

REDEVELOPMENT AUTHORITY OF THE CITY OF HARRISBURG

Regularly Scheduled Meeting June 20, 2023 - 12:30 P.M.

The Board of the Redevelopment Authority of the City of Harrisburg held a Regularly Scheduled Meeting on June 20, 2023, in Suite 405 Conference Room, 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/or via TEAMS Web-based Video Conferencing

Nichole Johnson (via TEAMS)
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, and Andrew (Jake) Younts on behalf of Catherine Rowe, HRA Solicitor with Strokoff and Cowden Law Firm.

PUBLIC PRESENT: Jacqueline Parker, Harrisburg Land Bank Chairperson.

MINUTES

The minutes of the Regular Meeting of May 23, 2023, was presented for approval. Mr. Reber moved to approve: second by Ms. Brown. The motion passed unanimously.

TREASURER'S REPORT

The Treasurer's Report for April 2023 was presented for approval; subject to Audit; Mr. Reber moved to approve; second by Ms. Brown. The motion passed unanimously. The Treasurer's Report for May 2023 was presented for review.

Mr. Reber pointed out that earlier Mr. Davis had mentioned the City's General Fund had transferred \$150,000 over to the Redevelopment Authority.

Mr. Davis conveyed it is the first payment from an allocated \$250,000 and the Authority should receive this payment within the week.

COMMUNICATIONS

None

PUBLIC COMMENT

Ms. Parker wanted to give the Board Members an update from their conversation last month concerning the Paxton Creek and the meeting she had with PSERS. She met with a gentleman in their Asset Management Team. Eric Kunkle is with Property Management Inc. (PMI) and oversees all their properties. He informed her that there had been a great deal of new interest in some of the properties they own around the Paxton Creek.

Ms. Parker said they still own the former Patriot News property on Market Street, and they acquired a property from PA Dept of General Services (DGS). They purchased another property from PHFA, as well as a few others in that area. She added that they were glad we contacted them and are interested in partnering or selling all.

Ms. Parker informed that last week PSERS had met with Jason Graves at the City and Adam Meinstein who owns the former post office building but there has been no follow-up from that.

Ms. Parker said Mr. Davis has a layout showing all these properties. It is a huge footprint that they need to see.

Mr. Parker mentioned that she believes PSERS just want some guidance. They were shown and are aware of the old plans from 2016 but there was a shift in their Administration. Glen Grell had left. This new Administration has been waiting for any new information. She told them that the Redevelopment Authority and the Harrisburg Land Bank have also been waiting and really does not know what is happening. The only information is Capital Region Water (CRW) trying to do some creek work. However, there could be a push for economic development first. Perhaps this will start things moving and maybe get CRW moving. The project could be done in sections.

Mr. Davis said we did stress with Eric Kunkle that the re-channelization of the creek can happen in Phases. He agreed that if they were to partner with PSERS in developing a construction plan it could be the emphasis for the rest of the team to focus just on that particular section. Mr. Davis mentioned that the PennDOT Report showed three different sections. This section runs from the north, State Street Bridge, all the way down to the south, Mulberry Street Bridge. He added that Eric really appreciated their conversation around the fact that some of the development can happen earlier rather than later.

Mr. Davis informed that not all the PSERS land sits squarely in the flood plain. Their construction could be done in Phases. They could have a phased development master plan. Their first phase would move them out of the flood way. While the creek section is done, they could work on the planning, financing, and have tenancy in place especially with the Patriot News site.

Mr. Davis pointed out that the original plan was that PSERS would expand into that space because they had outgrown their existing one. Then we had the Pandemic.

Ms. Parker stated now they no longer need the added space. Many of their employees are working remotely.

Ms. Parker addressed Mr. Davis saying we really should contact Eric again. They have a whole development forged with Alexander Construction. Maybe they would like to take the lead. They could. They could be the Master Developer for all those properties. They could put in a Hotel and Amenities.

Mr. Reber inquired as to what zoning are the parcels.

Ms. Parker replied it is all commercial.

Mr. Davis said Downtown Business District. That was part of the City's effort to expand the Downtown Business District.

Ms. Parker added that we've always talked about doing an overlay. This provides special zoning for the

whole corridor. She said we have never gone that far but down in Chester Pennsylvania they did a zoning overlay with their stadium. She said the City's Planning Bureau, Geoffrey Knight had talked about having special zoning for the Paxton Creek. It would be different compared to the surrounding area.

Mr. Reber said the reason he asked was because he is also on the Capital Region Economic Development Corporation (CREDC) Board. They have a meeting scheduled this week. They are looking for potential places to develop. He wondered if this could be a potential place.

Ms. Parker said she is not sure if CREDC is aware of the project. This is a large footprint. There should be a Master Developer.

Mr. Reber agreed.

Mr. Davis said CREDC is aware because they acquired the old Harsco Building on Herr Street. They were a conduit and sold that property.

Ms. Parker said they bought it from underneath us. She recalls the Authority had worked hard for weeks trying to acquire that site. Then Harsco informed them that they had another buyer, CREDC.

Ms. Parker said it was Ryan. Dave had left. They sold it to John Moran. He then sold it, making millions. Currently the property looks terrible. Nothing was done with it.

Ms. Parker said about six months ago Geoffrey Knight met with the current owner and said the City is improving the creek. We need about ten acres of your land because it sits within the flood plain area. He may have said we are going to take it.

Ms. Parker mentioned that she will follow up with Eric Kunkle. And Mr. Davis will follow up with Denise Hill and Jason Graves because they met with Adam Meinstein. Adam owns that old post office. He makes money off the parking lot which is against the City's mandates. The building is being used for warehouse storage.

Ms. Parker recalled that Eric may have said they were going to meet with PennDOT because she mentioned we were going to follow up with Angela Watson (PennDOT).

Mr. Davis confirmed and said he would talk with Angela to find out what she knows.

OLD BUSINESS

None

NEW BUSINESS

RESOLUTION NO. 20-2023 – authorizing the Authority to extend the Potential Developer status to December 31, 2023, for RB Development LLC's project of affordable housing located at 1175 Baily Street. Mr. Reber moved to approve; second by Ms. Brown. The motion passed unanimously.

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Mr. Davis reported that there has been a few changes to their Land Development plan due to the site being on a bluff. This has been their principal reason for needing more time. They have been working with Geoffrey Knight in the planning bureau. The latest is them lowering the unit count. I believe their final design has the parking stationed around the perimeter as opposed to the interior. Plus, they have incorporated a public community space. Mr. Davis said they have some funding and are working on securing additional funding of which they expressed confidence in being successful.

Ms. Johnson asked what numbered extension this is for their project.

Mr. Davis and Mr. Reber counted. This will be their fifth.

Mr. Reber inquired who is this Developer.

Mr. Davis replied, Ryan Sanders.

RESOLUTION NO. 21-2023 authorizing the Authority to extend the Potential Developer status to December 31, 2023, for Vice Capital Group LLC's project of mixed-use commercial/retail/housing titled Savoy located at 1540 N. 6th Street. Mr. Reber moved to approve; second by Ms. Brown. The motion passed unanimously.

Mr. Davis announced that they just had a publicized groundbreaking for the new project. I am surprised they have not yet asked for the Designated Developer status. I anticipate the transferring of the title soon.

Mr. Davis said this project is up for renewal this month. We can extend them another six months.

RESOLUTION NO. 22-2023 authorizing the Authority to extend the Potential Developer status to December 31, 2023, for YMCA Harrisburg Cornerstone Initiative, LLC's project of affordable housing located at 2135 N. 6th Street, and 2730 – 2734 Jefferson Street. Mr. Reber moved to approve; second by Ms. Brown. The motion passed unanimously.

Mr. Davis informed the Board Members that Jaimen Harvey had left the YMCA about six months or so ago. He has been trying to reach the new Executive Director to get an update on this project planned for newly constructed housing.

Mr. Davis said he did speak with their Real Estate Attorney on another matter and asked her to help in reaching out to the new director. She was confident that they wanted to move forward with this project. This project is also up for renewal this month. Mr. Davis asked for a six-month extension.

OTHER BUSINESS

Mr. Reber wondered about the status of the Governor's Square Apartments. He mentioned that someone recently brought up the subject to him. They were expressing concerns about the lack of protection for the current tenants. His response was what action do you recommend we take. He said they could not respond.

Mr. Reber said he recalled Mr. Davis saying the Authority's hands are tied and cannot do much. Mr. Reber inquired if there is anything we can do. Could we write a letter to encourage the developer. Maybe

help move things forward or do something to be proactive to resolve this matter.

Mr. Reber also mentioned hearing about a tenant that had gone to the District Justice because their apartment is unlivable. He said the people living there are going through a horrific situation. I know this about the people, but I am also nervous about the Redevelopment Authority's perception as we own the land.

Mr. Davis informed that the Authority does not own the land. We are the conduit for the HUD loan. The only lien holder to the project. We have made Governor's Square a priority. We have been working closely with the City, the Mayor, and the Law Bureau. In addition, we have been working with the Bankruptcy Trustee and HUD to move out the existing owner and reposition it into responsible hands.

Mr. Davis advised that the tenants need to report issues to the Codes Office as they are the muscle that enforces the codes. He added that the Authority is very concerned for the tenants.

Mr. Davis said we are also maintaining close contact with the Harrisburg Housing Authority. They have Section 8 tenants residing there. We are doing our best to stay abreast of the conditions. We are very unhappy about the number of units that are in complete disrepair and unable to be occupied.

Mr. Reber said another thing asked was if anyone tried to host a meeting for the tenants to educate them and give them access to resources such as how to file a complaint. Or if they do have to move out, where they could go.

Mr. Davis stated that the Mayor did participate in a community question and answer event last year. She also had her senior staff present. It was in the evening time so most tenants could attend.

Mr. Reber said he does recall reading something about that. He was just wondering if there were flyers or something that could be given to the community.

Ms. Brown wondered about what communication is happening between the company and the tenants.

Mr. Davis explained that the current owners still maintain the management office on location. He had heard that they sent the tenants an official letter a few weeks ago when they filed for Bankruptcy saying that this should not affect them while they go through this process. That they would continue to do all they could but that their available funds for repairs were limited and that they were not going to lose their housing.

Mr. Davis mentioned that sometimes calls do come into the Authority. As far as direct help we must be cautious because this is still a Tax Credit Funded project by PHFA. Mr. Davis said compliance with Tax Credits is quite specific and the penalty is severe if you fail to stay in compliance. Currently it is still in compliance. Everything must be conducted by the Managing General Partner and no one else.

Mr. Davis informed that in his meeting last Thursday with Neil Grover and speaking with the Trustee, everything comes down to HUD's Upfront Grant and the riders that are attached to the deed. This is the best resource for repositioning this because this is not the first time a HUD funded project has gone under.

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Mr. Davis said he told Neil that the Authority is familiar with that process. Are we to be the entity for the City to take title like we did back in 1998 and be the custodian of the Real Estate, collect the rents. We could do that, but do we want to...No.

Mr. Davis reported that the City has a potential buyer in the mix, which is the best overall solution.

Mr. Davis said Peter Siegel, who represents Landex the Managing General Partner, knows these projects very well. Just because there is a loan does not mean that HUD would not be flexible, maybe forgive part of it or convert it into a forgivable grant over time. There are several HUD possibilities for a new potential buyer.

Mr. Davis said it was a terrible market, especially during the pandemic. This was not a highly desired piece of real estate. It is a small development in the big scheme of things. All this worked against them in trying to sell the 222 units.

Mr. Davis mentioned once more, there is a possibility between meetings that he may need to contact them if things lean towards the Authority being a custodian of the real estate again. He said we do not have the resources to fund its temporary operations, but we are able and have the experience in doing what we did back in 1998 to be the temporary title holder until a buyer is identified. HUD worked with us back then through the process. This is going to be a HUD partnership with somebody, and it may come down to us. Perhaps the Harrisburg Housing Authority will get pulled in. They have about 40 Section 8 Vouchers at this site.

Mr. Davis reiterated that the Redevelopment Authority were working with the Harrisburg Housing Authority to try and develop a plan to take title to Governor's Square, hoping to avoid all of this. At the time there was no appetite from anyone else. Mr. Davis said this was long before this current Administration. He wishes the Authority had some acknowledgement for trying to be proactive in avoiding all this.

Mr. Reber thanked Mr. Davis for the helpful information.

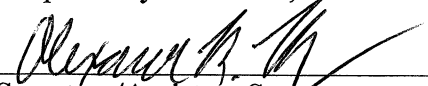
Ms. Johnson thanked Mr. Reber for inquiring about the project and Mr. Davis for updating all the members. Ms. Johnson then asked how best to handle any possible inquiries the Board Members may receive.

Mr. Davis replied to forward any inquiries to him. He welcomes the calls.

ADJOURNMENT

The meeting adjourned at 1:12 pm.

Respectfully submitted,


Secretary/Assistant Secretary