

**Meeting Minutes  
State College Borough  
Real Estate Advisory Committee  
Special Meeting  
February 16, 2018**

The State College Borough Real Estate Advisory Committee (REAC) met on Friday, February 16, 2018 in the Municipal Building, 243 South Allen Street. Chairman Madrid called the meeting to order at 9:03 a.m.

**Members Present**

Ron Madrid, Chairman; Cathy Dauler, Borough Council representative; and Peg Hambrick, Focus Area representative

**Others Present**

Jenna Wargo, Planner; Maureen Safko, Senior Planner; Rhonda K. Johannesen, Planner-Redevelopment Specialist; and Denise L. Rhoads, Administrative Assistant

**Reorganization of Committee**

A motion to nominate Ms. Hambrick for Chairman was made by Mr. Madrid and seconded by Ms. Dauler. The vote was unanimously in favor.

**Approval of Minutes**

A motion to approve the October 18, 2017 minutes as submitted was made by Mr. Madrid and seconded by Ms. Dauler. The vote was unanimously in favor.

**Chair Report**

Chairman Hambrick had nothing to report.

**Public Hour**

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

**Neighborhood Sustainability Program**

Program Evaluation & Recommended Updates

Ms. Wargo provided a draft report for the REAC to review regarding program operations in 2017 that includes the committee's recommendations from the October 2017 meeting.

Implemented Recommendations discussed included:

- Properly staff the program for administration. Ms. Johannesen was hired as our Planner-Redevelopment Specialist.

- Change the name from the Homestead Investment Program (HIP) to the Neighborhood Sustainability Program (NSP).
- Deed restriction will allow owners to rent the property to non-students.
- Focus the program on reducing the number of Student Homes in the R-1, R-2 and R-3 zoning districts through property acquisition or through the new grant program to acquire and extinguish Student Home permits.
- Prevent new Student Homes from materializing within the R-1, R-2 & R-3 zoning districts.
- Rehab cap was increased to \$25,000.
- Eliminated the \$400,000 cap for purchasing a house.
- Removed the home inspection contingency as long as we have a home inspector
  - present when viewing the house
- Realtor commission decreased by 2% regarding For Sale by Owner homes.
- Ms. Wargo noted staff would partner with the Borough's First-Time Homebuyer staff of Ms. Safko and Ms. Eirmann.

REAC comments included:

- Ms. Hambrick noted the Borough was partnering with the Facebook page *Homes in State College*.
- Mr. Madrid noted, based on the houses sold to date, it was costing taxpayers \$114,000 per house and he would like it noted in the report. Ms. Safko stated the grant program would help with this deficit.
- Ms. Hambrick asked if there would be an anticipated income tax revenue. Ms. Wargo stated to see the effect would take approximately ten years.
- Ms. Hambrick asked if there would be an anticipated income tax revenue. Ms. Wargo stated to see the effect would take approximately ten years. Ms. Hambrick stated she would like to see the figure for this at the next meeting.

Next discussed: REAC recommendations:

- Implement the new grant program to acquire and extinguish Student Home permits.
- Prospect current Student Home Property owners.
- Develop a community awareness campaign to increase awareness of Borough Housing programs.
- Connect with area employers regarding current inventory.
- Recommend RDA identify appropriate timing for a decision regarding to leave properties vacant or lease up properties for an additional year.

Ms. Wargo stated Ms. Johannesen had already met with some realtors regarding our rental NSP homes. Ms. Johannesen stated the Borough was hoping to put these houses on the market in early March.

Ms. Wargo stated the selling of HIP5 was the fastest turnaround to date. It seemed like the best-case scenario. She also noted NSP06, NSP07 and NSP08 brought the Borough revenue.

Ms. Johannesen's meeting with some local the realtors included:

- Realtors asked for more information to bring them up to date.
- They noted right now was a strong sellers-market.
- Entering in an unpredictable market.
- One realtor suggested to one of his client to sit tight and see what the market would look like in one to two years.
- Another realtor stated if a property was owned by a parent for their children to go to school here, then the property was usually very well taken care of.
- One realtor stated it was a possibility the Borough's presence could be driving up prices.
- An opinion from one realtor was highly advocating the market forces take care of the need in the community. Others were willing to let the Borough in on this.
- Ms. Johannesen stated there was a positive view on the grant program.
- The consensus was the realtors are grateful the Borough was including them in this program.
- Key recommendation was for a training for Council, REAC and the RDA.
- Ms. Johannesen noted Ms. Wargo had come up with an elegant process. Ms. Wargo noted it was not about the size of the house, but the location. She suggested incentivized rental blocks by their rental percentages. Mr. Madrid stated it would only be relevant with the ordinance that was currently in place.
- Ms. Johannesen suggested a trial run of this process picking a particular area.
- Mr. Madrid suggested a two-prong approach by expanding the distance of rentals in the R2? zone before offering the incentivized program.
- The grant put the burden on the property owner.

A motion to approve this recommendation with further recommendations sent electronically from REAC to staff was made by Ms. Dauler and seconded by Mr. Madrid. The vote was unanimously in favor.

Ms. Dauler asked about the vacant position on the committee. Ms. Hambrick suggested getting in contact with those who lived at co.space to see if they might be interested.

Mr. Madrid suggesting looking at the threshold for Section 8 rentals.

Ms. Wargo noted the Borough would have to look at staffing for property management if the rentals could not be sold right away.

Ms. Dauler asked if there had been talk about turning these rentals into condominiums. Ms. Wargo stated there had been in the past. Ms. Johannesen stated the Borough was contemplating all the best options for these rental properties.

Mr. Madrid cautioned the Borough staff from thinking like entrepreneurs. He suggested not getting too involved in the particulars and to keep it simple.

Ms. Hambrick noted she wanted the Borough to have a discussion with student home landlords and would also like to review the draft recommendation document and forward further comments electronically to staff.

Mr. Madrid made a motion to send committee comments electronically to staff and have until February 23, 2018 for input then send a recommendation to Council. Ms. Dauler seconded the motion. The vote was unanimously in favor.

Mr. Madrid stated having the grant increased the successful potential for this program.

### **Official Reports and Correspondence**

Redevelopment Authority (RDA): Ms. Wargo reported the RDA would possibly close on a house soon on South Allen Street.

### **2018 Conflict of Interest Policy Memorandum**

Ms. Wargo noted the memorandum distributed at this meeting was for informational purposes only. The Borough was required to provide this document to each member at the beginning of each year.

### **Adjournment**

With no further business to discuss, the meeting was adjourned at 9:57a.m. by Mr. Madrid and seconded by Ms. Dauler. The vote was unanimously in favor.

Respectfully submitted,  
Denise L. Rhoads, Administrative Assistant