

**Meeting Minutes  
State College Borough  
CDBG/Citizens' Advisory Committee  
September 3, 2019**

The State College Borough Community Development Block Grant/Citizens' Advisory Committee (CDBG/CAC) meeting was called to order by Selden Smith, Chair, on Tuesday, September 3, 2019 at Noon in the Municipal Building, 243 South Allen Street.

**Members Present**

Selden Smith, Chair; Alexis Burke; David Gaines; Jason Olcese; Marcia Patterson; and Bruce Quigley

**Others Present**

Maureen H. Safko, Senior Planner; Elizabeth S. Eirmann, Planner-Housing Specialist; Denise L. Rhoads, Administrative Assistant; and Colleen Ritter, State College Community Land Trust (SCCLT)

**Approval of Minutes**

A motion was made by Ms. Patterson and seconded by Ms. Burke to approve the August 6, 2019 minutes as amended. The vote was unanimously in favor.

**Chair Report**

Selden Smith, Chair, had nothing to report.

Ms. Safko noted there were some applicants for the vacant position and if anyone had someone in mind who might be interested guide them to the Administration offices.

**Election of Vice-Chair**

With regard to Ms. Misangyi resigning, a new Vice-Chair was needed. A motion to nominate Mr. Gaines for Vice-Chair was made by Ms. Patterson and seconded by Ms. Burke. The vote was unanimously in favor.

The Chair introduced Ms. Storey as a new Planner in the Planning Department.

Ms. Storey stated she was originally from State College. She noted she did her undergraduate in political science but became interested in city planning and went on to achieve her master's in planning from Ohio State. Ms. Safko stated Ms. Storey had a great background having worked with housing assessments and food insecurity. The Borough is excited to have her on board.

**Public Hour**

The public did not wish to discuss items not on the agenda.

## Union County Housing Rehabilitation Program

Mr. Quigley's presentation on the Union County Housing Rehabilitation Program for owner-occupied households and efforts to extend this program to rental rehabilitation included:

- He noted there were three pillars:
  - Tenant Based Rental Assistance (TBRA) – housing choice voucher program;
  - An owner-occupied rehabilitation program that ran for more than 30 years; served homeowners at less than 80% of Area Median Income (AMI);
  - Management/Development – multi-family development are pursued when there are not enough units on the market, funded with modest HOME grants, the univers of tenants that met income qualifications and could afford rents were very small.

Mr. Quigley stated the Union County owner-occupied housing rehabilitation model worked but must establish funding modules. They use CDBG, HOME and Federal Home Loan Bank (FHLB) Programs. The FHLB system was for those who owned a house for more than a year and were income eligible (80% AMI-a one-time income check). The home value was capped at 50% of the value of the home. If rehabilitation cost estimates are over \$25,000 prevailing wages must be used.

Next discussed - Program Outline:

- Ownership status
- Income eligibility (a one-time review)
- Environmental Review
- Home value
- Prevailing wage
- Inspection/specifications
- Bid each project
- Contractors must be lead certified
- Subsidy
  - ❖ Must receive grant first, then would provide a loan (2<sup>nd</sup> or 3<sup>rd</sup> mortgage) to be treated as a forgiveness loan forgiven over 15 years if they continue to live in the house.
- Partners
  - ❖ Did not need referrals from partners because there was enough demand. FHLB funds required a Memorandum of Understanding.

Next discussed – Impact:

- Mr. Quigley stated Union County had less blight than other counties and a higher percentage of homeownership.
- He noted they always had applicants and stated he would like to utilize partner relationships to increase the cash flow.
- He also stated Union County was lucky to have enough funding to run the program continuously.

Next discussed – Owner-occupied for the State College Borough (SCB):

- Needs - Ms. Safko shared a summary of current CDBG available funding for owner-occupied housing rehabilitation.

- She noted SCB's motivation for looking at rental rehabilitation included:
  - Lack of income eligible homeowner applicants for the program.
  - Potential pending surplus of student housing.
  - Program would create additional better quality affordable rental units.
- She emphasized, regarding the discussion of owner-occupied rentals, that the Borough must be conscious that SCCLT owns over 40 properties in the Borough and the Borough needs to support the Land Trust in their efforts to sustain the existing homes.

She discussed challenges which included:

- Lack of relationship with landlords.
- Unknown level of interest on the part of the landlords.
- Annual income eligibility compliance monitoring.
- She stated the CAC would be helpful in getting ready for the possibility of student rental properties coming available for sale or rehabilitation to be made available as affordable rental units.
- She noted the Borough wanted to be as responsible as possible in spending both the federal grant funds and the Inclusionary Housing funds, maximizing leverage of other funding.

Mr. Quigley noted the difference between owner-occupied rehabilitation and For Sale/For Rent rehabilitation was the hurdle of working with developers/landlords. He stated a subsidy might require matching funds from developers/contractors. He suggested contracting with the Housing Authority.

Next discussed – Logic:

- Development in private sectors would provide the ability to promote small scale services.
- He discussed housing as “healthcare”. Noted there was a program call Community Health Choices (managed care for Medicaid recipients) that incentivized the health system and they would be joining Union County next year.
- He also noted it would be an opportunity to address aging housing stock and allowed them to address energy efficiency and accessibility.

CAC's comments:

- Mr. Gaines asked what the income range was for rentals and Mr. Quigley stated, for a family of four, it would be 60% of AMI (approximately \$58,000) in the Lewisburg area.
- Mr. Smith asked what happened if the family's income would go up after they were found eligible and Mr. Quigley stated the income was only checked once.
- Mr. Gaines asked what happened when the contractor went over budget. Mr. Quigley stated it almost always happened and noted there was not a formal cap.

Ms. Safko asked if the lead abatement was separate and Mr. Quigley stated Labor and Industry stated it would be considered all together.

Ms. Safko also asked if there would be a waiting list and how long it was. Mr. Quigley stated Union County tried not to have a waiting list and would not have one until they did a certification.

Ms. Ritter asked how many rehabilitations they did per year and Mr. Quigley stated around ten.

- Mr. Gaines asked if Union County advertised for the programs and Mr. Quigley stated they did. Mr. Gaines asked what Mr. Quigley would attribute the high demand to. Mr. Quigley stated it was the fact that their success rate was so high and word of mouth.
- Ms. Burke asked if the SCB participated in rental programs. Ms. Eirmann stated Temporary Housing Foundation, Inc. recently purchased Logan Avenue duplex to be utilized as affordable rentals and that Kemmerer Apartments is a mixed income affordable rental project that the Borough assisted with federal funds.

Ms. Safko stated the SCB fair market rents were very high (i.e.) a 1-bedroom apartment going for \$887.00). She noted the SCB's inclusionary housing program only charges 30% of the total gross household income. The SCB goal was to get more subsidy into the building project upfront so that rents can be more affordable. Mr. Quigley stated that could be done from the housing authority side.

- Mr. Gaines asked how many subsidized vouchers were in the Borough and Ms. Safko stated approximately 149.
- Mr. Gaines asked if students could utilize these types of housing. Ms. Safko and Ms. Eirmann stated HUD does not allow students to receive housing subsidies except in very limited situations.
- Mr. Smith asked, for next month's meeting, staff add a discussion on how to engage landlords.
- Ms. Patterson asked where the excess student housing was coming from and Mr. Smith stated some came from all the new student high rises being built.
- Mr. Olcese asked about the Pennsylvania State University (PSU) expansion. Mr. Smith stated PSU/SCB agreed, many years ago, to a student cap. Ms. Burke stated she had heard that sororities were to expand off campus.

Ms. Burke and Mr. Gaines left the meeting at 1:20 p.m.

### **Upcoming Meeting**

The next scheduled meeting would be Tuesday, October 1, 2019 at Noon.

### **Adjournment**

With no further business to discuss, the meeting was adjourned at 1:21 p.m. by Ms. Patterson and seconded by Mr. Olcese.

Respectfully submitted,

Denise L. Rhoads  
Administrative Assistant