



Urban
Redevelopment
Authority
of Pittsburgh

BEDFORD CHOICE ACQUISITION AND REHABILITATION FOR HOMEOWNERSHIP PROGRAM GUIDELINES

I. PROGRAM OBJECTIVE

The purpose of the Bedford Choice Acquisition and Rehabilitation for Homeownership Program (“BCARHP”) is to provide acquisition and rehabilitation funding to Pittsburgh Housing Development Corporation (“PHDC”) for the rehabilitation of affordable for-sale housing within the Bedford Choice Neighborhood boundaries. The program will ensure that all current residents who want to remain in the Hill District permanently can do so in affordable and permanently safe homes, as well as create new opportunities for homebuyers. This program will also help ensure that new residents and families that once lived in the Hill District can re-populate the Hill District and that new homeowners can build wealth and equity.

II. PROGRAM FUNDING

The following funding sources are available to provide acquisition and rehabilitation funding for this program:

- A. Funding provided through the Choice Neighborhoods Implementation Grant (“CNIG”);
- B. Community Development Block Grant (“CDBG”) funding; and
- C. Other sources identified by the City of Pittsburgh (“City”), the Urban Redevelopment Authority of Pittsburgh (“URA”) and PHDC.

Additional funding sources to be utilized for each project shall be determined by URA and PHDC staff.

III. ELIGIBLE GRANTEE

All program funding will be granted from the URA to PHDC. PHDC is a URA affiliate created to initiate, plan, finance, develop and manage housing development throughout Pittsburgh. PHDC is established as a 501(c)(3) nonprofit corporation whose Board of Directors is appointed by the URA.

IV. ELIGIBLE PROPERTIES

A. Location and Use

Each property constructed or rehabilitated under BCARHP must be a permanent structure within the Bedford Choice Neighborhood boundaries, and be used primarily for year-round, owner-occupied, residential use.

B. Zoning

Each property must comply with local zoning requirements.

C. Ownership

PHDC, or any of PHDC's subgrantees, must own the property being assisted with programmatic funds prior to closing on the grant funding, or acquire the property simultaneously with closing on the grant funding. PHDC, and/or its subgrantees, shall provide evidence of ownership acceptable to the URA prior to closing on the funding.

D. Compliance Standards

All affordable units shall comply with all income restrictions, affordability covenants, homeowner protections, housing quality standards and all other federal compliance standards of the Choice Neighborhoods Program and CDBG. Upon project completion, properties funded under BCARHP must be sold to owner-occupants who are at or below 80% of the Area Median Income ("AMI").

E. Eligible Unit Types

Eligible housing types include detached, semi-detached and townhouse units. Multiple unit structures developed as condominiums or cooperatives are also eligible.

F. Environmental Review

Each property must comply with environmental review regulations and procedures to the extent they are required by the local, state and federal law.

G. Conservatorship

If conservatorship proceedings are utilized, approval from the URA will be necessary before the allocation of BCARHP funding to the project.

V. ELIGIBLE AREAS

The property must be located within the Bedford Choice Neighborhood boundaries.

VI. ELIGIBLE ACTIVITIES

BCARHP funds may be used for the acquisition of property, site preparation and development, and hard and soft costs associated with the rehabilitation and/or new construction (provided new construction is eligible under CDBG regulations) of eligible single-family for-sale housing. BCARHP funds cannot be used to pay for any activities carried out on or before June 6, 2024.

VII. PROGRAM BENEFIT

Funding provided under BCARHP must be used for the construction and/or rehabilitation of for-sale housing to be sold to households at or below 80% AMI. Units developed with BCARHP will carry a 20-year affordability restriction recorded on the property and include any further restrictions required under the CNIG and CDBG.

VIII. REIMBURSEMENT GRANT

The BCARHP grant is a reimbursement grant. Reimbursement requests submitted by PHDC to the URA will be paid within sixty (60) days.

IX. FUNDING REQUIREMENTS

All funding provided under BCARHP shall be made in conformance with requirements set forth below:

A. Eligible Costs

BCARHP funding may cover property acquisition costs, site preparation and development costs, hard costs associated with the construction of the project (provided the project is eligible under CDBG regulations). BCARHP may cover the following soft costs: architectural and engineering fees, administrative costs directly related to carrying out the BCARHP, and reasonable legal fees. Prior to grant closing, all project development budgets are subject to approval by the URA.

B. Developer Fee

The Developer's Fee may not exceed 9% of the final budgeted amount for material and labor, or \$5000.00 per unit, whichever is greater.

C. Right of First Refusal

The URA may request a Right of First Refusal ("ROFR") to repurchase any property assisted with BCARHP funds from the future homeowner if/when the homeowner decides to sell the house. In these situations, if the property is still in its affordability period, the URA would offer the property's affordable sales price. If the property is outside of the affordability period, the URA would offer the homeowner the appraised value of the property. Additionally, the URA may assign its ROFR to a non-profit owner/developer on a case-by-case basis.

D. Disbursements

To remain compliant with the CNIG requirements, all funds must be disbursed by July 1, 2030.

The URA will disburse funds within 30 days of receipt and approval of invoices.

E. Refinancing

Refinancing of existing debts on a property with BCARHP funding is not permitted unless approved by the URA in writing.

F. Change of Ownership

The PHDC may not sell, lease to own, assign, transfer, dispose of or lease all or any part of the property or PHDC's interest in the property during the grant term without the prior written consent of the URA.

G. Insurance

1. PHDC shall maintain hazard and liability coverage insurance at the PHDC's expense in an amount not less than the sum of the total amount of URA's funding and any prior indebtedness secured by the property.
2. Evidence of fire and hazard insurance coverage, general liability insurance coverage, and builders risk coverages on the project property identifying the URA and the City as an additional insured is required.
3. For properties located in a flood plain, the borrower must maintain special flood insurance in an amount not less than the sum of the total amount of URA's financing and any prior indebtedness secured by the property.
4. All required insurance policies shall:
 - a. Be written by a company authorized to transact business in the Commonwealth of Pennsylvania;
 - b. Be written by a company which is reputable and financially sound, as determined by the URA;
 - c. Be in force at the time of grant closing;
 - d. Contain terms and coverage satisfactory to the URA; and
Contain terms and coverage satisfactory to HUD.

X. GRANT CLOSING

The BCARHP grant closing will be scheduled at a time acceptable to PHDC and the URA. The URA may charge the borrower for any reasonable and customary closing costs.

XI. ASSIGNMENT

Grant funding may be assigned with the prior written permission of the URA. An assumption fee may be charged.

XII. CONSTRUCTION STANDARDS

All properties constructed or rehabilitated under BCARHP must comply with all relevant local, state and federal codes.

XIII. GENERAL REQUIREMENTS

A. All contractors shall:

1. Meet all licensing requirements necessary to perform the construction;
2. Be of good reputation, financially sound and fully qualified to perform the required work outlined in the work write-up as evidenced by previous professional construction experience;
3. Perform all work covered by the work write-up, drawings, and/or plans and specifications in conformance with the contract and all applicable laws, codes and URA construction standards, and perform the work in a competent, workmanlike manner consistent with the standards of the industry;

4. Comply with all applicable laws, ordinances and regulations relating to the protection and safety of persons and property;
5. Comply with all applicable requirements pertaining to the removal of lead-based paint, if and as required by 24 CFR Part 35;
6. Furnish all labor, materials and equipment and obtain and pay for all licenses, permits and privileges required to construct or rehabilitate the property in accordance with the project documents;
7. Comply with the Davis-Bacon Act, its related acts, and PA Prevailing Wage as applicable, as well as all CNIG and CDBG procurement requirements;
8. Not assign the contract without the prior written consent of PHDC and the URA;
9. Agree to complete construction according to the specifications of the work write-up and in accordance with the construction schedule;
10. Agree not to begin any construction or rehabilitation activities prior to the closing of the URA grant funding;
11. Indemnify and hold the URA, City of Pittsburgh and HACP harmless from all liability and loss due to injury or death of any person or damage to any property which may occur or be alleged to occur during performance of the project as a direct or indirect result of any act or omission, whether intentional, negligent or otherwise, by the contractor, subcontractors or their agent, servants and employees. The contractor shall defend all suits or claims involving the above at his or her sole cost and expense;
12. Execute and record a no-lien Agreement with PHDC, waiving all mechanics liens for the benefit of the contractor and the its subcontractors; and
13. Carry insurance in the types and amounts required by the URA and the City of Pittsburgh and naming the URA and the City as additional insured.

B. Minority Contactors

The URA encourages the use of minority and women contractors in all projects and requires compliance with the URA's policy for all projects with total development costs of \$250,000 or more. Every project using BCARHP will utilize Greater Hill District Master Plan MWBE participation goals in that all contracts over \$250,000 to achieve or exceed the goal of awarding 30% of the total project cost to MBEs and 15% of the total project cost to WBEs. Copies of the URA's Policy shall be made available to contractors.

C. Section 3

PHDC and its contractors and subcontractors will comply with all the provisions of Section 3 as set forth in 24 CFR Part 75 and the HACP Section 3 Policy and Program requirements. Selected contractors will comply with Section 3 by first considering Tier I – Hiring. If the contractor is unable to meet its Section 3 requirement in Tier I and needs to move to Tier II or Tier III, that

contractor must document this inability to comply with the preference and the need to move to a lower tier.

XIV. PAYMENT PROCEDURES

A. Payment Eligibility

Payments shall be made based on work completed. Payments may be made for materials delivered and securely stored on the work site with prior approval from the URA.

B. Progress Payments

1. Progress payments may be made in the name of both PHDC and general contractor. Progress payments may not be made without on-site verification of satisfactory completed work by the URA or its designated agent. If a request for payment is refused, the URA shall notify PHDC within five (5) business days. The determination by the URA of the percentage of work completed in relation to original project scope shall be final.
2. Payment for up to 10% of satisfactorily completed work will be withheld from each progress payment until the final payment is disbursed.

C. Final Payment

1. PHDC shall submit to the URA a request for a Certificate of Completion and a final payment request executed by the PHDC and its contractor certifying that all work has been completed in accordance with the project documents.
2. Upon final inspection and receipt and approval of the Certificate of Completion by the URA, final payment will be processed.
3. If, in the opinion of the URA, the contractor has satisfied the contract terms and PHDC refuses to request or release the final payment, the URA may require the PHDC to explain in writing, within ten (10) days, why the URA should not make direct payment to the contractor. The URA shall refer the case to the governing body responsible for arbitrating construction disputes.

D. Retainage

If PHDC or the URA is given notice that subcontractors, materialmen or suppliers have not been paid for work done or for material supplied to and for the project, the URA shall retain sufficient BCARHP funds to satisfy the claims until satisfactory evidence of payment to the subcontractors, materialmen or suppliers is presented to the URA. The contractor shall promptly pay or bond any liens established.

E. Changes

Changes in the scope of work covered by the contract must be made prior to the implementation of the changes and only by written change order signed by PHDC, contractor and architect, if any, and approved by the URA.

F. Closeout Procedures

After final payment is made, the URA shall reconcile all receipts and disbursements.

XV. APPEALS

Any appeals or exceptions to these guidelines must be submitted in writing to the URA and are subject to review and approval by the URA Board of Directors.

XVI. NON-DISCRIMINATION CERTIFICATION

The URA abides by all applicable laws and regulations regarding nondiscrimination and refrains from discriminating on the basis of age, race, color, religious creed, ancestry, national origin, sex, sexual orientation, gender identity, gender expression, political or union affiliation, and/or disability. No person shall be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination solely on the basis of any of the above factors under the financing programs operated by the URA.

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