

Meeting Agenda
State College Borough Redevelopment Authority
August 22, 2018
Room 241 / 12 p.m

- I. Call to Order**
- II. Roll Call**
- III. Approval of Minutes**
- IV. Chair Report**
- V. Public Hour - Hearing of Citizens**
- VI. Financial Issues**
 - A. June & July 2018 Expense Voucher Approvals
- VII. Economic Development**
 - A. State College Town Centre Update
- VIII. Community Development**
 - A. Neighborhood Sustainability Program (NSP): Student Home License Purchase Program
- IX. Official Reports and Correspondence**
- X. Upcoming Meetings**
- XI. Adjournment**

Documents:

[Complete Redevelopment Authority Agenda - August 22, 2018.pdf](#)

**Meeting Agenda
State College Borough Redevelopment Authority
August 22, 2018
Room 241 / 12 p.m.**

I. Call to Order

II. Roll Call

Sally Lenker, Chairman
Colleen Ritter, Vice-Chairman
Mark Huncik
Rebecca Misangyi
James Shincovich

III. Approval of Minutes – June 27, 2017

IV. Chair Report

V. Public Hour - Hearing of Citizens

VI. Financial Issues

A. June & July 2018 Expense Voucher Approvals

A recommendation of the Borough's 2017 audit was for the Redevelopment Authority (RDA) to begin to formally approve expenses. Beginning July 1, 2017, the RDA started approving expenditures at their regularly scheduled meetings.

Redevelopment Authority Action: The RDA should review and approve the June and July 2018 expenditures.

VII. Economic Development

A. State College Town Centre Update

Staff will provide the Board with a brief update on the progress and development timeline for the State College Town Centre project.

VIII. Community Development

A. Neighborhood Sustainability Program (NSP): Student Home License Purchase Program

Board members discussed preliminary program concepts for a Student Home License Purchase program at its June 2018 meeting. The initial concept material is included in the agenda packet. Staff will highlight areas needing input and discuss questions for an upcoming round of landlord/rental property owner interviews.

Redevelopment Authority Action: The RDA should provide staff with feedback to facilitate program development.

IX. Official Reports and Correspondence

A. Borough Council

B. Planning Commission

C. Staff Reports

X. Upcoming Meetings

September 26, 2018 at 12:00 p.m.

XI. Adjournment

The Redevelopment Authority will adjourn to an Executive Session to discuss Real Estate matters.

**Meeting Minutes
State College Borough
Redevelopment Authority
June 27, 2018**

The State College Borough Redevelopment Authority (RDA) met on Wednesday, June 27, 2018 in the Municipal Building, 243 South Allen Street. Chairman Lenker called the meeting to order at 12:00 p.m.

Members Present

Sally Lenker, Chairman; Colleen Ritter, Vice-Chairman; Mark Huncik, Rebecca Misangyi, and James Shincovich

Others Present

Ed LeClear, Planning Director; Jenna Wargo, Planner; Rhonda Johannensen, Planner-Redevelopment Specialist; Denise L. Rhoads, Administrative Assistant; Beth Richards and Sandy Stover, Kissinger, Bigatel and Brower; Morgan Wasikonis, Housing Transitions, Inc.; and Susan Venegoni, Borough resident

Approval of Minutes

A motion was made by Ms. Ritter and seconded by Mr. Shincovich to approve the May 23, 2018 minutes as amended. The vote was unanimously in favor.

Chair Report

Chairman Lenker had nothing to report.

Public Hour

No one was in the audience who wished to speak on items not on the agenda.

Financial Issues

May 2018 Expense Voucher Approvals

Mr. LeClear gave a brief overview of the May 2018 expense voucher which included the categories: 1) program supplies/activities; 2) office, miscellaneous supplies; 3) professional services; 4) natural gas; 5) repairs & maintenance-buildings; 6) water & sewer; and 7) electricity.

Ms. Lenker stated she was appreciative staff was using local businesses for purchasing. Mr. Shincovich stated he agreed with Ms. Lenker and to use local businesses when possible.

A motion was made by Mr. Shincovich and seconded by Ms. Misangyi to approve the May 2018 expense voucher. The vote was unanimously in favor.

Economic Development

State College Town Centre Next Steps

Mr. LeClear's overview of the National Development Council (NDC) memorandum included:

- Mr. LeClear noted the NDC memorandum articulated the Pennsylvania Urban Redevelopment Law requirements for a specific proposal for redevelopment that may be approved by the governing body.
- He also noted this was in preparation for a proposal to the RDA and Borough Council.

- He stated the proposal needed to be at a preliminary stage for the two RDA owned parcels soon. Mr. LeClear stated the biggest items for the developer were parking and commercial space. The developer asked if they could build parking onsite that would count against their minimum parking requirements. Staff stated he could not.
- Mr. LeClear stated he had a draft agreement ready for review and would have more updates to add after the Borough Solicitor approved it.

Authority comments included:

- Mr. Huncik asked what the timeframe was for the preliminary plan and Mr. LeClear stated sometime in the fall of 2018.
- Mr. Shincovich asked if the developer purchased the properties and the project failed would he retain them. Mr. LeClear stated the developers would have a two-year option to purchase said parcels once a redevelopment agreement between the redeveloper and the RDA was executed.
- Mr. Huncik asked would the undergraduate class issue be resolved. Mr. LeClear stated staff was not able to prohibit a protected class and a student was not a protected class.

Mr. LeClear stated this topic did not require any actions.

Community Development

Neighborhood Sustainability Program: Student Home License Purchase Program

Mr. LeClear stated, as part of a 2017 report to Council, the Real Estate Advisory Committee recommended the RDA explore creating a purchase program for Student Home licenses.

Mr. LeClear and Ms. Johannensen's overview included:

- She noted staff was asking private owners to abandon their license.
- Staff used information of capitalization rate differences on non-student and student properties.
- She noted more cash flow runs through student properties versus non-student properties. Student properties are worth more because of this.
- Value would drop when a student property was purchased, and the student license was removed.
- Median home sale price was \$305,000 in the State College Borough. Staff took this median sale price and dropped it by ten to twenty percent.
- She noted if staff used a ten percent value drop the dollar amount would be a \$30,000 difference and because no more than three unrelated persons were allowed on a lease, it would equate to no more than \$10,000 per student.
- Staff stated a base level at \$30,000 seemed to be a reasonable place to start.
- Staff noted they had been discussing this item for a while to come up with a fair and equitable solution.
- Staff stated their strategy was a first-come first-serve response.
- Mr. LeClear asked the Authority what they thought the dollar amount should be to start with. The consensus was to agree with staff to start with the \$30,000.
- Mr. LeClear stated there was a critical need for a non-student housing market in the Borough.
- Ms. Johannensen noted various expenses would be involved in this venture and funding was not unlimited.
- Ms. Johannensen stated another item that might prohibit interest would be the amount of the student license fee.

Authority comments included:

- Mr. Shincovich asked how a rental became over-occupied. Mr. LeClear stated it was through a pre-existing non-conforming status.
- Mr. Huncik asked how staff would handle a refusal and Mr. LeClear stated a letter of explanation would be put together after careful consideration.
- Mr. Huncik asked if staff targeted only over-occupied rentals in a certain percentage area or would they also target those that overlapped in other percentage areas. Ms. Wargo stated

staff did not get a feel from the Authority for which one was most important. Mr. Huncik stated the question would be, what would that property become and who would occupy it? Mr. LeClear asked should staff also look at relinquishing the over occupancy allowed.

- Mr. Huncik asked if landlords could be incentivized before coming into the program. Ms. Lenker stated the concern for landlords would be giving up a student rental and then the purchaser would have to rehabilitate to make it attractive to non-student landlords.
- Mr. Shincovich asked what the dollar amount of loss was, currently, per home and Mr. LeClear stated it was approximately \$60,000 before the purchase of the duplexes.
- Ms. Misangyi asked if there were landlords currently interested in this program and Mr. LeClear stated not at this time. Ms. Lenker also stated she did not know of any landlords who would be interested

Ms. Venegoni had a few suggestions/questions to offer:

- What was the average rent for a three bedroom currently?
- Keep in mind not all student home leases were individual.
- Suggested increasing an opportunity rather than taking something away.
- Noted if this was rolled out too quickly, zoning could possibly change. Mr. LeClear stated staff had no plan to reduce the R2 district.
- Stated a landlord could keep a rental permit and rent to a family as a trial to see if it would work.

Ms. Richards stated there could be some interest from landlords who were not interested in being a landlord anymore.

Mr. LeClear asked the Authority if they wanted staff to prepare a letter. Consensus was to give the Authority about a month to review first.

Neighborhood Sustainability Program: Potential Partnership for 230-234 Logan Avenue

Mr. LeClear's overview included:

- Staff had a discussion with Housing and Urban Development (HUD). HUD prohibited the Borough from selling properties to our non-profit organizations. However, if the RDA purchased a property they could sell it to non-profit organizations.
- Staff was considering selling 230-234 Logan Avenue to the RDA to then sell to the Temporary Housing Foundation, Inc. He noted some inclusionary housing money would be used as well.
- He noted the property would be an income qualified rental and asked the Authority what their opinion was.

Ms. Richards stated they had about six individuals who were interested. She noted most of the investors stated the "numbers" didn't work for them.

Ms. Wasikonis stated her staff was confident they would have the right kind of tenants interested and they would also have some extra funding. Mr. LeClear stated staff agreed and Ms. Johannensen stated there were ways to add value to Logan Avenue.

Authority comments included:

- Mr. Shincovich stated this proposal was a win-win idea.
- Mr. Huncik asked if staff had to rely on Community Development Block Grant monies for this project. Mr. LeClear stated yes.

A motion was made by Ms. Misangyi and seconded by Ms. Ritter to approve the proposal to sell 230-234 Logan Avenue to the RDA and then sell the property to the Temporary Housing Foundation, Inc. The vote was unanimously in favor.

Work Program

Project Development & Preparation for the 2019 Budget

Mr. LeClear stated resources (both financial and staffing) needed to be expanded due to the RDA's work program growing.

He noted staff was proposing a full-time position for an Economic Development Senior Planner.

A motion was made by Mr. Huncik and seconded by Mr. Shincovich to approve staff asking for an Economic Development Senior Planner position. The vote was unanimously in favor.

Mr. LeClear discussed some of the other work program projects:

- He noted the Fairmount School Redevelopment was behind schedule.
- McAllister Deck was a needed project.
- He noted there was no money or time to work on the State College Town Centre PA Redevelopment Assistance Capital Program Grant Administration and Funding Research.

The Authority's consensus was to defer to staffs' judgment regarding the work program.

Official Reports and Correspondence

Borough Council (BC): Mr. LeClear reported the Historical and Architectural Review Board (HARB) would go before BC on July 18 making the HARB start date September 1, 2018.

Upcoming Meeting

The next scheduled meeting will be on July 25, 2018 at 12:00 p.m.

Adjournment

With no further business to discuss, a motion to adjourn the meeting at 1:22 p.m. was made by Chairman Lenker. At that time, the Authority adjourned to an Executive Session.

Respectfully submitted

Denise L. Rhoads,
Administrative Assistant

SCB RDA Voucher Report

Check Date Range: 6/1/2018 to 6/30/2018

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VENDOR NAME	ACCOUNT DESCRIPTION	DESCRIPTION	ACCOUNT	CHECK NO	AMOUNT
FULTON BANK	DEBT SERVICE - PRINCIPAL	LOAN XXXX9001	B114-15-44-00-0000-000-95900	36266	5,000.00
FULTON BANK	DEBT SERVICE - INTEREST	LOAN XXXX9001	B114-15-44-00-0000-000-95901	36266	13,047.40
Check Number 36266 Total:					18,047.40
LOWE'S COMPANIES INC	REPAIRS & MAINT - BUILDINGS	SUPPLIES	B114-14-42-00-0000-000-70372 - NSP10	36276	186.03
Check Number 36276 Total:					186.03
MIKE'S VIDEO INC	PROGRAM SUPPLIES/ACTIVITIES	AMANA COIL RANGE	B114-14-42-00-0000-000-66238 - NSP07	36277	388.00
Check Number 36277 Total:					388.00
NATIONAL COUNCIL FOR COMMUNITY DEVELOPMENT	PROFESSIONAL SERVICES	TECHNICAL ASSISTANCE - MAY	B114-15-44-00-0000-000-67310	36278	6,000.00
Check Number 36278 Total:					6,000.00
WEST PENN POWER COMPANY	ELECTRICITY	10 KWH - 230 W LOGAN - 5/16 - 5/23	B114-14-42-00-0000-000-73360 - NSP07	36306	107.21
Check Number 36306 Total:					107.21
ACE HARDWARE OF STATE COLLEGE, LLC	PROGRAM SUPPLIES/ACTIVITIES	DETECTOR BAT	B114-14-42-00-0000-000-66238 - NSP08	36310	20.23
Check Number 36310 Total:					20.23
COLUMBIA GAS OF PENNSYLVANIA	NATURAL GAS	22 CCF 245 E HAMILTON - 5/3 - 6/4	B114-14-42-00-0000-000-73362 - NSP08	36336	38.93
Check Number 36336 Total:					38.93
FIRST NATIONAL BANK	DEBT SERVICE - INTEREST	LOAN #46199915	B114-14-42-00-0000-000-95901 -	36345	31,354.72
Check Number 36345 Total:					31,354.72
FRIEDMAN ELEC SUPPLY INC	PROGRAM SUPPLIES/ACTIVITIES	INTERCONNECT SMOKE ALARM	B114-14-42-00-0000-000-66238 - NSP06	36348	315.18
FRIEDMAN ELEC SUPPLY INC	PROGRAM SUPPLIES/ACTIVITIES	INTERCONNECT SMOKE ALARM	B114-14-42-00-0000-000-66238 - NSP07	36348	108.92
FRIEDMAN ELEC SUPPLY INC	PROGRAM SUPPLIES/ACTIVITIES	INTERCONNECT SMOKE ALARM	B114-14-42-00-0000-000-66238 - NSP08	36348	77.93

SCB RDA Voucher Report

Check Date Range: 6/1/2018 to 6/30/2018

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VENDOR NAME	ACCOUNT DESCRIPTION	DESCRIPTION	ACCOUNT	CHECK NO	AMOUNT
Check Number 36348 Total:					502.03
LOWE'S COMPANIES INC	PROGRAM SUPPLIES/ACTIVITIES	REPAIR PARTS	B114-14-42-00-0000-000-66238 - NSP07	36358	119.82
Check Number 36358 Total:					119.82
PAINT NINJA'S INCORPORATED	REPAIRS & MAINT - BUILDINGS	PAINTING - 245 W HAMILTON	B114-14-42-00-0000-000-70372 - NSP08	36460	4,111.56
Check Number 36460 Total:					4,111.56
JLD PUBLISHING	ADVERTISING	AD - MILESTONES - ECON DEVEL	B114-15-44-00-0000-000-72330	36501	1,195.00
Check Number 36501 Total:					1,195.00
COLUMBIA GAS OF PENNSYLVANIA	NATURAL GAS	2 CCF - 230 W LOGAN - 5/15 - 6/12	B114-14-42-00-0000-000-73362 -	36515	20.07
Check Number 36515 Total:					20.07
D E BURRIS INC	REPAIRS & MAINT - BUILDINGS	REMOVE CAST IRON DRAIN	B114-14-42-00-0000-000-70372 - NSP09	36521	994.48
Check Number 36521 Total:					994.48
EDWARD LECLEAR	PROFESSIONAL DEVELOPMENT	REIMB - TRV#2018-053 - NDC TRAINING	B114-15-44-00-0000-000-62121 -	36523	1,884.93
Check Number 36523 Total:					1,884.93
JENNA WARGO	PROFESSIONAL DEVELOPMENT	REIMB - TRV#2018-052 - NDC TRAINING	B114-15-44-00-0000-000-62121 -	36532	1,668.08
Check Number 36532 Total:					1,668.08
LOWE'S COMPANIES INC	PROGRAM SUPPLIES/ACTIVITIES	SMALL PARTS	B114-14-42-00-0000-000-66238 - NSP08	36534	63.49
Check Number 36534 Total:					63.49
PAINT NINJA'S INCORPORATED	REPAIRS & MAINT - BUILDINGS	FINAL PAINTING - 245 W HAMILTON	B114-14-42-00-0000-000-70372 - NSP08	36558	877.50
Check Number 36558 Total:					877.50

SCB RDA Voucher Report

Check Date Range: 6/1/2018 to 6/30/2018



VENDOR NAME	ACCOUNT DESCRIPTION	DESCRIPTION	ACCOUNT	CHECK NO	AMOUNT
WINDOW WORLD OFALTOONA PA INC	REPAIRS & MAINT - BUILDINGS	DEPOSIT - LOGAN AVE - WINDOWS	B114-14-42-00-0000-000-70372 - NSP07	36579	344.00
Check Number 36579 Total:					344.00
					67,923.48
Fund B114 Total:					67,923.48
Grand Total					67,923.48

SCB RDA Voucher Report

Check Date Range: 7/1/2018 to 7/31/2018

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VENDOR NAME	ACCOUNT DESCRIPTION	DESCRIPTION	ACCOUNT	CHECK NO	AMOUNT
WILLIAM I MARKLEY	REPAIRS & MAINT - BUILDINGS	WINDOW WASHING - LOGAN AVE	B114-14-42-00-0000-000-70372 - NSP07	36645	54.00
WILLIAM I MARKLEY	REPAIRS & MAINT - BUILDINGS	WINDOW WASHING - 245 E HAMILTON	B114-14-42-00-0000-000-70372 - NSP08	36645	86.00
Check Number 36645 Total:					140.00
RICHARD E KEEBLER	REPAIRS & MAINT - BUILDINGS	INTERIOR PAINTING - 230 LOGAN AVE	B114-14-42-00-0000-000-70372 - NSP07	36693	3,312.00
Check Number 36693 Total:					3,312.00
WEST PENN POWER COMPANY	ELECTRICITY	108 KWH - 230 LOGAN AVE - 5/24 - 6/22	B114-14-42-00-0000-000-73360 - NSP07	36713	20.20
WEST PENN POWER COMPANY	ELECTRICITY	1289 KWH - 720 W FOSTER - 5/19 - 6/20	B114-14-42-00-0000-000-73360 - NSP10	36713	156.05
Check Number 36713 Total:					176.25
COLUMBIA GAS OF PENNSYLVANIA	NATURAL GAS	6 CCF - 245 E HAMILTON - 6/4 - 7/3	B114-14-42-00-0000-000-73362 - NSP08	36746	26.39
Check Number 36746 Total:					26.39
NATIONAL COUNCIL FOR COMMUNITY DEVELOPMENT	PROFESSIONAL SERVICES	TECHNICAL ASSISTANCE - JUNE	B114-15-44-00-0000-000-67310	36780	6,000.00
Check Number 36780 Total:					6,000.00
ONE TIME PAY	RENT OF HOUSE/APARTMENT	REFUND - RENT - 245 E HAMILTON AVE	B114-14-42-00-0000-000-43160 - NSP08	36789	583.33
Check Number 36789 Total:					583.33
PHILADELPHIA INSURANCE COMPANIES	PROPERTY INSURANCE	EQUIPMENT & PROPERTY INSURANCE	B114-14-42-00-0000-000-80351 - NSP05	36798	220.17
PHILADELPHIA INSURANCE COMPANIES	PROPERTY INSURANCE	EQUIPMENT & PROPERTY INSURANCE	B114-14-42-00-0000-000-80351 - NSP06	36798	171.77
PHILADELPHIA INSURANCE COMPANIES	PROPERTY INSURANCE	EQUIPMENT & PROPERTY INSURANCE	B114-14-42-00-0000-000-80351 - NSP07	36798	346.23
PHILADELPHIA INSURANCE COMPANIES	PROPERTY INSURANCE	EQUIPMENT & PROPERTY INSURANCE	B114-14-42-00-0000-000-80351 - NSP08	36798	383.20
PHILADELPHIA INSURANCE COMPANIES	PROPERTY INSURANCE	EQUIPMENT & PROPERTY INSURANCE	B114-14-42-00-0000-000-80351 - NSP10	36798	282.36

SCB RDA Voucher Report

Check Date Range: 7/1/2018 to 7/31/2018

VENDOR NAME	ACCOUNT DESCRIPTION	DESCRIPTION	ACCOUNT	CHECK NO	AMOUNT
Check Number 36798 Total:					1,403.73
COLUMBIA GAS OF PENNSYLVANIA	NATURAL GAS	6 CCF - 230 W LOGAN - 6/12 - 7/12	B114-14-42-00-0000-000-73362 - NSP07	36858	24.74
COLUMBIA GAS OF PENNSYLVANIA	NATURAL GAS	9 CCF - 720 W FOSTER - 6/12 - 7/12	B114-14-42-00-0000-000-73362 - NSP10	36858	28.11
Check Number 36858 Total:					52.85
					11,694.55
Fund B114 Total:					11,694.55
Grand Total					11,694.55

STATE COLLEGE BOROUGH

interoffice MEMORANDUM

PLANNING DEPARTMENT

to: Redevelopment Authority Board
from: Ed LeClear
subject: NSP Student Home License Purchasing Program
date: 8/20/2018

For the history of the Homestead Investment Program/Neighborhood Sustainability Program, we have relied solely on the approach of purchasing and selling homes to retire student rental licenses and abandon the student home use. The idea of a second approach, using a grant to purchase the license from the existing property owner, has continually evolved. The following narrative provides a suggested framework for further discussion, in terms of grant structure and application.

NSP STUDENT HOME LICENSING PURCHASE STRUCTURE

In our region, there is a property value drop of 10-20% when going from student to non-student apartments. Student rental property capitalization (cap) rates are around 5.0-5.5%, while non-student cap rates are 5.5-6.0%. Here is a practical illustration:

*NOI: \$9.23/SF
2000 SF
=\$18,460 NOI/SF

\$18,460/5%=\$369,200
\$18,460/6%=\$307,667
Difference=\$61,533 or 20%
Divided difference=\$30,767 or 10%

The current, median home sale price in State College is \$305,000.

We assume that there can be no more than three (3) unrelated persons in a single dwelling unit, located in a zoned residential district.

Our proposed, base grant incentive (to relinquish a student license) is \$30,000 per single dwelling unit (equating to \$10,000 per allowed person).

This base level could be scaled up to, say, \$20,000 per allowed person for the most desired properties. For instance, we may want to apply the upper level amount to over-occupied units that have preexisting non-conforming status for occupancy. The math still works.

**2017 NAA Survey of Operating Income and Expenses in Rental Apartment Communities, Master Metered, Garden Style apartments (typically 2-4 story, wood-frame construction).*

APPLICATION

R1-R2-R3 Zoning District Target Blocks:

Over Occupied—46 Student Homes

15%-20%—43 Student Homes

20%-25%—25 Student Homes

1st come, 1st serve w/ 60-day time limit to respond.

Limited mailing size w/ priorities TBD.

Over-occupied, grandfathered properties a potential priority.

Maximum total dollar limit TBD (given budget and expenditures to date).

Property owners allowed to ride out existing leases (we'll need copies, and administrative follow-up).

Need legal agreements w/ transitional language for agreeing now and transitioning later when leases end.

Assume 50% paid upon execution of agreement and 50% when leases end.

Deed restrictive covenant good for 50 years.

Student licenses extinguished and abandoned.

Direct Mail Marketing, followed by phone call (Mailings 10 at a time, to start, allowing for follow-up and adjustments to unanticipated issues.).

Mail packet:

Program defined

Process identified

Enforcement expectations

Benefits to the grantee, i.e. capital to reinvest in the home, or to pay down debt, and big picture of protecting neighborhood diversity for decades through their actions, etc.

"Borough is building a list of local employees looking for places to rent. Would you be interested in our sharing your information?"

For contemplated grant size of \$30K per single dwelling unit:

10 houses=\$300K

25 houses=\$750K

50 houses=\$1,500,000