

REDEVELOPMENT AUTHORITY OF THE CITY OF LANCASTER

Board of Directors Meeting – January 17, 2017

The members of the Board of the Redevelopment Authority of the City of Lancaster met on January 17, 2017, at 5:15 p.m. in the Commission Room, City Hall Annex Building, 120 North Duke Street, Lancaster, Pennsylvania.

PRESENT: Miriam Soto, Douglas Byler, Jessica King, and Christian Levan.

STAFF: Frank Mincarelli, Randy Patterson, Karen Bousquet, and Carolyn Faggart.

GUESTS: Jessica May, Alex Rovnan, Sammy Rodriguez, Felix Ramos, Angel Lebron, Luis Torres, Laura Diamantoni, Bill McMichael, Tim Stuhldreher, Dave Garpstas, and Jeff Groff.

Acting Chairman Byler called the meeting to order and asked if anybody from the public is not on the agenda. Hearing none, he asked for approval of the minutes of December 20, 2016. Ms. King made a motion to approve the minutes of the December 20 meeting. Ms. Soto seconded the motion. Mr. Horst called for the vote, and all were in favor.

Mr. Byler noted that the Treasurer's Report was emailed to the Board today. Since everyone got one, he then asked for questions or corrections on the Treasurer's Report. Hearing none, he asked for a motion. Ms. Soto made a motion to accept the Treasurer's Report as presented. Ms. King seconded the motion. Mr. Byler called for a roll-call vote, and all were in favor.

Mr. Byler went on to the Staff Report. Ms. Faggart said we have Act 1 for four properties, five extension requests; and no proposals to purchase properties. Ms. Soto then made a motion to take Act 1 on 666 Columbia Avenue, 501 Green Street, 627-629 Fifth Street, and 423 North Pine Street. Ms. King seconded the motion. Mr. Byler called for the vote, and all were in favor.

Mr. Byler moved on to the Report from Younger Realty Group. Dave Garpstas came forward and gave an update on Mr. McMichael's property at 423 North Pine Street. Younger Realty has that property listed and Mr. McMichael has been working on it. He passed down photos of the property. There has been a lot of activity and they want to schedule a time with inspectors to see what needs to be completed yet. In terms of all the other properties, they are getting a lot of activity. Juniata Street has deteriorated further since it was first listed. The first floor is now getting water in it during any rain storm. Whoever went through it today had some interest in putting an offer together although he didn't know what that would look like. He then handed out a sheet with updated numbers on all the properties. The activity level has been up on all of them and they are continuing to get showings on all of those where the price has been reduced. Mr. Garpstas said if he understood what Mr. Beakes wanted to present to the Board, he

thought it was a great option for the properties remaining on the list and have been there for some time. There were two people looking to put offers together but they just missed the deadline so they should be here in February.

Mr. Byler went on to the Requests for Extensions and started with 559 South Christian Street. Ms. Faggart said Mr. Spicer could not be here today so he emailed a letter to her; she suggested that his request could go last. Mr. Byler moved on to 337 East Chestnut Street and Alex Rovnan came forward. (Mr. Mincarelli handed out his sheet on the Redevelopment Contracts and Rehab Agreements so the Board could see if there were other extensions.) Mr. Byler noted this property was supposed to be completed in April of 2016. Mr. Rovnan said there was one extension. He and his wife own the adjacent property at 339 so this was an opportunity to rehab this unit. The work is nearly complete. There is some trim to finish and hardwood floors to refinish. He then passed photos around to the Board. He had a punch list from Gary Horning and Bob Snyder on what needs to be completed inside. The biggest thing right now is the exterior painting and pointing which can't be done until the weather gets warmer. The whole house has been reconfigured. The third floor is now a master bedroom/master bath suite. The three bedrooms on the second floor have been converted into two larger bedrooms with a nice main bath and a laundry room. The first floor was completely torn out and redone with new kitchen and granite counter tops. He could probably have a CO shortly but it will be spring until the exterior work is done. Mr. Byler asked if it would be sometime in May. Mr. Rovnan thought May would be a realistic time frame. Ms. Soto so moved. Ms. King asked if he lives in the adjacent property or rents there. Mr. Rovnan said he lives in the adjacent property. Ms. King then seconded the motion. Mr. Mincarelli asked what date in May. Mr. Byler asked to clarify the date. Ms. Soto said the CO by May 31st and Ms. King seconded that. Ms. Soto noted the quality of the work. Ms. Faggart asked if he is still doing a lot of the work himself. Mr. Rovnan said he and his dad did most of the work except the drywall and the plumbing. Mr. Byler asked for further questions. Hearing none, he called for the vote, and all were in favor.

Mr. Byler said the next property is 819 Highland Avenue and noted the completion date of December 1, 2016. Sammy Rodriguez came forward and brought pictures for the Board. Mr. Rodriguez said the property is pretty much done. Drywall needs to be completed on the third floor because an inspector retired half way through the project and the new inspector wanted to see what was behind the insulation, so he had to rip everything out again. All the plumbing and electrical is done. The kitchen needs a coat of paint. John Lefever is coming on Friday to inspect the third floor. If everything passes, then he can install the drywall again. Ms. Faggart asked about the outside work. Mr. Rodriguez said all the exterior work is completed; that's the first thing he did. The pointing is done, the porch is done, excess trees were removed. Ms. Soto asked if he's just looking at drywall for the third floor. Mr. Rodriguez said yes. The third floor was an attic that he made into a master bedroom and a master bath. He consulted with an engineer to put an extension on. The insulation was done but had to be torn out to be inspected. He said that he can't get a CO until UGI issues a certificate for the furnace. When a property is condemned more than two years, UGI cuts the line off in the street. He found this out when he called UGI in December to turn the gas on for the heat. The problem is that it takes several months to get permits and for UGI to come out and dig up the street. He was told that it might be the beginning of February before this could be scheduled. Ms. Soto asked how much time

was he over his completion date. Mr. Rodriguez said it was the first of December. Ms. Soto asked how much time he needs. Mr. Rodriguez said a month for his labor but he thought it would probably be more than 30 days to have UGI install the new service line. Ms. May relayed an experience with PPL and said she would be really careful working with the utilities. Mr. Rodriguez would be happy with four months. Ms. Soto suggested the end of May. She then made a motion to extend the rehab until May 31. Ms. King seconded the motion. Mr. Byler called for the vote, and all were in favor.

Mr. Byler said the next extension is for 323 East King Street and noted the original completion date was December 31, 2013. The last extension expired on December 15, 2016. Angel Lebron and Felix Ramos came forward to talk about their request. Mr. Lebron brought photos from the last time he was here showing the work completed on the violations at the front and back of the property. Ms. Soto asked if he has done anything since the last time he was here. Mr. Ramos said yes but there is a problem with bringing carpet and appliances upstairs because of the narrow steps so he had to get a company to fabricate a fire escape between both buildings. When the fire escape was lowered, the steps were hitting the meter of the other house. He needed the inspector to let him know where he wanted him to set the new meter. He was told that the inspector can't inspect the apartment because it doesn't have any rugs. The whole place is finished and he did move the meter to another location. Mr. Byler asked what needs to be completed. Mr. Ramos said the company needs to finish bolting the fire escape to the wall so they could go up the steps, take out the window and replace it with a three hour fire door. After that, the rug and appliances can be installed because everything else is finished. The first floor is rented. The inspector passed it and another inspector came by to inspect it for a rental. Mr. Byler asked if the City has any issues. Ms. Bousquet said they probably have a 60 or 90 day temporary CO because he wants to finish the remaining work so he doesn't have to move his tenants out. He has a certain amount of time on that temporary CO. Mr. Ramos thought the work should be done in six weeks. Mr. Byler asked if that work has been scheduled yet. Mr. Ramos said yes. He was told as soon as weather permitted the company would come out with a welder to complete the work. Ms. Soto said this has been a long journey but because of all the work he has done and how close he is to completing the work, she is willing to grant an extension. She asked how much time he needs. Mr. Ramos thought two months because of the weather. Ms. Soto then made a motion to grant an extension until March 30. Ms. King seconded the motion. Mr. Byler called for the vote, and all were in favor.

The next extension was for 519-521 Locust Street. Mr. Mincarelli said the completion date for this property was December 15, 2016. Luis Torres came forward and said Arbor Place purchased this property in November of 2015. Their plan remains the same. They got permission from the City to demo the property. They cleaned the trash from the houses. Mr. Torres said he has connected the project to a campaign they are doing now. In addition to a sport court, they want to add an entrance to the other side of their building, so that increased the cost of the project which brings it up to \$300,000. They have raised funds up to \$75,000 right now. He put applications in for several foundation grants and he will know whether they have \$250,000 by the end of this month. If not, then they plan to continue. Their option is whether to piece it out but he didn't want to demo the property then be stuck half way without the funds to finish. That's why there hasn't been much progress since they are in the middle of the campaign. Mr.

Byler asked if the property has been secured. Mr. Torres said yes. He's had help from Stevens College where some students came in and gutted the properties. Ms. Soto asked if he brought photos with him. Mr. Torres said no. Mr. Byler said as far as the completion date, he probably can't make a guess at this point. Mr. Torres said its contingent upon the funding. He said an anonymous donor promised Arbor Place that if they are able to raise \$250,000, then they will match that amount. Mr. Byler asked if the City has any issues with these properties. Ms. Bousquet didn't have any. Mr. Byler then said Mr. Torres would need a long extension, and he concurred. Ms. Soto said she doesn't mind long extensions but the Board needs to see progress in between. We don't want to wait twelve months to find out that you are still at the same place you are today. Mr. Torres understood. In order to report to his Board he asked what progress is the Authority looking for – demolition of the houses. Ms. Soto said that was the plan but part of that plan was to raise capital to get you there. Mr. Torres said that Arbor Place received \$6,000 from a lighting foundation who installed lighting in the back, so now the whole block is lit up. Ms. Soto said she doesn't need a monthly update but if he could return in six months to give the Board some idea of what it looks like and how the project is evolving. Ms. King said if they could acquire the \$300,000 what would that do. Mr. Torres said they would demo the buildings, add some doors, install a new security system. After further discussion, Ms. King made a motion to grant an extension until June 30. Ms. Soto seconded the motion. Mr. Byler called for the vote, and all were in favor.

Mr. McMichael then asked to add another property for a time extension – 423 North Pine Street. Mr. Byler asked if the time has expired. Mr. Mincarelli said no, it's not even subject to an agreement. The Board just took Act 1 on it today. Mr. Byler said the Board will take Act 2 at the February meeting, then we need to wait thirty days before filing the taking documents. So he has sixty days to get it off the condemned list. Mr. McMichael said he has a building permit until March, which he thought would be sufficient. He didn't want to run out of time so that's why he brought it up. Mr. Byler suggested that Mr. McMichael get the rehab done before mid-March. Mr. McMichael thanked the Board.

Mr. Byler said the last extension request is for 559 South Christian Street but Mr. Spicer couldn't be here tonight. He provided a letter to the Board which was in the packets. Mr. Byler said the Board is at a disadvantage since they can't see pictures or ask questions. Mr. Garpstas said he could give a quick update on the property. The listing contract expired and Mr. Garpstas tried to contact him to see what he wanted to do with the property. Mr. Spicer called him yesterday to say he wants to put the property back on the market with a reduced price because he's ready to get rid of it. He told Mr. Garpstas that he did partial installation of the kitchen and he claimed there were only one or two items that needed done in order to get the CO. Mr. Byler asked Mr. Garpstas if he has been in the property and what the condition was. He said there is peeling paint in the house. Electrical and plumbing are in working order. The bathroom is functioning. The kitchen has water but there's no insulation. Outside of that, there is cosmetic stuff to be done. He thought a handy buyer could complete the work and flip the property. Mr. Byler asked if Mr. Spicer signed a listing contract with Younger. Mr. Garpstas said yes, he signed an extension. Ms. May asked if he signed it with a reduced price. Mr. Garpstas said yes. Mr. Byler asked if that reduced price is a marketable price. Mr. Garpstas said it is. Did he think he would get that price? He said no, but it could be negotiated. Mr. Levan asked why Mr. Spicer's email

seems to indicate that he wants to finish the work and live in the residence. Mr. Byler said that's a very good question. Mr. Garpstas said the story he got from Mr. Spicer was that he lived in the property originally. He moved out and rented the house to someone who trashed the property. His intent was to move back in but he knew there were issues with the property. He reached out to the City and after an inspection the property was condemned because of the items that were in disrepair. He didn't know all of what's going on with Mr. Spicer but he knows that he has experienced quite a bit of hardship, including deaths in the family and his own hospitalizations. He believed his intentions were 100% to do the rehab then move back in. After further discussion, Mr. Garpstas said the property has had quite a bit of activity, even when it was listed at the higher price, but he wasn't willing to budge because of the amount of work he put into it. He thought Mr. Spicer is now motivated enough to sell the property. Ms. Soto's concern was if the Board gives him an extension, he will come up with some other flip-flopping. This is his second extension and he has dragged his feet long enough. She didn't want to agree to six months. Mr. Byler was encouraged by the report from Mr. Garpstas because he wasn't inclined to do another extension, but if it's listed at a relatively marketable price, he would agree to a few more months to market it. After further discussion on the extension, Ms. Soto made a motion to grant an extension to Mr. Spicer for sixty days, until March 31st. Ms. King seconded the motion. Mr. Byler called for the vote, and all were in favor.

Mr. Byler went on to the Proposal for Cost Sharing on Purchasing Properties. Ms. Bousquet said we were expecting Mr. Beakes but he's not here tonight. Mr. Byler then tabled this item until next month.

Mr. Byler moved on to the Update on Residential/Commercial Properties. Ms. Bousquet said she only had one item but she learned this afternoon there is someone interested in purchasing 332 New Dorwart Street. This property has already had Act 1 and Act 2 and is owned by Bill McMichael. She understood there is a sales agreement and that person wanted to address the Board about her plans for the property. Laura Diamantoni came forward and introduced herself. She is the proprietor of Red Canna LLC and her most recent rehab was at 444 South Shippen Street but the property was not condemned. She purchased that property, did the rehab and settled on it in 89 days. The property was totally rehabbed and that's what she is looking to do with this property. She is not sure of the condition of the roof so she will engage a roofer to inspect. The old knob and tube will be rewired and she had an electrician out today. Mr. Byler asked if she has any contingencies in this agreement of sale that could stop the sale. He asked if it's contingent upon a roof inspection. Ms. Diamantoni said no. She went under contract yesterday. She has the sales agreement, cash and settlement scheduled for Monday. Mr. Byler noted this property is under condemnation now, correct. Mr. Mincarelli said we have taken Act 2 and are waiting for the 30-day period to expire with the Planning Commission. Mr. Byler asked for clarification and said after the 30 days it's up to the Authority to file the condemnation or we can hold off on filing. Mr. Mincarelli concurred. Ms. Soto said we can accept a rehab agreement at that time in lieu of filing. Mr. Mincarelli said the rehab agreements on his chart indicate those people made agreements with the Board before the Authority took the property. Mr. Byler then explained the process to Ms. Diamantoni and concluded by saying that the Board could hold off on taking a property if a rehab agreement is accepted by the Board. He then asked Ms. Diamantoni if she had a time frame when she hoped to have the condemnation lifted. She

replied that this rehab is expected to take six to eight weeks. Mr. Byler asked if the Board would instruct counsel to hold off on the taking. Ms. King asked about the deed restriction. Mr. Byler said if the Authority has not taken the property yet then we cannot put the deed restriction on it. Ms. May thought Ms. Diamanatonni would want the Board to direct the solicitor to refrain from taking the property before she puts a deposit on the property. Mr. Mincarelli said she should enter into a rehab agreement in which case he wouldn't do anything on the taking unless the rehab agreement falls through. Ms. Soto said Ms. Diamantoni has a whole month to do her due diligence on this property before she returns to the Board with a rehab proposal. After further discussion, Mr. Byler said, if the Board does not object, he will request Mr. Mincarelli to hold off on the taking at least until our next meeting. A motion was not needed but he wanted to get a consensus of the Board. Everyone agreed. Mr. Byler thanked Ms. Diamantoni for the update.

Continuing on the update of properties, Ms. Bousquet handed out a draft of an administrative ordinance that has to do with the way the City sells property and how they move through the Redevelopment Authority in that sale. There is no Board action needed on this other than to be aware that City Council will be making some changes in the way they do business as properties move through. Specifically, there will be some timelines in which the City could transfer property to the Redevelopment Authority, first by giving notice, which stands for thirty days, and then it will be held by this Authority for an additional thirty days. So there's a little more time in transparency of who has the property when. There are a few details about who might be maintaining that property for thirty days but those details will be worked out as we move forward. She wanted to let the Board know that this is coming our way. Ms. Bousquet thought the master agreement holds strong so we wouldn't have to make any additional changes to that. It's just that we may be holding some City-owned properties at the Redevelopment Authority for a short time. Mr. Byler asked if this is only related to commercial properties. Ms. Bousquet said it's only related to City-owned properties. Mr. Byler asked Ms. Bousquet if she had other items. She said no.

Mr. Byler moved on to the Solicitor's Report and Proposed Actions. Mr. Mincarelli asked Ms. Bousquet to see how the City plans to handle the insurance on that 30-day period. He then had a few items. One was the property at 31 West Lemon Street. Mr. Byler asked for background. Mr. Mincarelli said 31 West Lemon was one of the three properties that the Authority plans to acquire in order to create a pocket park. 33 and 35 West Lemon were acquired through negotiation but 31 West Lemon had to be condemned. The condemnation documents were filed. The Authority offered just compensation to the owner who rejected it. Since our appraisal was done in 2013 we decided to get an updated appraisal. The 2013 appraisal was \$16,000 and the one done last year came in at \$86,000. Evidently the owner did work on the inside without lifting the proper permits. He installed drywall which covered up the work so there was no inspection of the work behind the drywall. The appraiser does not have the ability to inquire whether permits were issued and what goes on behind the drywall because he is not an inspector. Mr. Mincarelli brought copies of both appraisals for the Board to review. Ms. Soto asked if the owner is aware that he may have to tear out all that work. Mr. Mincarelli said he is aware of that. Ms. May asked if there is a penalty for doing work without a permit. Mr. Mincarelli thought it was a violation of the City Building Code. Ms. May asked what the penalty was. Ms. Bousquet said a citation before a judge resulting in a fine. Ms. Soto said so

he is comfortable with paying peanuts but the real issue is to tear out. Mr. Byler asked what's next. Mr. Mincarelli said the attorney for the owner wants to know what our second appraisal revealed, which he hasn't shared yet. They did withdraw the preliminary objections, so at this point the title is not an issue. The Authority owns the property. The only open legal issue is how much we have to pay for it. Mr. Byler had more questions. Mr. Mincarelli said when we filed the taking documents, Mr. Rice filed preliminary objections. We spoke with the judge about two weeks ago and he is withdrawing his preliminary objections. The only issue is the amount we have to pay. Our options are to make an offer based on this new appraisal or submit this to a Board of View and let the Board determine what the value is after hearing testimony about how the second appraisal came back at \$70,000 more. What it doesn't indicate in the appraisal is what was done without permits. Mr. Byler asked if the City is taking action on this work that's been done without permits. Ms. Bousquet said she would need to ask Gary Horning if they filed any citations. Mr. Mincarelli said it would be helpful before the Board of View hearing if that could be introduced as evidence. Ms. May thought you would have to because then the Board of View might take into account that the work has to be torn out; therefore, the appraisal has an issue. Mr. Mincarelli said that's the two options we have. It's up to the Board which way they want to go. Mr. Byler asked where the money is coming from. Mr. Mincarelli asked Ms. Bousquet but he thought most of it would come from the RACP funds, and she concurred. He said the Authority will be spending money if they go to a Board of View. The good side is that the Authority gets to present testimony about what Mr. Rice did without permits and, as Ms. May pointed out, perhaps the viewers will take that into consideration and determine that the value is something less than \$86,000. However, you will spend a few thousand dollars to go through this process. Ms. Faggart said but it won't be \$86,000. Mr. Levan asked about the alternative strategy. Mr. Mincarelli replied to submit an alternative offer to try to negotiate a settlement. If he received a violation notice from the City he may be more apt to accept a settlement. Ms. Soto asked about the permits. Ms. Bousquet felt sure that Mr. Rice didn't pick up the proper permits and he knows the property will not get a CO because the inspectors couldn't see the construction behind the drywall. After further discussion, Mr. Mincarelli said Mr. Rice thought he could increase the fair market value of the property by doing the improvements. Mr. Byler asked about the composition of a Board of View. Mr. Mincarelli said a Board of View consists of three people appointed by the Court. The Court has two or three Boards that currently exist that were appointed by the judges. When there is a dispute about the fair market value of a property at the time of taking these three individuals decide what it is. You can appeal the decision but, generally speaking, whatever they decide is what you go with. They have a physical view of the property and both sides present testimony as to why they think the value is X and the other side why it's Y, and then the Board of View decides. As further background, Mr. Mincarelli said Mr. Rice wanted a home he could rehab then resell for his retirement. The Authority had a list of condemned properties that he could look at and we offered to swap his property for one that he would pick off the list. Each time we gave him a new list, he kept rejecting it. We actually made a good faith effort; that's why it took so long to get to this point. We tried to work this out with him. Condemnation was the absolute last option.

Mr. Mincarelli said the other item he has is the properties at 7-23 West King Street. This was sold by the City to the Redevelopment Authority and, in turn, then sold to West King Property, LLC. At the time it was done, it was supposed to have been an assignment of leases

because there were tenants in the property at the time. So the City Solicitor prepared one, sent it to Mr. Mincarelli and asked him to get it signed at this meeting. It would have to be approved by motion. Ms. Soto so moved, and Mr. Levan seconded the motion. Mr. Byler called for the vote, and all were in favor.

Mr. Mincarelli then distributed his monthly report on the vacant properties and the sheets on the properties under Redevelopment Contracts and those under Rehab Agreements.

Having no further business to be brought before the Board, Mr. Byler adjourned the meeting.

Respectfully submitted,

Carolyn Faggart

RACLMinutes

