



Allentown

435 Hamilton Street
Allentown, Pa. 18101

Minutes - Final

City Council

Wednesday, July 21, 2021

5:00 PM

Council Chambers

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Special Meeting - AHA Presentation

Roll Call

Present: 7 - Candida Affa, Cynthia Mota, Daryl Hendricks, Julio Guridy, Ed Zucal, Ce-Ce Gerlach, and Joshua Siegel

Housing Authority Presentation

Mr. Julio Guridy asked about overflow seats in the hallway.

Mr. Michael Hanlon stated yes.

Mr. Julio Guridy asked people to sit outside and not take the chairs and put in the room because there is a mandate they would be a certain amount of space from each other.

Mr. Daniel Farrell, Allentown Housing Authority stated that he also has Jacob Fischer and Toki Rehder from Pennrose, stated that they appreciate the opportunity. They want to let Council know where they are. He stated that they have a brief presentation. The site plan is difficult to see on the screen. It is kind of compressed. He stated that they are familiar with Little Lehigh on Martin Luther King and where it is located on Lehigh Street. The development was built in the 1970s and the plan is to demolish all of the units in two Phases and replace the existing 76 units with 96 units. If you kind of envision Lawrence Court now, they demolished all the units and moved Lawrence Court closer to Lehigh Street and extended all the way to the Eighth Street Bridge. They received support from the city and acquired a parcel that the city owned. That will be 50 units that will be built along that thoroughfare. We have a couple of units down be the floodplains on Lehigh Street and Martin Luther King. It takes everything out of the floodplain. It is 50 units, a community building and a small playground that are part of the Site Plan. The two buildings that you see from Union Street now will remain. We are using them as a relocation resource.

Ms. Toki Rehder stated that if you go to the next slide, there is information about the Phase I Project. It is 50 units with 13 one bedrooms, 15 two bedrooms, 15 three bedrooms and seven four bedrooms. They have a range of different size households. They are demolishing nine existing structures and constructing five new buildings plus a community building. They have been talking about Head Start and they have committed to occupy space in the community building and they are building a special space for them. They will have a large community room and management space in that building. There will be a playground near the community building. The total development of Phase I is 65,000 square feet. She stated that the next few slides are renderings of different views of the development. She went over the views.

Mr. Jacob Fisher, Regional Vice President with Pennrose, stated that the construction costs which have gone up significantly with this development. They received an allocation of low income housing credits from PHFA in their 2020 funding round. At the time they applied they assumed that the construction cost based on an estimate will be \$13.85 million. Since that time, the cost has gone up substantially to \$18.4 million. There is really two main drivers: the increase in the Davis Bacon Wage Rate in Lehigh County. A project cannot absorb the type of change in such a short amount of time without suffering cost implications. There are some examples that the amount of hourly wages went up. He stated that he is sure they heard on the news stories about lumber increases. It is not just lumber. There are supply chain issues impacting all different types of construction materials. It also having an effect on what kinds of bids General Contractors are able to get from subcontractors because everybody being concerned about costs. There is not an ability to pin down numbers. They have seen \$2 million of that increase be attributable to the increases in construction material costs and labor. The last piece of this increase in cost is attributed the increase size of the community building to accommodate Head Start which is also an important increase to the Project and an important increase to the impact that they can have with the Project. He stated that on the next slide there is a summary of the sources and uses and where they are right now. They were able to accumulate commitments of \$20.5 million of sources which includes the Tax Credit Equity, and HOME funds from the City of Allentown, a small amount from the county, funding from Housing HA Disposition Fund from the Housing Authority and other subordinate loans from PHFA, a permanent loan and \$2 million of state funding from the RACP Program and reinvesting \$375,000 of the fee for doing the project into the deal. That still leaves them with a funding gap of \$4.1 million. He went over the reason for their presentation. They are seeking support of this development. They are seeking \$3 million in recovery funds to invest in the projects which will make a substantial bite of the \$4.1 million gap. This is a project that is shovel ready. They have

approves in place and plans that are ready. This is a very important and needed project. There is \$3.6 million site work. It is on a hill. There is a lot of infrastructure work. From a timing standpoint, the important pieces here, are that they are going to be in a position to submit for a building permit, if they are able to put the funding in place. They are targeting closing at the end of September with a 14 month construction period.

Mr. Julio Guridy asked for a quick clarification in regards to the \$350m,000 building for the Head Start space. Is the Housing Authority expecting to get rent from Head Start.

Mr. Daniel Farrell stated that they actually have been discussing Head Start contribution for the construction costs. They have income limits to what they can contribute. It is not dollar for dollar. They have been talking to them about contributing to that construction costs plus the monthly contribution to the common area maintenance, snowplowing, disposing of the trash. Head Start has been a really good community partner for them and their residents.

Mr. Julio Guridy asked about the funding sources section, he does not see funding from he Federal Home Banks.

Mr. Jacob Fisher stated that they show in the sources section committed sources that they have. They have applied to Federal Home Loan Bank of Atlanta. They are planning a submission for the Federal Home Loan Bank of Pittsburgh.

Mr. Julio Guridy asked about Boston or New York.

Mr. Jacob Fisher stated that the timing is not great for those application. Pittsburgh is due on the 10th of August and they will be submitting an application at that time.

Ms. Ce Ce Gerlach stated that at one point there was conversation with Purpose Build Communities about having this be a mixed income neighborhood. Will the Boys and Girls Club remain? Because there is HUD funding there is a level of requirements to have low income minority businesses participate and get some of the contracting. She would be interested in tangible metrics of resident participation. How many residents were met with, consulted with in the planning of this.

Mr. Daniel Farrell stated on the Purpose Bill, no, there is not mixed income as part of this Project. It is starting as a public housing community and remaining a tax credit, but will no longer be a public housing community, but it will not be a mixed community. They are transitioning out of the public

housing program as part of the development which means the rental assistance will be Section 8 rather than public housing. It makes the cash flow better. The residents don't lose any protections. It makes it easier to manage and self-sustaining going forward as a non public housing HUD property. The resident consultation - we had residents involved initially. We had some meetings and talked about the community and then Covid hit. We do not have a much because of Covid of dialogue. He stated that they do have relocation firm that is working with the residents that are being relocated and assisting them in finding replacement housing resources. The Allentown Housing Authority is finding assistance for that. He stated that he does not know if the Boys and Girls Club will be there. They have not made a commitment on yes, they will be there or no, they won't be. There is a Section 3 requirement for this project. They are working with the same General Contractor they worked with before. They worked very well in the community locating Section 3 businesses and minority entities. The Allentown Housing Authority has a pretty good track record with them. They are working internally on the monitoring and reporting the progress to the board.

Mr. Daryl Hendricks asked how many total units from what is there.

Mr. Daniel Farrell stated that there are 76 units there now and they are looking at 20 - 25 additional units. It will be a combination of two things, how the second Phase lays out, how they can fit the building on the site and funding that they have at that point in time.

Mr. Joshua Siegel stated that obviously you are asking for \$3 million which is \$1.1 million that is left. He asked if those funds were secure and guaranteed. Essentially, the \$3 million you are asking from us will make the project ready to go. Where is the additional \$1.1 million coming from?

Mr. Fisher stated yes. We have funding applications pending at Federal Home Loan Bank of Atlanta and will have one going into Pittsburgh. There are additional monies from PHFA that they applied for. They are also looking to see if there is additional RCAP funding available.

Mr. Joshua Siegel asked if the execution of this project is contingent on \$3 million request to plug that hole.

Mr. Fisher stated that is the piece. That is the lynchpin that will make it work.

Ms. Cynthia Mota stated that we all know there is an issue with rental units

here in Allentown. What is going to happen with some of the people that are not able to find a place to go. Do you foresee having any issues. She asked if they have a timeframe.

Mr. Daniel Farrell stated that ultimately everybody has to find another apartment with the through for the project to move forward. That is part of the reason 20 units are staying on site. They also in the Section 8 Program increased the payment status from 100 percent to 110 percent. That gives Allentown Housing Authority more funding to utilize for the increase we have seen in the market. They are offering everyone onsite for a voucher to move. If the residents move out of those 20 units, they will rehab those and if there are residents having difficulty finding apartment into those units. We are trying to maximize the resources that we have. They are hoping to close by the end of September. There is a firm that they have been utilizing helping them find apartments working for six months now. The available units is low and the rents are increasing. They had a bigger struggle this time in the prior projects because the market conditions have changed.

Mr. Joshua Siegel asked what percentage of tenants successfully located and what percentage of tenants remain on you site as of now.

Mr. Daniel Farrell stated that he does not have the number in front of him. He has a report that was emailed this afternoon.

Mr. Joshua Siegel stated that he certainly would like to see that report because obviously you have a tentative deadline and you are going to close the site and eventually they are going to be without housing. The goal is to get them offsite and find another housing site. He would like to see what percentage has successfully located and how many are still struggling to find housing. What is the voucher that helps them get off site. Is it the first month's security deposit. What type of lump sum or are you offering them a single one-time check to help them get into another place.

Mr. Daniel Farrell stated that the residents that are at the Little Lehigh are protected by the Uniform Relocation Act. The Allentown Housing Authority offered them a Section 8 voucher, plus a regular voucher and they also entitled to moving assistance as far as a one-time payment to move themselves or a mover to assist them and pack them to move. They are also entitled to getting their cable moved to their new residence. There are also smaller things, plus staff assistance.

Mr. Joshua Siegel stated that he wants to make sure that there is a comprehensive array of services to help them with the transition of moving and the payment to move their furniture and everything as well as helping them get secured in a new location.

Mr. Daniel Farrell stated that he thinks they have 30 of the 50 they need to move.

Mr. Joshua Siegel asked when you are finishing the site, will those families have first dibs on the site. Will they get priority status to reapply to live where they moved from.

Mr. Daniel Farrell stated that there is not a right of first refusal.

Mr. Jacob Fisher stated that they have a priority.

Mr. Daniel Farrell stated that the first priority is the first 20.

Mr. Julio Guridy stated to Mr. Siegel that being on the Housing Authority for a long time as well. That was done when they tore down Hanover Acres and built Overlook Park. That worked out really really well. And, also the same thing with the Cumberland Gardens renovations. It is a process. They did the same thing with the rebuilding. It is a process that is well done.

Mr. Joshua Siegel stated that he knows the Pennrose Properties speaks for itself. You do a great job. Overlook Park does look phenomenal and does Cumberland Gardens. His primary concern is the life of the residents and making sure that even as we make this crucial investment that their well being and their life is first priority. Obviously, we have to cause a little disruption a little harm in order to do good and improve that housing stock. We have to be compassionate and conscientious about this sort of displacement we are causing them.

Mr. Julio Guridy asked if there was anybody else with a comment or anything else you want to comment on.

Mr. Daniel Farrell thanked Council for their time this evening, appreciate their interest and there are HOME Funds and he thanked the city for their commitment for that part of the project as well and the land acquisition that they just worked out. That was very helpful for this project.

Mr. Julio Guridy asked if there was any questions from the public that public has that Mr. Farrell did not answer or will not be able to answer once he leaves.

Ms. Enid Santiago, 1243 S. Jefferson Street stated that she does have a few concerns. The fact that we are removing public housing on its own and it will longer be Section 8, it will be mixed housing. Right now, the Section

8 Housing list has been closing the city of Allentown for she does not even know how long. It has been an extremely long time. Overlook Park has a five to 10 year waiting list right now for anyone to get a residence. She is currently helping at least three residents from Little Lehigh who do not speak English, do not have a security deposit, first month's rent, last month's rent is required and does not have the best credit in town either to be able to get a property the way the housing market is right now in our city. That is very concerning to her. The Boys and Girls Club, she loves Head Start, of course. That is the platform for all of our babies. What happens when they get five years old. Are we really going to take away the Boys and Girls Club. Something that is extremely needed in the community. The crime rate is going through the roof with the youth. If we keep on taking from our babies, what is going to be left. That is the top of her concern. The fact that she really expected this to be mixed income housing. Kind of like Overlook Park, like Mr. Guridy said it is extremely successful. But, it is not like Overlook Park because we are changing it. It is something that the majority of the public was aware of. At least she was not.

Mr. Daniel Farrell stated that they have not made a determination on the Boys and Girls Club, but he appreciates her comments in support of them. They are a very valuable service in the community, but we have not made a decision there. The available affordable housing is a whole other series of meetings. Allentown faces the same challenges that a lot of other communities face. There are just not enough affordable units in the community. Whether they are public housing or tax credit units or created by other entities. It is something that they obviously have an interest in that they are trying to address, but it is a challenge. These units will be affordable. They won't go anywhere for 40 years. They have a 40 year affordability requirement. The affordable housing model has evolved from the 30s and 40s when it was the government built it. The government will manage it to more of a private management model with public protections. It worked well at Overlook Park and they just have to work on the challenge and try to find more units and try to find more funding. He stated that he hopes that Council consider for commitment and try to increase affordable units within the city and the community as a whole. It is not just a city problem. It is a community problem.

Mr. Julio Guridy asked if there were any further comments from the public.

ADJOURNED: 5:34 PM