

**Meeting Minutes
State College Borough Redevelopment Authority
August 22, 2018**

The State College Borough Redevelopment Authority (RDA) met on Wednesday, August 22, 2018 in the Municipal Building, 243 South Allen Street. Chairman Lenker called the meeting to order at 12:01 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; and Judy Altieri, Office Manager

Approval of Minutes

Ms. Ritter motioned to approve the meeting minutes from June 27, 2018. Mr. Shincovich seconded the motion, which was unanimously approved.

Chair Report

No report given.

Public Hour

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

Financial Issues

June & July 2018 Expense Voucher Approvals

Ms. Lenker asked staff to provide a key (or legend) so the Authority knew what expenses went with each house. Mr. LeClear stated a key would be provided at the next meeting.

Mr. Huncik asked if the specifics for each property could be displayed, regardless of the homes active or sold status. Mr. LeClear noted that level of detail was not available through the monthly voucher report, but those details had been reported annually to the Real Estate Advisory Committee (REAC). He reminded the RDA that detail would be made available once the REAC had received the information.

Mr. Huncik then questioned the electrical usage at 720 West Foster Avenue, noting it was excessively high. Mr. LeClear indicated there had been a lot of activity the last couple of months, but he would investigate. He also stated if the billing was an estimate, some money would be returned at sale.

Ms. Misangyi questioned the professional development expenses. Mr. LeClear noted the expense was for a week-long real estate class. He continued, adding the Borough had solicited and interviewed several vendors for the Town Centre proposal.

Mr. Huncik made a motion to approve the expenses for June and July 2018. Ms. Misangyi seconded the motion, which was unanimously approved.

Economic Development

State College Town Centre Update

Mr. LeClear indicated he recently spoke with the developer and they were working on a preliminary site plan, anticipating an October 1 submittal to Borough Council (BC). Once BC accepted the developer's intent and preliminary plans, then the RDA would work on the real estate agreement/transfer between the RDA and the developer.

Community Development

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

Mr. LeClear indicated staff had completed some calculations for review. He added staff was also working on an interview script for landlords.

After review of the calculations, Ms. Venegoni, 323 West Fairmount Avenue, expressed some concern about the amount (\$10,000 per tenant or \$30,000 max per house), would not nearly be enough to buy out most landlords. However, she liked this idea better than buying houses that were usually subsidized as another rental.

The RDA continued reviewing the details of the calculations, asking questions on how the calculations were completed. After a thorough explanation of the math, Ms. Johannesen asked the RDA if they were willing to pay more for highly desired properties.

Ms. Lenker confirmed that grandfathered student rentals, where up to five tenants legally occupied a home, would not be offered \$50,000.

Ms. Johannesen noted during the first round, the \$30,000 per household would be the maximum offered and would not be negotiable. Mr. LeClear added the purchase program was not guaranteed, would be contingent upon an appraisal, and offered on a first-come, first-served basis.

Several RDA members agreed with the approach and added a time frame for the acceptance of an offer be set, so staff had the ability to move on to another property.

Mr. LeClear reminded the RDA real estate transactions required staff to act quickly, but any negotiations that should be considered could be brought back to the RDA. He also added as the program was rolled out, perhaps there would be issues not thought of the RDA would have to consider.

Mr. Huncik confirmed the new student home rental purchase program was in addition to the current NSP program. Ms. Johannesen stated the buying/selling of homes affecting the cash flow and this program would offer more control over the funds. Mr. LeClear noted the buyout program would run through a system of checks and balances, to keep an eye on the funds, and the Borough would have the right of refusal.

Ms. Lenker suggested staff target certain areas and give priority to the landlords who took the base rate.

Mr. LeClear reminded the RDA that BC had an option to end the NSP program next April and because there were several new Council members, he expected there to be a lot of questions regarding the Line-of-Credit (LOC), which was on a four-year cycle. The Borough was aware the program was a sinking fund and there would always be costs incurred. The question was how deeply in debt Council wanted to go. He added if the program continued, staff had identified some grant programs that could be used to help with the program's sustainability.

Mr. Shincovich suggested trying to rank the homes into multiple categories to allow staff the ability to offer more for a highly desired home. He also liked the idea of targeting specific areas within the neighborhoods.

Mr. LeClear presented a map, which displayed 68 of the likely to target student homes. He added the program could not possibly fund all the homes and all the student rentals in the Borough had been verified during a lengthy review process.

Several RDA members suggested approaching only a few properties at time. Discussion continued regarding the number of pre-existing, non-conforming student rentals. Mr. LeClear stated they were all pre-1978 and reminded the RDA the programs goals were not necessarily to displace students and remove all student rentals. The focus was on maintaining some diversity, trying to keep the tipping point under control.

Mr. Huncik suggested the non-conforming issue could be addressed through zoning. He also suggested displaced students could be accommodated in the new developments.

Ms. Johannesen brought the discussion back to the governance of the program, suggesting it be first come, first serve, starting with a limited prioritized mailing, but they also needed a maximum amount that could be spent. Did the RDA want to look at the

over-occupied rentals, which could expend the funds much quicker or limit the outreach to \$30,000? She added offers would be followed up with a phone call and a thorough review as noted above.

The RDA confirmed over-occupied (grandfathered) rentals would be set aside for now and staff should concentrate on a small batch, limited mailing of homes (in both ranges 15-20% and 20-25%). Ms. Johannesen noted property owners would have a limited time to respond to the initial offer through mail. She also stated not every property owner would be interested in the program, but the Borough wanted to be sure to put their best foot forward with the new program.

The Authority liked the idea of targeting a small batch of homes to be sure kinks were worked out, also stating the maximum offer was \$30,000 (\$10,000 per tenant) without the possibility of negotiation.

Beth Richards, from Kissinger, Bigatel and Brower, stated most home owners, who needed capital would likely be more interested in selling their home if they needed the cash flow. She also stated neighbors talk, and she wondered if some folks might get frustrated with the program if they wanted to participate but were never approached.

Ms. Venegoni, noted her home was situated on an R2 block that was tipped, and the program would not be able to help her block. She added most landlords with student rental licenses could rent to families just as easily, but most were unwilling to give up the student home license. Lastly, she added the program did not guarantee a family would move in and an empty house might remain an empty house on a block (turning it into an Airbnb).

Ms. Johannesen reiterated a well-capitalized owner would not be interested in the program, but someone else, who had deferred maintenance because of cash flow issues, might be ready to jump on the program.

Ms. Richards stated the new high-rise developments might tip the scale and the Borough may not have to pay \$10,000 per tenant.

Mr. Huncik noted the extinguishing of a student rental might help to provide a more fluid market for short-term rentals, which might cause other issues in a neighborhood.

Mr. LeClear reminded the RDA the initial Homestead Improvement Program's goal was to extinguish all rentals but was later changed to focus on student rentals after 1.5 years.

Ms. Misangyi stated most neighborhoods want diversity, i.e., families, young professionals.

Mr. Huncik wondered about the demand for non-student rentals in the Borough neighborhoods. Ms. Wargo indicated there was a demand, but most young professionals could not afford to live there.

Mr. LeClear added the program may help to shift the market and staff had had conversations with local employers and First-Time Homebuyers. There could be a strong rental market for folks willing to walk to work, to campus, etc.

Mr. Shincovich stated many bad rentals were the result of the tenants having a bad landlord. Mr. LeClear stated the 2017 revised Property Maintenance Code was helping with the issue and several fraternities had lost their occupancy rights.

Ms. Richards stated not all student homes were bad, and she had several clients who were interested in purchasing them, but the prices were so high. She wondered if the Borough was successful in extinguishing a few more, if the prices would continue to go up.

Steven Bodner, from Re/Max Centre Realty, noted parents trying to purchase homes for their son/daughter while attending school, thought of those properties as investments. He added some individuals, including young professionals, might be more interested in the condos and high rises downtown because there was not anything to maintain.

Mr. LeClear stated staff had the information they need to continue to march forward and they would present some numbers at the next meeting. He also noted the Real Estate Advisory Committee did not make decisions about the program, but they could offer comments for consideration.

Official Reports and Correspondence

Borough Council

Mr. LeClear stated the Historical and Architectural Review Board (HARB) would become effective on October 1 and planned to meet the first Tuesday in November 2018. The design guidelines had been adopted and the application fee was set at \$50. He added the Mayor Hahn would not be able to veto an already adopted ordinance.

Ms. Wargo added she would be working with and providing some training to the HARB members throughout October.

Planning Commission

No report given.

Staff Reports

No report given.

Upcoming Meetings

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

Adjournment

With no further business to discuss, Chairman Lenker adjourned the meeting at 1:14 p.m. The Authority then met in Executive Session to discuss real estate matters.

Respectfully submitted

Judy Altieri
Office Manager