

**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