> <li>• Homeowners Insurance Policy</li> <li>• Contractor Rejection Letter</li> <li>• Homeowner Rejection of Contractor and Quitting Program Email</li> </ul> |
|---|---|

Table 32 lists each of the ten HAP projects in our sample and shows which documents were found in each file.

**TABLE 32**  
**2022 HAP Sample of Participant Documents Filed**

Documents	Participants 1-10									
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10
Loan Agreement	X		X	X		X	X	X		
Owner/Contractor Agreement	X		X	X		X	X	X		
Mortgage Note	X		X	X		X		X		
Mortgage Grant Agreement			X	X		X		X		
Deed	X						X	X		
Work Estimate	X		X	X			X			
Property Report	X		X	X		X	X	X		
Invoice(s)	X		X	X		X	X			
HAP Application		X								X
Contractor Registration Packet			X							
Photos of work in progress			X							
Recorded Mortgage Doc			X	X		X		X		
URA Bid Approval			X	X		X	X			
URA 'Next Steps' Letter			X							
URA Contractor Selection Letter					X				X	
Homeowners Insurance Policy					X					
Contractor Rejection Letter				X	X				X	
Homeowner Rejection of Contractor and Quitting Program Email				X						

Source: HAP Project Files Excel Spreadsheet

The auditors requested and received statuses (as of February 2024) from the URA for the selected random sample projects. In the sampled group of participants, the projects for applicants 3,4,6 and 8 were completed and fully paid out. Participant 7 had completed their project and is currently awaiting a final inspection, indicating progress towards project closure. Participant 9's application was closed out due to a failure to communicate with the URA regarding the use of a registered contractor. Participant 5 was rejected by the contractor due to the scope of the work changing from roof to electrical; as a result, they were reassigned and are in progress as they are awaiting as bid from a different contractor. Participant 1 is in progress, actively being renovated; participant 2 is also in progress and in the process of registering their own contractor. Participant 10 is in the process of finalizing bids with the contractor, indicating active project development and negotiation.

Each project status provides valuable insights into their project management practices. In total, out of the ten sample participants' projects, five are in progress, four have been completed and paid out and one was rejected.

Some HAP files contained documents that other similar files did not. For example, only the files two and ten contained a copy of the participant's original HAP application, and only file five contained a copy of the participant's homeowner's insurance. Only one file contained photos of work in progress and no files contained before and after photos. The project associated with file one is in progress, but there is no copy of the recorded mortgage in the file.

**Finding:** The URA record keeping for HAP projects is inconsistent; it is not clear what documents should be maintained in the file.

**Finding:** The URA does not have a written policy for what HAP project documentation should be kept on file.

### **RECOMMENDATION 18:**

The URA administration needs to develop a record keeping policy for the HAP project files, such as a checklist. The project documentation should also include before and after photos of work performed, records of complaints logged by the homeowner, and proof that homeowners have signed off on all inspections.

### **Small Landlord Fund (SLF)**

The Small Landlord Fund (SLF) provides funding to landlords for property repairs in order to preserve existing affordable rental housing and/or to convert vacant and market rate housing to affordable housing. The SLF is designed to increase the supply of decent affordable housing; to eliminate health, safety, and maintenance deficiencies; and to ensure compliance with applicable codes and standards. The SLF was new in 2022.

#### Eligible Activities

SLF loans may be used to make property improvements, including upgrades and repairs to sidewalks, fire alarms, electrical, roof and gutter, plumbing, window, door, flooring, appliance, painting and drywall, building envelope, HVAC and furnace, accessibility enhancements, structural repair, cosmetic upgrades, and miscellaneous code or other necessary items. All work must be completed within 60 days of loan closing.

#### Housing Choice Voucher (HCV) Program

A primary objective of the SLF is to increase the number of housing units available to Housing Choice Voucher (HCV) holders. The Housing Authority of the City of Pittsburgh (HACP) administers the HCV program (also known as Section 8). The HCV program provides low-income households housing assistance vouchers that can be used to rent privately-owned rental units. HCV holders pay 30% of their monthly income for rent and utilities, and the HACP pays the difference between the monthly rent and the HCV holder's contribution, ensuring that the landlord receives the entire month's rent for the subsidized unit.

The HCV program is highly utilized. According to HACP staff that they accepted nearly 10,000 pre-applications for vouchers between December 10 and December 23, 2018. The auditors met with HACP staff and were told that the waiting list to receive a voucher has been closed for five or six years—meaning that HACP has not been accepting applications for new vouchers. When HACP stopped taking applications there were approximately 15,000 applicants

on the waiting list. As of October 2023, most applicants have been processed and the waiting list is down to approximately 46 applicants. The HACP is prepared to reopen the waiting list by the end of 2023.

Once an applicant has been approved and received their HCV, it can be used to rent an HCV program-eligible housing unit from a participating landlord. HCV program-eligible units are subject to periodic inspections, which are required by the Federal HCV program regulations (24 CFR Part 982). The inspections are designed to identify health and safety hazards to tenants and are based on HUD's Housing Quality Standards, which establish the minimum safety criteria for all housing types.

The Housing Quality Standards require that inspectors evaluate the condition of nearly all aspects of the property. A Housing Quality Standards self-inspection checklist offered to landlords by the HACP includes 57 items. Properties can fail the inspection for peeling paint, a leaky roof, clogged gutters, insufficient electrical outlets, or cracked windowpanes, for example.

If the unit fails the initial inspection, the owner has 14 days to make the necessary repairs. If repairs are not completed, the unit is at risk of losing its HCV rental eligibility. The SLF is designed to assist landlords with making these types of repairs, as well as to incentivize more landlords to participate in the HCV program.

The URA advertises the SLF via the URA web page, and in promotional materials that are distributed at community events. They also work with the HACP to match landlords with the program. The HACP reported to auditors that SLF information is provided to all landlords who fail an inspection.

The HACP staff reported that many landlords choose not to participate in the SLF program because they would rather have a grant than a loan. Landlords also find various loan requirements, such as the ten-year affordability period discussed below, burdensome. As of October 2023, the HACP is responding by developing a similar program that will issue grants to eligible landlords for home repairs.

**Finding:** The HACP reports that landlords are not using the SLF program due to burdensome requirements and the fact that the program issues loans rather than grants.

**Finding:** The HACP is creating a program that will issue grants to landlords to make repairs to HCV-eligible units.

### Eligibility Requirements

Borrowers must agree to rent SLF-funded units to HCV holders, or to households making at or below 80% of the AMI. Borrowers must also meet the following eligibility requirements:

- Own 10 or fewer units in total,
- Own the property for which the borrower is applying for SLF funds,
- Have a minimum credit score of 580,

- Have no outstanding City, school, or county real estate taxes, or must have been on a payment plan for at least six months,
- No judgements against them in a housing discrimination case filed within the last five years, and
- No outstanding code violations on other rental properties.

The property receiving SLF funding must be located in the City of Pittsburgh, must have 10 or fewer units, and must have a current homeowner's insurance policy. The borrower or borrower's relatives may not live in the units to be rehabbed; however, the non-occupied side of duplexes are eligible. The property must comply with all zoning, environmental, and historical review requirements.

### Credit Scores in the Aftermath of COVID-19

The COVID-19 pandemic was very hard for most people because of job loss. Landlords could not evict none paying tenants and bills could not be paid, ruining credit scores. The year 2023-2024 has seen some increase in jobs but many people are still hurting. In light of these facts, the credit score of 580 seems high.

### Maximum Loan Amounts and Terms

The maximum SLF loan amount is \$20,000 per unit, with a per-project maximum of \$100,000. Borrowers willing to rent to HCV holders or lower AMI levels (30% or 50% AMI) are eligible to receive \$5,000 of the \$20,000 maximum as a grant rather than a loan. SLF loans have a 10-year term with 0% interest. All URA loans go through underwriting.

SLF-funded units must remain affordable for a period of ten years, coinciding with the loan term. The affordability requirement applies for the entire ten-year period even if the loan is paid in full before the end of the term. The borrower may not sell, lease to own, assign, transfer, dispose of, or master lease all or any part of the property without prior consent of the URA.

Borrowers of SLF loans are not required to rent to HCV holders but are strongly encouraged to do so. If the borrower chooses not to accept HCVs, their units are subject to a schedule of maximum rent limits during the ten-year affordability period.

### Loans Issued and Cost Per Unit

In 2022, the SLF issued two loans to two borrowers totaling \$119,667.83. Table 33 shows the loan amount issued to each borrower, the number of units, and the loan amount per unit.



**TABLE 33**  
**Small Landlord Fund Loans**  
**2022**

<b>Borrower</b>	<b>Loan Amount</b>	<b>Total Units</b>	<b>Loan Amount per Unit</b>
Borrower 1	\$59,711.00	3	\$19,903.67
Borrower 2	\$59,956.83	3	\$19,985.61
<b>Total</b>	<b>\$119,667.83</b>	<b>6</b>	<b>\$19,944.64</b>

Source: Urban Redevelopment Authority

The SLF aided 6 total units at an average cost of \$19,944.64 per unit in 2022. No loan was issued that was more than the established \$20,000 per unit limit. The auditors tested this by dividing the loan amounts by the number of units per loan: \$59,711 loan divided by 3 units = \$19,903.67 per unit; \$59,956.83 loan divided by 3 units = \$19,985.61 per unit.

**Finding:** The Small Landlord Fund issued \$119,667.83 for 6 units, which is an average cost-per-unit of \$19,944.64.

**Finding:** Only two borrowers took advantage of this program in 2022, funding repairs for a total of six units, making the SLF the least-utilized HOF program. Both borrowers utilized the full loan amount available.

The SLF was allocated \$425,000 in the 2022 HOF allocation plan, of which \$119,667.83, or 28%, was spent.

**Finding:** The SLF spent 28% of its 2022 HOF allocation in 2022.

**RECOMMENDATION 19:**

The HOF advisory board members should reevaluate the underutilized Small Landlord Fund. Increasing participation may require changes to the program, such as adjusting loan terms, increasing the per-unit/total maximum funding cap(s) based on inflation, offering grants instead of or in addition to loans, or offering funds for certain types of repairs to landlords renting to higher income levels. The URA should support and communicate with the HACP as they develop their program to award grants to HCV landlords to avoid duplication of services. Project Locations and Affordability Level.

Table 34 shows the locations of SLF projects in 2022 and the affordability levels of the resulting units. One borrower used SLF monies for two property addresses, so there were three projects in 2022 despite being only two borrowers.

**TABLE 34**  
**Small Landlord Fund**  
**Project Locations and Affordability Levels**  
**2022**

<b>Project</b>	<b>Units</b>	<b>Neighborhood</b>	<b>Council District</b>	<b>Affordability Level</b>
Project 1	3	Highland Park	7	HCV holder
Project 2	2	Marshall-Shadeland	6	HCV holder
Project 3	1	Sheraden	2	HCV holder

Source: Urban Redevelopment Authority

One SLF project was located in Highland Park (District 7), one was located in Marshall-Shadeland (District 6), and one was located in Sheraden (District 2). Borrower 1 completed Project 1 and Borrower 2 completed Projects 2 and 3. The homeowner can rent to HCV holders or may opt into the schedule of maximum rent limits during the term of the loan, as discussed above. In 2022, the resulting six units were all rented to HCV holders.

**Finding:** All six units funded by the SLF in 2022 were rented to HCV holders making 80% or less of the AMI.

### **Rental Gap Program (RGP)**

The Rental Gap Program (RGP) provides loans to developers for the creation and/or preservation of affordable housing units. The RGP’s purpose is to increase the supply of decent affordable housing; to eliminate health, safety, and property maintenance deficiencies; and to ensure compliance with applicable codes and standards for new and rehabbed affordable housing. The RGP has been a part of the HOF since its inception in 2018.

#### Eligible Activities

RGP loans may be used for costs associated with the rehabilitation and/or or new construction of residential affordable housing rental units. Developers may additionally spend up to \$10,000 per unit (capped at \$200,000) for costs associated with providing supportive services appropriate to the residents of the HOF-funded units, such as health and wellness services, eviction prevention, and job training.

#### Eligibility Requirements

Per the HOF’s authorizing legislation, only non-profit developers, or for-profit developers partnering with a non-profit developer, are eligible for the RGP. According to URA staff, if a for-profit developer is interested in participating but does not have a non-profit partner, the URA will assist the developer in finding a non-profit partner.

All applicants must demonstrate that they are in good standing and are qualified and legally able to borrow from the URA and within the State of Pennsylvania, and must agree to comply with various Federal, State, and URA equal opportunity housing and employment policies. If the total development cost of the project is \$250,000 or more, developers must also submit plans detailing how they will train, employ, and/or contract to women/minority-owned businesses and low-income individuals. Projects must also meet certain eligibility requirements, as follows:

- The property must have at least four units,
- The property must be located in the City of Pittsburgh,
- The property cannot be occupied by the borrower,
- The project must comply with all zoning, environmental, and historical review requirements, and
- URA staff must determine that the project is feasible based on established project underwriting processes.

Additionally, properties must be owned by the borrower; however, non-profit developers applying without a for-profit partner can qualify for predevelopment financing in order to acquire and/or stabilize property to be rehabbed/constructed.

Borrowers must make some of the resulting new or rehabbed units affordable for those making less than or equal to **30% or 50% of the AMI**. Projects with between 4 and 40 units must have at least 4 affordable units. For projects with 41 or more units, 10% of the units must be affordable. There are no requirements for the number of units that must be priced at 30% AMI or 50% AMI; developers may choose their own affordability mix.

#### Maximum Loan Amounts

The maximum loan amount per project is determined by the number of affordable units, the level of affordability of the units, and whether supportive services are provided. Table 35 shows the maximum per-project loan amounts.

**TABLE 35**  
**Rental Gap Program**  
**Maximum Loan Amounts**  
**2022**

Unit Affordability	Maximum Loan
30 % AMI	\$60,000 per unit
50% AMI	\$30,000 per unit
60% AMI	\$25,000 per unit
Additional Funding for Services	\$10,000 per unit, up to \$200,000 (HOF sourced only)
Maximum RGP Funding per Project	\$1,250,000 per unit (typically, \$400,000-\$600,000)

Source: Urban Redevelopment Authority

## Loans Issued

There were seven RGP projects in 2022. Table 36 shows each project's total development cost and the loan amount provided by the HOF, along with the percentage of the total project cost that was financed by the HOF.

**TABLE 36**  
**Rental Gap Program**  
**Development Costs and Loans Issued**  
**2022**

<b>Project Name</b>	<b>Total Project Development Cost</b>	<b>HOF Loan Amount and Percent of Total</b>
Gladstone Residences	\$23,975,882	\$664,286 (2.8%)
Prestigious Hills	\$24,009,488	\$1,250,000 (5.2%)
Stanton Highland Apartments	\$4,850,236	\$690,000 (14.2%)
Laurentian Hall	\$402,037	\$350,000 (87.1%)
Munhall Rd Apartments	\$350,000	\$250,000 (71.4%)
Western Manor	\$609,674	\$500,000 (82.0%)
Arch Court	\$405,001	\$385,000 (95.1%)
<b>Totals</b>	<b>\$54,602,318</b>	<b>\$4,089,286 (7.5%)</b>

Source: Urban Redevelopment Authority

The RGP provided seven loans to seven projects, totaling \$4,089,286. The RGP loans financed 7.5% of the total combined development costs of all seven projects (\$54,602,318). Loan amounts ranged from \$250,000 to \$1,250,000 and individual project development costs ranged from \$350,000 to \$23,975,882. The RGP was allocated \$3,800,000 in the 2022 HOF allocation plan, of which \$4,089,286, or 108%, was spent.

**Finding:** The RGP spent 108% of its 2022 HOF allocation in 2022.

## Units Created and Cost Per Unit

Table 37 shows the number of RGP-funded affordable units created at 30% and 50% AMI affordability levels by the seven RGP projects in 2022. Some projects received funding from alternate sources, such as HOME and CDBG, to create additional affordable units. Affordable units created through funding sources other than the HOF are **not** included in Table 37.

**TABLE 37**  
**Rental Gap Program**  
**Affordable Units Created**  
**2022**

<b>Project Name</b>	<b>Units priced at 30% AMI or Less</b>	<b>Units Priced at 31%-50% AMI</b>	<b>Total HOF Units Created</b>	<b>Total Project Units</b>
Gladstone Residences	7	20	27	51
Prestigious Hills	24	93	117	117
Stanton Highland Apartments	-	23	23	23
Laurentian Hall	18	10	28	36
Munhall Rd Apartments	-	9	9	12
Western Manor	15	-	15	32
Arch Court	25	-	25	31
<b>Total</b>	<b>89</b>	<b>155</b>	<b>244</b>	<b>302</b>

Source: Urban Redevelopment Authority

The seven RGP projects in 2022 produced 302 housing units in total, of which 244 (81%) were affordable units utilizing HOF RGP funds. There were 89 units created at an affordability level of 30% AMI or less and 155 units created at an affordability level of 31% to 50% AMI.

The auditors divided total amount of RGP funding that was awarded in 2022 by the total number of affordable units created to calculate an average cost per unit for the RGP. The RGP loan amount awarded to each project, the number of affordable units for each project, and the cost per unit for each project (loan amount divided by total number of units) for 2022 is shown in Table 38.

**TABLE 38**  
**Rental Gap Program**  
**Average Cost Per Unit**  
**2022**

<b>Project Name</b>	<b>Total HOF Units Created</b>	<b>HOF Loan</b>	<b>HOF Funding Per Unit</b>
Gladstone Residences	27	\$664,286	\$24,603.18
Prestigious Hills	117	\$1,250,000	\$10,683.76
Stanton Highland Apartments	23	\$690,000	\$30,000.00
Laurentian Hall	28	\$350,000	\$12,500.00
Munhall Rd Apartments	9	\$250,000	\$27,777.78
Western Manor	15	\$500,000	\$33,333.33
Arch Court	25	\$385,000	\$15,400.00

<b>Totals</b>	<b>244</b>	<b>\$4,089,286</b>	<b>\$16,759.37</b>
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Source: Urban Redevelopment Authority

The cost per unit for each RGP project ranged from \$33,333.33 to \$12,500. All seven projects in 2022 produced 244 affordable units at a total cost of \$4,089,286, which is an average of \$16,759.37 per unit.

### Project Locations

Table 39 shows the neighborhood and council district in which each RGP project was located in during 2022.

**TABLE 39**  
**Rental Gap Program**  
**Project Locations**  
**2022**

<b>Project Name</b>	<b>Neighborhood</b>	<b>City Council District</b>
Gladstone Residences	Hazelwood	5
Prestigious Hills	East Hills	9
Stanton Highland Apartments	East Liberty	9
Laurentian Hall	Garfield	9
Munhall Rd Apartments	Squirrel Hill South	5
Western Manor	Hill District	1
Arch Court	Central Northside	1

Source: Urban Redevelopment Authority

Each project was in a different neighborhood across three different council districts. Two projects were in council district 1, two projects were in council district 5, and three projects were in council district 9. The need for this program is reflected in Table 6 which shows that 108% of its allocation was spent.

### **For-Sale Development Program (FSD)**

The For-Sale Development (FSD) program provides low-interest construction financing and grants to developers for projects involving the rehabilitation or new construction of affordable for-sale housing. The purpose of the FSD program is to increase the supply of affordable housing for homeownership and to eliminate substandard housing by ensuring compliance with applicable codes and standards. The FSD has been a part of the HOF since its inception in 2018.

### Eligible Activities

FSD program funds may be used for the acquisition of property, site preparation and development, and costs associated with the rehabilitation and new construction of single family

for-sale affordable housing. For properties being rehabilitated, rehabilitation costs must equal at least 20% of the total development cost of the project.

#### Eligibility Requirements

Non-profit developers, for-profit developers partnering with a non-profit developer, and affordable housing land trusts are eligible for funding through the FSD. According to URA staff, if a for-profit developer is interested in participating but does not have a non-profit partner, the URA will assist the developer in finding a non-profit partner.

All applicants must demonstrate that they are in good standing and are qualified and legally able to borrow from the URA and within the State of Pennsylvania, and must agree to comply with various Federal, State, and URA equal opportunity housing and employment policies. If the total development cost of the project is \$250,000 or more, they must also submit plans detailing how the developer will train, employ, and/or contract to women/minority-owned businesses and low-income individuals.

Eligible properties are single-family homes located in the City of Pittsburgh that are owned by the borrower, including detached, semi-detached, and townhouse units. Multiple-unit structures developed as condominiums or cooperatives are also eligible. These properties must also comply with all zoning, environmental, and historical review requirements.

Borrowers must agree in writing to assist with the relocation of tenants who are displaced as a result of the rehabilitation or new construction financed through the FSD program. Upon project completion, **properties must be sold to owner-occupants making at or below 80% of the AMI.**

#### Maximum Loan Amounts

Funding from the FSD program can come in the form of loans or grants. The URA issues FSD loans to developers that require funding for predevelopment work, such as acquiring or stabilizing property. Loans incentivize the developer to proceed with development and complete the project. If the project is completed, the loan can be converted to a grant.

The maximum amount of FSD program funds per **rehabbed** unit cannot exceed \$70,000. The maximum amount of FSD program funds per **newly constructed** unit cannot exceed \$100,000.

#### Loans and Grants Issued

In 2022, the FSD program provided funding for six projects. Table 40 shows the loan or grant amount awarded to each FSD project, along with the total development cost of each project and the percentage of the total project cost that was financed by the HOF.

**TABLE 40**  
**For-Sale Development Program**  
**Projects and Funding**  
**2022**

<b>Project</b>	<b>Total Project Development Cost</b>	<b>HOF Grant</b>	<b>HOF Loan</b>	<b>HOF Total Funding Amount</b>	<b>% of Total Development Cost Financed by HOF</b>
800 Block Second Avenue Project	\$2,065,000	\$620,000		\$620,000	30.0%
Fellner Properties	\$1,205,696	\$420,000		\$420,000	34.8%
Frazier North Residences	\$1,848,132	\$325,000		\$325,000	17.6%
East Liberty Blvd Project	\$746,100		\$200,000	\$200,000	26.8%
Rolfe Street Project	\$184,701	\$54,823		\$54,823	29.7%
Borland Street Project	\$195,000	\$39,892		\$39,892	20.5%
<b>Totals</b>	<b>\$6,244,629</b>	<b>\$1,459,715</b>	<b>\$200,000</b>	<b>\$1,659,715</b>	<b>26.6%</b>

Source: Urban Redevelopment Authority

Five projects were awarded grants, and one received a loan. Grant amounts ranged from \$39,892 to \$620,000, and the loan amount was \$200,000. In total, the six projects received \$1,659,715 from the FSD program, which was 26.6% of the total development cost of the projects.

The FSD was allocated \$950,000 in the 2022 HOF allocation plan, of which \$1,659,715, or 175%, was spent.

**Finding:** The RGP spent 175% of its 2022 HOF allocation in 2022.

#### Units Created and Cost Per Unit

Table 41 shows the number of units per project and the total number of affordable units funded by the FSD program in 2022.



**TABLE 41**  
**For-Sale Development Program**  
**Affordable Units Created**  
**2022**

Project Name	Total Project Units	HOF-Financed Affordable Units	% of Project Units Financed by the HOF
4800 Block Second Avenue Project	4	4	100%
Fellner Properties	6	6	100%
Frazier North Residences	4	4	100%
East Liberty Blvd Project	18	6	33.3%
Rolfe Street Project	1	1	100%
Borland Street Project	1	1	100%
<b>Totals</b>	<b>34</b>	<b>22</b>	<b>64.7%</b>

Source: Urban Redevelopment Authority

For five of the six projects in 2022, 100% of the project units were affordable units funded through the HOF. One project utilized HOF funding for six (33.3%) of the 18 units. In total, the six FSD program projects in 2022 contained 34 units, of which 22 (64.7%) were affordable, HOF-funded units.

The auditors tested the amount of HOF funding allocated to each project unit. Table 42 shows the total amount of HOF funding, the number of HOF-funded units, the type of project (rehab or new construction), and the amount of HOF funding per unit (total funding divided by number of units).

**TABLE 42**  
**For-Sale Development Program**  
**Cost Per Unit**  
**2022**

Project Name	HOF Total Funding Amount	HOF-Funded Affordable Units	Project Type	HOF Funding Per Unit
4800 Block Second Avenue Project	\$620,000	4	New	\$155,000.00
Fellner Properties	\$420,000	6	Rehab	\$70,000.00
Frazier North Residences	\$325,000	4	New	\$81,250.00
East Liberty Blvd Project	\$200,000	6	New	\$33,333.33
Rolfe Street Project	\$54,823	1	Rehab	\$54,823.00
Borland Street Project	\$39,892	1	Rehab	\$39,892.00
<b>Totals</b>	<b>\$1,659,715</b>	<b>22</b>	<b>-</b>	<b>\$75,441.59</b>

Source: Urban Redevelopment Authority

Three FSD projects were new construction, and three projects were rehab projects in 2022. The cost-per-unit for rehabbed units ranged from \$39,892.00 to \$70,000, which complies with program guidelines stipulating the maximum amount of FSD funds per rehabbed unit is \$70,000. The cost-per-unit for the three new construction projects were \$33,333.33, \$81,250.00, and \$155,000.

Program guidelines stipulate that the amount of FSD program funds per newly constructed unit cannot exceed \$100,000. One new construction project, the 4800 Block Second Avenue Project, received \$620,000 to create four affordable units, at a cost-per-unit of \$155,000, which exceeds the \$100,000 limit by 35%.

URA staff reported that this project was awarded an amount over the \$100,000 per-unit limit due to the cost intensive nature of the project. The project involved the redevelopment of multiple URA-owned buildings along Hazelwood’s Second Avenue/Irvine Street corridor.

When a project requires more per-unit funding than is allowed under the program guidelines, staff disclose this to the HOF Advisory Board and the URA Board, seeking a waiver to exceed the \$100,000 per unit limit. The URA Board voted on March 10, 2022, to approve the waiver of the FSD program guidelines for the 4800 Block Second Avenue Project.

**Finding:** The URA Board of Directors, which serves as the URA governing board, can override HOF program guidelines on a per-case basis.

In total, the six projects produced 22 affordable units and received a total of \$1,659,715 in HOF funding, which equates to **an average cost of \$75,441.59 per unit.**

Project Locations

Table 43 shows the neighborhood and City Council district in which each project was located in during 2022.

**TABLE 43**  
**For-Sale Development Program**  
**Project Locations**  
**2022**

Project Name	Neighborhood	City Council District
4800 Block Second Avenue Project	Hazelwood	5
Fellner Properties	South Oakland	3
Frazier North Residences	South Oakland	3
East Liberty Blvd Project	Larimer	9
Rolfe Street Project	East Hills	9
Borland Street Project	East Liberty	9

Source: Urban Redevelopment Authority

The six FSD program projects were located in three different City Council districts and five neighborhoods. One project was located in District 5, two were located in District 3, and two were located in District 9. Two of the projects were located in South Oakland, one in Hazelwood, one in Larimer, one in East Hills, and one in East Liberty.

### **Demonstration Program**

The Demonstration Program was introduced in 2019. It is a reserve housing fund used to respond to emergencies, such as mass evictions or natural disasters, or for special projects that may not align with existing HOF program offerings.

**Finding:** The Demonstration Program allows the URA flexibility to respond to housing needs not specifically addressed in the yearly allocation plan.

In 2022, a \$300,000 Demonstration Program grant was awarded to support affordable units at the Western Manor and Millions Manor apartment buildings on Bedford Avenue in the Bedford Dwellings/Hill District neighborhood. Western Manor is a 32-unit building serving seniors at or below 30% AMI. Millions Manor is a 40-unit building primarily serving seniors at or below 50% AMI. Both buildings are subsidized by federal housing funds.

According to URA staff and a press release dated February 9, 2022, both properties were badly in need of investment, which made them unattractive to potential property managers and caused Western Manor to fail several HUD inspections. Western Manor received a \$500,000 loan from the RGP in 2022 to directly address issues with the roof system and resulting water infiltration.

The Demonstration Program grant was used to supplement the RGP grant by covering outstanding property expenses related to fire protection, insurance, landscaping, appliances, municipal fees, utilities, legal services, elevator maintenance, HVAC, and other building upkeep costs not covered by RGP funds. Each property received \$150,000.

### **RECOMMENDATION 20:**

The HOF Advisory Board members should continue to allocate HOF dollars to the Demonstration Program each year to enable the URA to respond to housing-related emergencies as they arise as well as being able to supplement programs that run out of money.

## **APPENDIX**

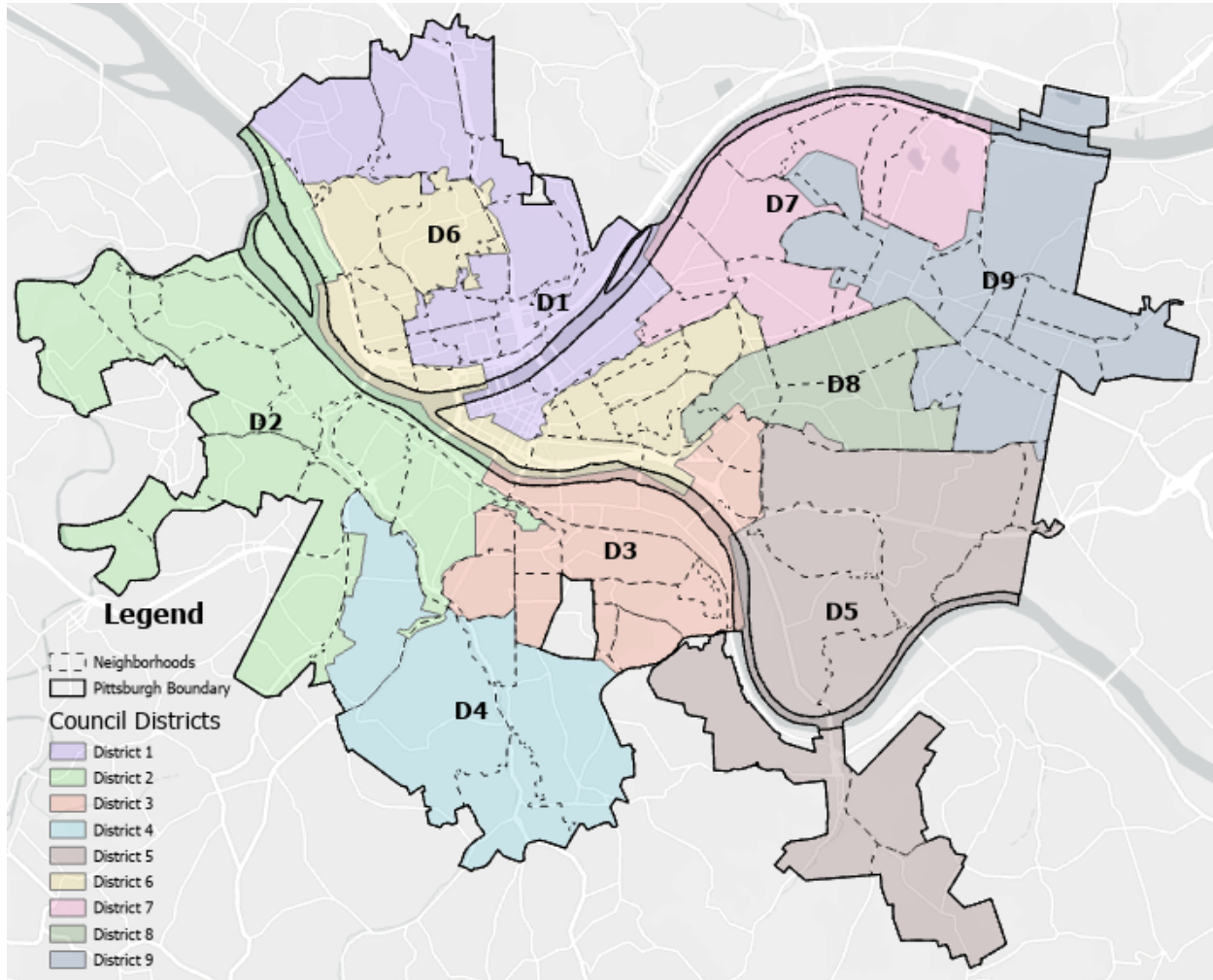
# EXHIBIT A

## Neighborhoods by Council Districts

DISTRICT 1	DISTRICT 2	DISTRICT 3	DISTRICT 4	DISTRICT 5
Allegheny Center Allegheny City Central Allegheny West Brighton Heights East Allegheny Fineview Northview Heights Observatory Hill Spring Garden Spring Hill-City View Strip District Summer Hill Troy Hill & Washington's Landing	Banksville Chartiers City Crafton Heights Duquesne Heights & Mount Washington East Carnegie Elliott Esplen Fairywood Oakwood & Ridgemont South Shore Sheraden West End Westwood Windgap	Allentown Arlington Arlington Heights Beltzhoover Central Oakland Knoxville Mt Oliver Oakcliffe South Side Flats South Side Slopes South Oakland St Clair	Beechview Bon Air Brookline Carrick Mt. Washington Overbrook	Glen Hazel Greenfield Hays Hazelwood Lincoln Place New Homestead Regent Square Squirrel Hill South Swisshelm Park
DISTRICT 6	DISTRICT 7	DISTRICT 8	DISTRICT 9	
Perry Hilltop Hill District Northside Uptown Downtown Oakland	Bloomfield Friendship Highland Park Lawrenceville Morningside Polish Hill Stanton Heights Strip District	Oakland Shadyside Squirrel Hill	East Liberty Homewood East Hills Larimer Point Breeze North Lincoln-Lemington-Belmar Friendship Garfield	

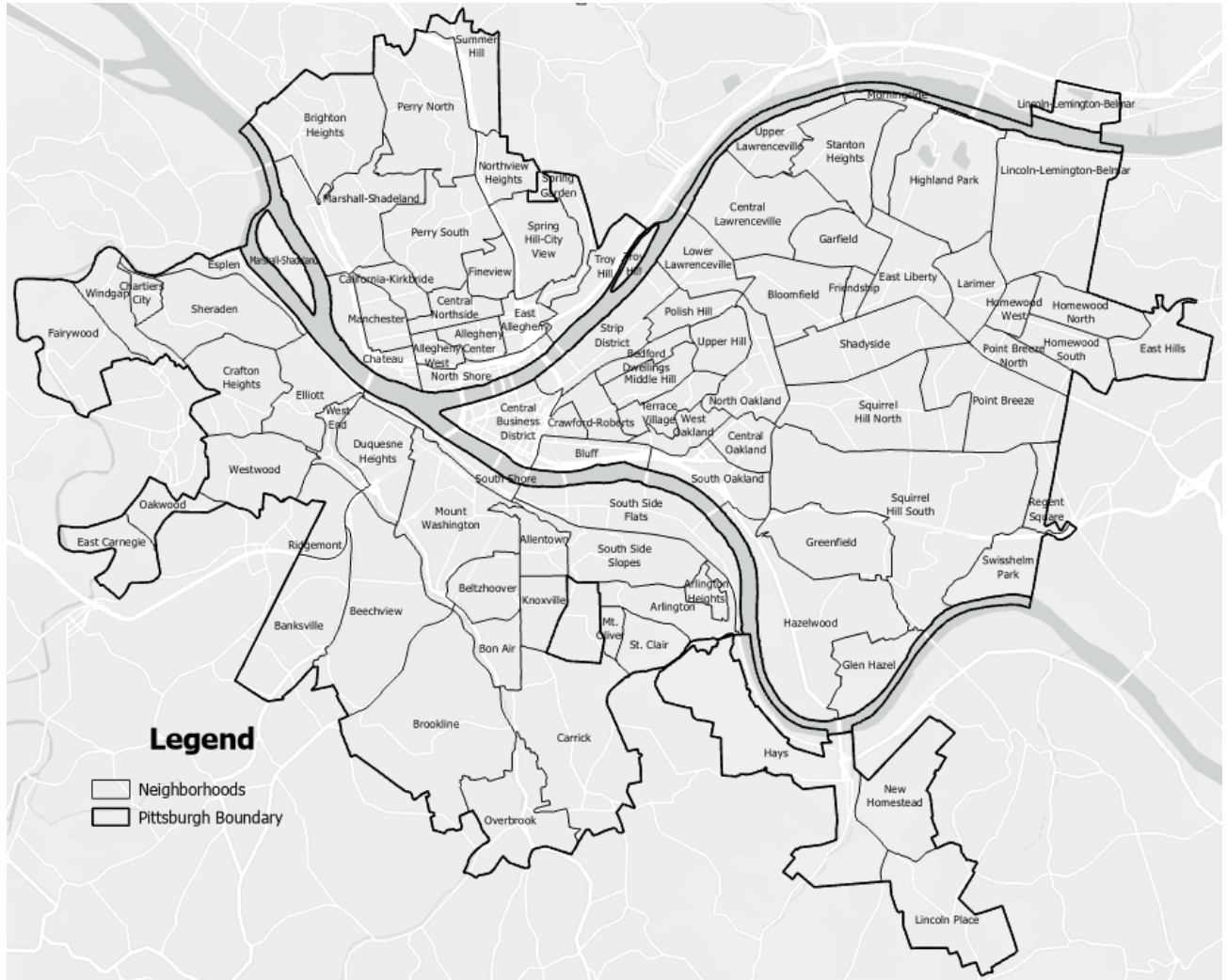
# EXHIBIT B

## Map of Pittsburgh City Council Districts



# EXHIBIT C

## Map of Pittsburgh City Neighborhoods



**EXHIBIT D**  
**Homeowner Assistance Program**  
**Locations by Neighborhood**  
**2022**

Neighborhood	Number of Projects
Hazelwood	7
Knoxville	6
East Liberty	5
Sheraden	5
Carrick	4
Troy Hill	4
Garfield	3
Squirrel Hill	3
Allentown	2
Arlington	2
Beechview	2
Beltzhoover	2
Bluff	2
Brighton Heights	2
Brookline	2
East Allegheny	2
East Hills	2
Hill District	2
Homewood	2
Stanton Heights	2
Banksville	1
California-Kirkbride	1
Crafton Heights	1
Elliott	1
Fairywood	1
Friendship	1
Highland Park	1
Homewood South	1
Larimer	1
Lawrenceville	1
Lincoln Lemington	1
Lincoln Place	1
Lower Lawrenceville	1



Manchester	1
Middle Hill	1
New Homestead	1
Northview Heights	1
Oakland	1
Perry South	1
Point Breeze	1
South Side Slopes	1
Squirrel Hill South	1
Westwood	1
Windgap	1
<b>Total</b>	<b>85</b>

Source: Urban Redevelopment Authority



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May 24, 2024

Rachael Heisler, City Controller  
Office of the City Controller  
414 Grant Street  
Pittsburgh, PA 15219

RE: Performance Audit on Urban Redevelopment Authority's Housing Opportunity Fund

Dear Controller Heisler,

On behalf of the Urban Redevelopment Authority of Pittsburgh's (URA) Board of Directors, staff, and the residents of the City of Pittsburgh whom we serve we want to thank you and your staff for the time and effort taken to conduct this audit of the Housing Opportunity Fund's (HOF) 2022 Allocation.

Enclosed you will find our response to the specific recommendations laid out in the audit report. In addition to responding to the recommendations in the report, we want to take a moment to also clarify the differences between how the URA, and other public agencies define funds that are "obligated", "committed", or "spent" as these terms have at times been conflated within the audit report.

**Committed Funds**

For the URA's accounting purposes, "committed funds" are funds that are expected or projected to be spent for a given purpose but in which no formal agreements, loan documents, etc. have yet been entered into.

**Obligated Funds**

Conversely, "obligated funds" are funds that have not yet been spent but in which a formal contract or agreement has been entered into and specifies the future use of those funds. Within the audit report, many references are made to how much has been spent within a certain program in a given timeframe. However, any commitments or obligations for program funds that were entered into in the same timeframe were not considered. Not including "obligated funds" within the overall analysis of the Housing Opportunity Fund's activity in 2022 provides an incomplete picture of the Housing Opportunity Fund's production, commitments, and activity during that timeframe. Throughout this letter we have clarified the actual status of funding in order to more accurately reflect the true commitments and obligations of HOF funds.

**RECOMMENDATION 1:**

URA administration should update their bylaws to include a written policy that the five Board of Directors are to be appointed by the Mayor and does not require City Council approval.

URA Response:

URA bylaws do not govern the process for appointment of the URA Board of Directors. The City of Pittsburgh is responsible for the appointment of the URA's Board of Directors under Section 5 of the Urban Redevelopment Law (35 P.S. § 1705).

**RECOMMENDATION 2:**

The URA administration should update their organizational charts to clearly show the three business units: central operations, development services, and lending and investments (with the residential and consumer and commercial and business lending sub-units), as well as the position of HOF staff within the URA organization. A clear and concise organizational chart helps the public understand the operations of the authority and makes it easier for the individual to get help and/or information. These organizational charts should be posted on the URA's website for public information.

URA Response:

The URA has a staff directory (<https://www.ura.org/directory>) on our website that steers the public to the contact information for the staff members that are responsible for the operation of HOF programs. There is also a Housing Opportunity Fund page on the URA website (<https://www.ura.org/pages/HOF>) that contains subpages for each HOF program, including information on how to contact the team for more information on a specific program.

The URA has found that the public connects more to simplified language that specifies a topic in which they are seeking information vs a department name. For that reason, the URA's main contact us page (<https://www.ura.org/pages/contact-us>) lists phone numbers based on topics (i.e.: real estate, housing, business, etc.) instead of a department name that may not be immediately understood (i.e. residential & consumer lending, development services, etc.) It is important to note that the City Controller's Office does not currently have an organizational chart posted on its website.

The URA would like to further clarify that the Housing Opportunity Fund is a city-driven funding source administered and utilized by the URA's Residential and Consumer Lending department to fund and operate affordable housing programs and is not a separate affiliate of the URA. The Housing Opportunity Fund is overseen by an Advisory Board comprised of City residents and housing professionals and the URA's Board of Directors serves as the Housing Opportunity Fund's governing board.

**RECOMMENDATION 3:**

The Office of the Mayor, City Council, and the URA should work together to fill all vacancies on the HOF Advisory Board as soon as possible.

URA Response:

URA staff routinely communicate with the Mayor's Office about existing vacancies and expiring terms. Ultimately, the power to appoint and keep terms current is the responsibility of the Mayor's Office and not the URA. As part of the process, all appointed individuals will be interviewed by City Council to confirm the appointment to the HOF Advisory Board. This process has been underway, coinciding with the HOF audit creation and release. Thus, since the HOF audit was concluded the Mayor's Office has made additional appointments and re-appointments to the HOF Advisory Board. The appointment process is ongoing and handled responsibly.

**RECOMMENDATION 4:**

The URA administration needs to reevaluate the HOF programs to maximize utilization of funds. The HOF continues to receive \$10,000,000 from the City and needs to explore ways of being more effective in implementing successful outcomes. (Especially since the URA closed on a \$31.575 million bond in December 2023 to support affordable housing in Pittsburgh.)

URA Response:

Although the HOF annual allocation is finalized the year prior to the allocation, the City of Pittsburgh OMB provides the HOF allocation funds to the URA annually in April or May, making it infeasible to spend all the funding in one fiscal year. While applications may be received during the allocation year, the URA prioritizes spending the oldest money in the program first. Additionally, due to application and construction processes and cycles inherent to the types of programs funded by the HOF, it is unreasonable to expect that all the funds allocated each year will be spent during that timeframe. In many instances funding may be obligated or approved for certain projects or initiatives in a given year, but those projects may not actually break ground until the following year due to various factors beyond the URA's control.

Regarding the LAP and HSP programs during the time period studied in this audit, there were funding allocations from previous years available in 2022 and pandemic-related federal funding sources (like the Emergency Rental Assistance Program, ERAP) that had spending deadlines with greater precedence over the HOF funds during this time period. The HOF spending through HSP and LAP has increased exponentially since 2023 and beyond because ERAP funding was spent down. The URA has maximized these programs' efficiency and funding since 2022 through program improvements and guideline modifications to meet the expanded need that began with the COVID-19 pandemic and continues to endanger the housing stability of Pittsburgh's lowest income residents.

Regarding the SLF program during the time period studied in this audit, the SLF program was created in 2021 and funded for the first time by the HOF in 2022. In 2022 URA staff were in the early marketing phase, educating residents about the program, and talking to interested applicants. A pipeline was built even though the URA didn't process many applications in 2022. Additionally, the URA's construction management and payment processes (work is paid for after completion and inspection) can also make it appear as though nothing is happening within the program when renovation work in support of clients is indeed under way. The URA also identified that the program needed structural changes during this time period. The URA has made program improvements in line with this audit's findings and recommendations for the SLF since 2022.

**RECOMMENDATION 5:**

The URA and the HOF administration should make sure that all demographic data is collected from all LAP applicants, i.e., race and gender.

URA Response:

The URA does, in fact, capture demographic data for the LAP. The URA contracts with local legal aid nonprofits and law firms to provide the services offered by the LAP. These service providers collect demographic data from clients served and provide it to the URA. Although it appears that this data was not provided to the auditors, the data is available and can be provided upon request.

**RECOMMENDATION 6:**

The URA should expand their advertising for attorneys. This could help increase the pool of attorneys available to provide assistance to the Legal Assistance Program which would maximize LAP capacity to service more applicants and utilize all available funding.

URA Response:

The URA launched the LAP in May 2021. Periodically, the URA releases an RFP for potential service providers. Potential providers can meet with URA staff to discuss any questions they may have about participating in the program. Current services providers supporting the LAP are:

<u>RentHelpPGH</u>	<u>Coordinated Entry and Resource Navigation</u>
<u>Neighborhood Legal Services</u>	<u>Limited and Full Legal Representation, Tangled Title Assistance, Foreclosure Prevention</u>
<u>Just Mediation Pittsburgh</u>	<u>Landlord Tenant Mediation Services</u>
<u>Ebony Law, LLC</u>	<u>Limited and Full Legal Representation</u>
<u>Pittsburgh Hispanic Development Corporation</u>	<u>Resource Navigation and Translation Services</u>
<u>The Community Justice Project</u>	<u>Limited and Full Legal Representation</u>

The URA issued an RFP was issued in 2023 and no new organizations or law firms submitted a response indicating their interest in participating in the program. The URA intends to conduct an RFP once every 3 years to invite new providers to participate. Additionally, providers typically bill legal invoices a few months behind; therefore, expenditures within the program tracked by the URA have a small lag time. It is important to note that any denials within the LAP are typically due to the applicant not being income-eligible or having needs outside of the program scope, which have been rare occurrences.

**RECOMMENDATION 7:**

The URA should increase promotion of the Housing Stabilization Program through other public facing and housing organizations to ensure that all non-recurring funding sources are fully utilized in addition to yearly HOF allocations.

URA Response:

The URA’s Housing Administration and Outreach Coordinator attends meetings and tabling events and identifies key community partners that can disseminate the program information to additional

community members each year. Since 2022, the URA has been engaged with other partners in the eviction prevention space to create an eviction prevention collaborative. The collaborative has been working to promote all rental assistance programs to the public across the City of Pittsburgh and Allegheny County. The URA also promotes HSP via social media. In 2022, federal eviction prevention resources were available to City and County residents with a higher spend-down priority than HOF funds. As a result, a lower amount of HSP dollars were spent in 2022 than would have otherwise been the case. The URA has seen a significantly higher rate of expenditure within the HSP program in 2023 and thus far in 2024.

Today, HSP is one program within Allegheny County’s “Allegheny Housing Stabilization Collaborative” (AHSC) led and coordinated by ACTION Housing, Inc. As a part of AHSC, the HSP is promoted widely to individuals and families facing eviction in the City of Pittsburgh.

**RECOMMENDATION 8:**

The URA administration needs to make sure that all gender and race information for all applicants participating in housing programs are collected and documented.

URA Response:

For all HOF programs demographic data is requested on the application forms and collected for reporting purposes by the URA. The data collected includes gender and race information on applicants; however, it should be noted that the URA cannot legally require an applicant to provide such data and the URA is required to clearly state on program applications that providing demographic data is strictly voluntary and does not affect an applicant’s eligibility for HOF programs or services. The URA regularly provides reports on this data for all HOF programs to the HOF Advisory Board and the URA Board of Directors. The URA also releases an annual report that details the performance of the HOF programs which includes demographic data. The annual report is available to the public on the URA’s website.

**RECOMMENDATION 9:**

The URA administration needs to request that the DHS collect race and gender information for all applicants. This should be stated in a written contract or agreement. It is important for outside agencies to know what is expected of them.

URA Response:

The time-period studied by the auditors was a transition period for the HSP where DHS took over the program’s administration from URA staff. During this period, certain limitations with DHS’s data management system were identified which prevented the demographic data from being sufficiently collected from clients. These limitations have since been resolved in partnership with DHS and ACTION Housing, Inc. The URA does have demographic data for HSP from 2023 and continues to receive this data from ACTION Housing, who now administers HSP, on a regular basis.

**RECOMMENDATION 10:**

The URA and the HOF administrations should collect complete demographic data including race, gender, council district and AMI Level from all applicants. The collection of this type of data will help administrators and outside auditors analyze the effectiveness of the program reaching low-income individuals.

URA Response:

For all HOF programs demographic data is requested on the application forms and collected for reporting purposes by the URA. The URA regularly provides reports on this data for all HOF programs to the HOF Advisory Board and the URA Board of Directors. The URA also releases an annual report that details the performance of the HOF programs which includes demographic data. The annual report is available to the public on the URA's website. It is important to note however, that the URA cannot legally require an applicant to provide such data and the URA is required to clearly state on program applications that providing demographic data is strictly voluntary and does not affect an applicant's eligibility for HOF programs or services.

During the time period studied in this audit, limitations within DHS' data management system did not allow for the reporting of demographic data for HSP. These limitations have since been resolved in partnership with DHS and ACTION Housing, Inc. The URA does have demographic data for HSP from 2023 and continues to receive this data from ACTION Housing on a regular basis.

**RECOMMENDATION 11:**

The HOF administration should list on the DPCC application and website that there is a \$20,000.00 maximum asset limitation as part of the DPCC eligibility requirements. Without advertising this limitation, unknowing applicants could apply and be ineligible.

URA Response:

The URA would like to note that the liquid asset limit is actually disclosed on the DPCC application which can be found on the URA website. Disclosure of the liquid asset limit has also been added to the text of the DPCC page on the URA website. Furthermore, a correction is needed for the number of applicants approved to receive assistance. The audit states that 69 applicants were approved when there were actually 72 applicants approved for DPCC assistance in 2022 with a disbursement of \$492,182.00.

**RECOMMENDATION 12:**

HOF administration and staff should continue to adjust closing amounts for applicants as needed. This is important and a good practice to meet an applicant's needs and should be continued.

URA Response:

The URA agrees with this recommendation.

**RECOMMENDATION 13:**

The URA/HOF administration should take steps to ensure that all applicants that are eligible to participate in the HAP are able to do so. The administrations should also consider mandating more

frequent follow ups or assigning applicants that are having trouble providing paperwork and/or paying taxes to a caseworker.

URA Response:

The HAP is one of the URA's most sought after, and busiest programs, and the number of applications received each year far exceeds the amount of funds allocated to the program annually. URA staff do their best to follow up with HAP applicants during the process when it is identified that additional documents are needed related to their application. If a homeowner is unable to provide necessary documentation before the application deadline but can provide them shortly thereafter the URA does allow for a grace period for homeowners to complete their applications. If someone is denied, they are provided with additional referrals to social service agencies such as ACTION Housing, Rebuilding Together Pittsburgh, and the Redevelopment Authority of Allegheny County (RAAC). that may be able to aid them.

The URA is aware that the HAP documentation requirements can be burdensome to some homeowners, and we are working to streamline the application process and move to an online application model in the future which would reduce application errors and unnecessary denials. The URA is also working to provide more opportunities to meet with URA staff in person during the HAP application process to avoid documentation issues.

**RECOMMENDATION 14:**

The URA/HOF administrations should continue to work with denied HOF program applicants to connect them with other services and/or assistance they may need. This is an excellent practice that should be continued.

URA Response:

The URA agrees with this recommendation.

**RECOMMENDATION 15:**

The HOF Advisory Board members should clarify program guidelines regarding repeat participants and clearly communicate this information to staff members, and include the limitation on their website and paperwork.

URA Response:

The URA agrees that more clarity around the HAP re-application period is needed, and such clarity has been added to the HAP guidelines to reflect this. Specifically, the HAP guidelines have been updated to clarify that households cannot re-apply for the program until 5 years after the final inspection occurred on their previously funded HAP project.

**RECOMMENDATION 16:**

The URA should consider increasing the per-participant program maximum funding amount. The overwhelming majority of participants are utilizing all available funding indicating that the maximum funding amount may not be sufficient to cover all necessary repair costs. The maximum funding amount has not changed since the program was introduced in 2019; the URA should consider increasing the maximum funding amount yearly with inflation.



URA Response:

More funding is needed for this program to increase the per participant program maximum. Any increases in funding for an HOF program must be approved by the HOF Advisory Board and the URA Board of Directors. An increase to the maximum amount for each participant could also trigger regulations and other compliance considerations that could impact program operation.

**RECOMMENDATION 17:**

The URA should consider partnering with an organization that has experience managing programs similar to the Homeowner Assistance Program. An outside organization could possibly increase capacity for the URA to better administer the program and attract contractors to work with those residents enrolled in the program.

URA Response:

The URA does partner with local housing nonprofit organizations and community groups within the HAP that have experience serving homeowners for their home repair needs, such as Rebuilding Together Pittsburgh, Habitat for Humanity Greater Pittsburgh, the Hilltop Alliance, and others. These partners manage projects within their service territories on behalf of the URA and the HOF. While these partnerships are valuable and do somewhat increase program capacity to serve clients, contractor capacity is a problem across Allegheny County and state-wide. There are currently not enough small contractors active in our area capable of meeting the level of need and partnering with a third party to administer the HAP program would not change that reality nor create more capacity in the home repair space. This is an ongoing challenge across our region and the URA is in conversations with Partner 4 Work and others to increase the pool of contractors interested and capable of taking on the types of projects the HAP program supports.

**RECOMMENDATION 18:**

The URA administration needs to develop a record keeping policy for the HAP project files, such as a checklist. The project documentation should also include before and after photos of work performed, records of complaints logged by the homeowner, and proof that homeowners have signed off on all inspections.

URA Response:

The URA agrees that more specificity regarding which documents the URA will retain for each HAP client's project is needed. Information outlining what documents will be kept in each HAP client file has been added to the program guidelines to ensure uniformity and completeness of documentation moving forward. SOP for the HAP has also been created to guide program staff on the proper retention of documentation for all HAP clients moving forward.

**RECOMMENDATION 19:**

The HOF advisory board members should reevaluate the underutilized Small Landlord Fund. Increasing participation may require changes to the program, such as adjusting loan terms, increasing the per-unit/total maximum funding cap(s) based on inflation, offering grants instead of or in addition to loans, or offering funds for certain types of repairs to landlords renting to higher

income levels. The URA should support and communicate with the HACP as they develop their program to award grants to HCV landlords to avoid duplication of services.

URA Response:

HACP did not create a grant program to support repairs to HCV properties. HACP has informed the URA that they will instead be providing an incentive rent payment to HCV landlords who upgrade or repair their units. We will follow up with HACP to ask about such a program's existence or planned roll out.

Changes to the SLF program were brought to the December 2023 HOF Advisory Board meeting. These changes were approved at the April 2024 URA Board Meeting. We feel these changes will be in line with the auditor's recommendation. Specifically, the approved changes to the SLF guidelines were to change the program's financing instrument from an amortizing loan to a 0% interest deferred, forgivable loan with a 10-15 year term.

The URA will coordinate with HACP to ensure that they have the most up to date program information to provide to their landlords. The URA will also be attend HACP landlord meetings to raise awareness of the SLF program.

**RECOMMENDATION 20:**

The HOF Advisory Board members should continue to allocate HOF dollars to the Demonstration Program each year to enable the URA to respond to housing-related emergencies as they arise as well as being able to supplement programs that run out of money.

URA Response:

The URA agrees with this recommendation.

In conclusion, the URA appreciates the thoroughness of the audit and values the recommendations provided by the City Controller's Office. We are committed to addressing the findings and are engaged in continuously improving our practices to ensure transparency and efficiency in our operations. The URA is working diligently to implement the recommended changes and is happy to provide the necessary clarifications regarding the Housing Opportunity Fund operations to enhance the general understanding of its programs. Thank you for your attention to this matter.

Sincerely,

DocuSigned by:  
  
B6C585401F7948C...  
Susheela Nemani-Stanger  
Executive Director

cc: