**Fiscal Impact Statement**

|  |  |
| --- | --- |
| ***Department*** | Urban Redevelopment Authority – Housing Opportunity Fund |
| ***Preparer*** | Matthew Santiago, Associate Counsel |
| ***Standing Committee Representative***  | Shaina Madden, Acting Director of Housing Lending |
| ***Type of Legislation*** | Other |

**Description of Initiative**

The Housing Opportunity Fund (HOF) was created in 2016 (via City Council Ordinance #37). The HOF was established to support the development and preservation of affordable and accessible housing within the City. In December 2017, City Council passed a resolution approving the terms of and authorizing the execution and delivery of a Cooperation Agreement with the Authority relating to the administration of the HOF and authorizing the assignment to the Authority of ten million dollars ($10,000,000) per year, for a period of twelve (12) years, commencing January 1, 2018, for the purpose of implementing the HOF.

For the administration of the fund, Authority staff is working with a 17-member Advisory Board that was appointed by the Mayor and approved by City Council in June 2018. The URA Board of Directors is the Governing Board. In the Fall of 2018, URA Staff and the HOF Advisory Board created a 2018 Annual Allocation Plan which was approved by City Council on October 2, 2018. Programs began to be operated in the 4th quarter of 2018. In the Summer of 2019, the URA staff and HOF Advisory Board created a 2019 Annual Allocation Plan which was approved by City Council on June 4, 2019. In the Winter of 2020, the URA Staff and HOF Advisory Board created the 2020 Annual Allocation Plan which was approved by City Council on February 7, 2020. In August 2020, the URA staff and HOF Advisory Board created the 2021 Annual Allocation Plan which was approved by City Council on December 15, 2020. In June 2021, the URA staff and HOF Advisory Board began the public process to create the 2022 Allocation Plan.

To help prepare for the 2022 Allocation Plan, URA staff created the Affordable Housing Public Survey to engage the public and receive public input. Over the course of six weeks, the Affordable Housing Public Survey was open for feedback. Primary methods of survey distribution included virtual community meetings, email and social media, and phone outreach. A memo of survey results and findings was created by URA staff and shared with the HOF Advisory Board to help guide the draft 2022 Annual Allocation Plan.

The HOF Advisory Board held a working meeting on August 24, 2021, to discuss drafting the Allocation Plan. The Advisory Board was given (1) a memo that summarized the survey data, (2) data for prior year expenditures, and (3) data on the supply and demand of the current programs. During the September HOF Advisory Board meeting, the draft Annual Allocation Plan was presented to the Advisory Board and the public. The draft 2022 Allocation Plan was put on the URA website on September 3, 2021, to September 30, 2021, for public comment. The 2022 draft Allocation Plan received a final vote of approval at the October 7, 2021, HOF Advisory Board Meeting. The URA Board of Directors approved the draft 2022 Allocation Plan on October 14, 2021.

The 2022 Allocation Plan is identified below:

The allocation must satisfy HOF legislation, thus implying the following distribution:

AMI Level: 30% AMI 50% AMI 80% AMI
Required % Allocation: 50% of $9 million 25% of $9 million 25% of $9 million
Required $ Allocation: $4.50 million $2.25 million $2.25 million

$1M of the $10M annual allocation plan will go to administrative expenses including URA staff salaries, consultant fees, annual audit, annual report, bank fees, etc.

HOF Program/Activity
AMI Level 30% 50% 80% Total Est. # of units

Rental Gap Program $3,000,000 $800,000 $3,800,000 150

For-Sale Development $950,000 $950,000 15
Program

Homeowner Assistance $1,015,000 $700,000 $400,000 $2,150,000 60
Program

Down Payment/Closing $700,000 $700,000 105
Cost Assistance Program\*

Housing Stabilization $150,000 $375,000 $525,000 175
Program

Legal Assistance Program $300,000 $100,000 $50,000 $450,000

Small Landlord Fund $275,000 $150,000 $425,000

Administration $500,000. $250,000. $250,000. $1,000,000

Required Allocation

Required Allocation, $ $5.0M $2.50M $2.50M $10M

\* Please note that the Down Payment and Closing Cost Assistance Program can be used by households at or below 115% AMI.

The following are brief descriptions of the seven program areas identified in the annual allocation plan. These programs are all allowable programs in accordance with the legislation. The accompanying chart describes the typical funding levels, funding maximums, affordability requirements, and security and repayment (if applicable) for each of these program areas.

Rental Gap Funding:
The Rental Gap Funding Program will provide secured loans for the new construction and/or preservation of affordable rental units. For projects in the development process that have units serving households at or below 30 and/or 50% AMI, developers may apply for secured loans for acquisition and construction, or renovation/preservation, of rental housing projects.

For-Sale Development Program:
The For-Sale Development Program will expand the pool of quality for-sale housing affordable to households at or below 80% AMI. Developers may apply to HOF for costs associated with the development of residential property including acquisition, rehabilitation, or new construction, and soft costs associated with the property development. Funds will help bridge the gap between total development cost and the future sales price. Funds may also be used in the form of deferred second mortgages for the future homeowners. The homeowners must reside in the property.

Homeowner Assistance Program:
The HAP Program will address unsafe and unhealthy conditions in homes owned by homeowners with incomes at or below 30%, 50% AMI, and/or 80% AMI. Non-profits may apply for funds for renovation and associated services, or households may apply directly to the URA. Examples of eligible repairs are new roofs, furnace replacement, weatherization repairs, and/or accessibility modifications. The HAP program also includes tangled title assistance for homeowners.

Down Payment and Closing Costs:
First time homebuyers with incomes up to 115% of AMI may apply to the URA for down payment and closing cost assistance for the purchase of a house in Pittsburgh.

Housing Stabilization Program:
Service providers may apply for funding to provide short term rental assistance (maximum of three months) and associated services to households at or below 30% and/or 50% AMI who are homeless or at risk of homelessness. Service providers may also apply for funding to provide short term mortgage assistance (maximum of six months) to households at or below 80% AMI who are at risk of foreclosure.

Legal Assistance Program:
The Legal Assistance Program provides a variety of free housing legal services to eligible tenants and homeowners who live in the City of Pittsburgh.

Small Landlord Fund Program:
The Small Landlord Fund provides low interest rate loans to landlords that need repairing 10 or fewer affordable rental units in the City of Pittsburgh. The Small Landlord Fund is designed to increase the supply of decent affordable housing and to eliminate health, safety, and property maintenance deficiencies as well as to ensure compliance with applicable codes and standards.

|  |  |
| --- | --- |
| ***Total Cost*** | $ 10,000,000 |
| ***Frequency of Expenditure*** | [ ]  One-Time | [x]  Multi-Year |
| ***Funding Source*** | [x]  Operating | [ ]  Capital | [ ]  Grant | [ ]  Trust Fund |
| ***Is this item budgeted?*** | [x]  Yes | [ ]  No |

**JDE Account Information**

Not Applicable

**Additional Costs**

Not Applicable

**Impact on City Revenue**

The Housing Opportunity Fund will create new housing which will increase the City’s Real Estate tax base. It will also stimulate the sale of existing homes which will increase transfer tax revenue.

**Attachments**

1. 2022 Allocation Plan