

REDEVELOPMENT AUTHORITY OF THE CITY OF HARRISBURG

Regularly Scheduled Meeting May 24, 2022 - 12:30 P.M.

The Board of the Redevelopment Authority of the City of Harrisburg held a Regularly Scheduled Meeting on May 24, 2022, in Suite 405, of the Rev. Dr. Martin Luther King, Jr. Government Center, 10 North Second Street, Harrisburg, Pennsylvania, at 12:30 p.m. Chaired by Nichole Johnson.

**HRA BOARD MEMBERS PRESENT and
via TEAMS Web-based Video Conferencing
or Telephone**

Nichole Johnson

Crystal Brown (via TEAMS)

Alexander Reber

ABSENT:

N/A

Also present: Janell Weaser, Harrisburg Redevelopment Authority (HRA) Administrative Project Manager; Bryan Davis, HRA Executive Director, Catherine Rowe, HRA Solicitor.

PUBLIC PRESENT via TEAMS: Gary Lenker, Executive Director of Tri-County HDC, LTD.

MINUTES

The minutes of the Regular Meeting of March 15, 2022 was presented for approval. Mr. Reber motioned to approve; second by Ms. Brown. The motion passed unanimously.

TREASURER'S REPORT

The Treasurer's Reports for December 2021, January, and February 2022 were presented for approval; subject to Audit; Ms. Brown moved to approve; second by Mr. Reber. The motion passed unanimously. The Treasurer's Report for March 2022 was presented for review.

COMMUNICATIONS

Mr. Davis said we worked through our strategy of the application for the de-channelization of the Paxton Creek with the City and Capital Region Water. The application was submitted by the deadline.

Mr. Davis handed to each board member a document titled Exhibit A. This is what we have been waiting on from the Bryce & Long Team. It is the Development Schedule that goes with the fully executed Contract for MarketPlace Townhomes that was approved back in February. They have agreed to pay upfront \$240,000 and then the remaining balance will be paid on a per lot basis when each land development plan is approved, and we go to closing.

Mr. Reber asked if they had indeed made the payment.

Mr. Davis and Ms. Rowe both confirmed that it has been received.

Mr. Davis pointed out that they are responsible for the maintenance of the lots. He recently checked on the lots and saw that someone had cut the tall grass, but they had not done a good job. He is hoping that they just started and will be coming back to finish the job. Mr. Davis said he will stay on top of them.

PUBLIC COMMENT

None

OLD BUSINESS

None

NEW BUSINESS

RESOLUTION NO. 7-2022 authorizing the Authority to approve a Fourth Amendment of Lease Agreement with Christian Churches United for the property located at 1805 N. 12th Street to manage a facility called Susquehanna Harbor Safe Haven that provides housing for certain homeless individuals. Mr. Reber moved to approve; second by Ms. Brown. The motion passed unanimously.

Mr. Davis shared with the Board members that years ago the Authority provided the financing plan and put together the construction of the facility. This was done for Christian Churches United (CCU) because they wanted to open a Safe Haven. Back then the plan was for CCU to form a separate entity that would be an offshoot and then they would buy the building from the Redevelopment Authority and take ownership because the Grants that pay for the rent would be able to pay that subsidiary. Mr. Davis said this never happened. So, we continued under the original lease which was not terribly bad for the Authority. There were three-year periods of automatic renewals. Unfortunately, there was an error with the original lease. It was written between the Redevelopment Authority and Susquehanna Harbor Safe Haven, a non-entity. We did clean that up and went with a five-year lease instead of every three-years with one percent increases. The rent remained the same which is a reasonable rate for the facility. CCU is responsible for the normal wear and tear, routine repairs of the facility and the Authority continues to own an asset that was funded in a great degree by Grants. Our mortgage is significantly under the value of the building.

Mr. Davis explained that the one percent increases were negotiated low because of the HUD funding that pays the rent. It is consistent but does not receive annual increases. Mr. Davis stated, our costs are covered, and we have quite a valuable asset, I thought all was very reasonable.

Ms. Brown was curious as to why they had not obtained the separate entity.

Mr. Davis said back then Jackie Rucker was the Executive Director. It was never fully addressed as to why she and her Board were not able to. Darrel Reinford is the current Executive Director. He and his Board did not seem to have an appetite until now when we negotiated this lease. They wanted included a right of first refusal to memorialize the process for the acquisition of the building. This is the closest we have gotten to them wanting to buy the building. Mr. Davis mentioned that he was the person who worked with Jackie Rucker back in 2002, 2003. From the beginning the intention was for CCU to take ownership, we were just filing in the gap until they could form the subsidiary.

Mr. Reber commented that it seems to have been a good arrangement for the Authority in terms of the building equity. He just wished that the Grant system would also help with the general maintenance and

allow the non-profits to build equity.

Ms. Johnson inquired of the number of homeless people residing at this facility.

Mr. Davis said the facility's capacity is (25) twenty-five. In the dorm style lower level is (15) fifteen and (10) ten separate individual rooms on the upper floor. They could squeeze in more but with the pandemic they had to make some space in the dorm area. Mr. Davis added right now, they have (6) six vacancies for chronically homeless people with a disability.

Mr. Davis reported that there is only one grant that we are obligated to. It diminishes by one fifteenth every year. It is with the Federal Home Loan Bank of Pittsburgh for \$500,000. For (15) fifteen years. I believe it was placed in-service back in 2009 and ends in 2024. They require annual certifications with evidence that the individuals are eligible to reside there.

RESOLUTION NO. 8-2022 authorizing the Authority to approve a First Amendment of Lease Agreement with Cory A. Leshner LLC who is requesting an expansion of leased premises of adding Suite 204A located at the Harrisburg Transportation Center. Mr. Reber moved to approve; second by Ms. Brown. The motion passed unanimously.

Mr. Davis conveyed that Cory Leshner is an Attorney. He would like to have more space by adding the suite next to him. Suite 204A is 266 square feet.

Mr. Reber questioned the rent increase being only one half a percent.

Ms. Weaser stated that Cory Leshner's lease had renewed this past March. Adding this second suite is short a full year.

Mr. Davis said there might be a math error or a typo. We will double check the figures (Subsequently was corrected).

RESOLUTION NO. 9-2022 authorizing the Authority to extend the "Potential Developer" status to November 30, 2022 for On Hill Development Company's project of affordable Residential Apartments located at 1605-1613 Market Street. Mr. Reber moved to approve; second by Ms. Brown. The motion passed unanimously.

Mr. Davis said you might recall On Hill Development LLC is Shawn O'Toole's entity. Originally, they were looking at six or seven townhouses but now they want to have a larger project. They are looking into some alternate or additional land that is nearby. Mr. Davis informed that they are looking to acquire a Tax Credit deal. We all know how competitive those are. But none the less he feels they can be successful in assembling a scattered site project with PFHA of (50) fifty units.

Mr. Davis said they are at their initial six months term. We are asking to extend them for another six months to allow his team more time to explore.

Ms. Johnson wondered if they are close or at the (50) fifty units.

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Mr. Davis said that the lots on the 1600 block of Market Street (south side) are skinny lots. You could get about four or five townhouses on them. Initially they were looking for a small project, but their thoughts have changed. Just around the corner on the 1600 block of Regina Street we have another cluster of lots just about the same size and quite a bit of scattered sites in Summit Terrace. There is a land development plan from back in 1993 for new houses but they would be scattered. Mr. Davis added that there are some contiguous lots along N. 13th Street as you get close to Walnut on the east side. It is possible to get the (50) fifty units or close to it.

RESOLUTION NO. 10-2022 authorizing the Authority to approve Tri-County HDC the status of *Potential Developer* of (5) parcels located at 2151-2161 N. 4th Street for the project of affordable housing. Mr. Reber moved to approve; second by Ms. Brown. The motion passed unanimously.

Ms. Johnson welcomed Mr. Lenker and thanked him for joining the meeting once again.

Mr. Lenker greeted everyone and said it was not too many months ago when he last attended the Authority's Board Meeting where you sponsored our RACP application for affordable housing on Hummel Street in the city.

Mr. Davis announced that he will give a brief snapshot and then Mr. Lenker can share some details and answer questions.

Mr. Davis said these lots are contiguous even though they do not appear to be on the Agenda and Mr. Lenker did a good job of showing us two possibilities, two concepts on the land development that could support four or five townhouses. We are very pleased to have more development of affordable housing. Mayor Williams has made it very clear that she wants more single-family homes constructed especially in the Uptown area.

Mr. Lenker concurred with Mr. Davis.

Mr. Lenker said you may recall that we serve as the City's Community Housing Development Organization. Through HUD we can access the City's Federal Home dollars to create affordable housing for low to moderate income households. Mr. Lenker said it was back in mid-February when my Board President, Robert Keith and I met with Mayor Williams. She was very clear on wanting affordable housing throughout the city.

Mr. Lenker expressed how this is an exciting opportunity for our organization to do something in Uptown. We have typically focused on South Allison Hill in the city, but we also work in other areas and other counties like the Carlisle Borough.

Mr. Lenker informed that this construction project will be in excess of a million dollars. It will take a couple of years to acquire the funding especially in this very challenging time with the crisis on lumber and building materials. It will take several years to put all this together and break ground.

Mr. Lenker asked Mr. Davis about number four on the Resolution. Does this preclude any of our low to moderate family end buyers from taking advantage of the City's Property Tax Abatement Program that

would allow them to have savings on the improvement of these structures.

Mr. Davis answered by saying that is a good question because this reads that it will remain taxable in perpetuity. It does not preclude tax abatement because even though a house might enjoy the tax abatement of a municipality it does not get taken off the tax rolls. It remains taxable.

Mr. Lenker said he thought that is what it meant but wanted to double check because it is very beneficial to first time home buyers and only the City of Harrisburg, Steelton Borough and Dauphin County are the jurisdictions that have any type of property tax abatement available.

Ms. Johnson wondered if these property locations are between Pepper, Muench and 4th Streets.

Mr. Davis and Mr. Lenker both answered, they are between 4th and Woodbine Streets.

Mr. Reber mentioned that is close to where the sinkhole was.

Mr. Davis concurred.

Mr. Lenker said there is a store on the corner of 4th and Woodbine. These vacant parcels are down this same side of the street. Across the street are some blighted properties. Mr. Davis and I talked briefly about them. There is an opportunity that we could get involved and make a greater impact on this block besides just new construction.

Ms. Johnson inquired if this project would be homeownership.

Mr. Lenker affirmed. Homeownership, no rentals. But depending on the economy and where interest rates go our organization historically has utilized a lease to purchase option for people on the threshold of some challenged credit but have a real opportunity to achieve homeownership. We could have a lease option until they can purchase the home.

Ms. Brown circled back about the additional blight in the area. She wondered if they were part of the reasoning behind selecting these lots in the Uptown area.

Mr. Lenker explained that he sat down with Mr. Davis and together we looked at what was available in the general area and of what we thought had the greatest need. Then we went out and visited the site and looked around the neighborhood. I could clearly see it across the street, and you know we try to make an impact on the long-term basis with everything we do.

Mr. Davis mentioned that Tri-County now has homeownership counseling.

Mr. Lenker confirmed and said I am so glad you brought that up. They are just sending out a press release to announce this. We have undertaken a new service. Just this past April we became a certified homebuyer counseling agency. Mr. Lenker mentioned that the Tri-County Community Action Commission had ceased operations of that program last June. At my recommendation and my Boards' agreement we undertook that and submitted that application last November and just received the certification in April.

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I will tell you that is not an easy journey. HUD is involved extensively in the Homebuyer Counseling process including the passing of an examination.

Mr. Lenker also mentioned they are relocating their office. June 1st we will be moving to 201 Front Street next to the Pennsylvania Housing Finance Agency. Part of that reason is because they have a nice Community Room on the ground floor. We will have access to that for our Homebuyer Counsel Sessions and our Board of Director Meetings.

Mr. Lenker pointed out that there is a need for residents in the city and the surrounding communities for Homebuyer Counseling. It is just critical, and it is a requirement for all our purchasers. Everyone must go through that program. There is a financial benefit with the county and the Pennsylvania Housing Finance Agency has several mortgage products that provide down payment and closing cost assistance for those that have achieved homebuyer counseling.

OTHER BUSINESS

None

ADJOURNMENT

The meeting adjourned at 1:02 pm.

Respectfully submitted,


Secretary/Assistant Secretary