

**Meeting Minutes
State College Borough
CDBG/Citizen's Advisory Committee
April 2, 2019**

The State College Borough Community Development Block Grant/Citizen's Advisory Committee (CDBG/CAC) meeting was called to order by Chairman Smith on Tuesday, April 2, 2019 at 12:06 p.m. in the Municipal Building, 243 South Allen Street.

Members Present

Selden Smith, Chair; Rebecca Misangyi, Vice-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; and Denise L. Rhoads, Administrative Assistant

Approval of Minutes

A motion was made by Ms. Misangyi and seconded by Ms. Patterson to approve the March 12, 2019 minutes as submitted. The vote was unanimously in favor.

Chair Report

Chairman Smith asked the Committee to support improvements to the East Fairmount Park via funding. In regard to the Department of Community and Natural Resources (DCNR), he asked the committee to provide a letter showing support for the project. He would prepare the draft for the committee to review. Ms. Safko noted she met with the Centre County Commissioners', and they voted to support the project as well.

Ms. Safko shared a few refinements from Dan Jones, the Landscape Architect working on the project. She also noted they met with the DCNR and received their guidance.

East Fairmount Park Improvements:

- Existing conditions – Large, grassy area
- Basketball court removal - noise complaints
- Play equipment - some can be reused, some replaced
- Water fountain to be replaced along with trash receptacles, bicycle racks, etc.
- Goals: 1) reduce safety hazards, 2) improve access, 3) accommodate preferred activities, 4) organize pedestrian circulation, and 5) improve natural diversity for pollinators
- Create a beautiful neighborhood
- Keep ADA parking space
- No fencing - instead place a concrete curb with an addition of a concrete apron
- Add benches with ADA bump outs
- Add trees with the Highlands Neighborhood Association's assistance
- Once the budget was set, could work with someone like Play World to set up a play area

- To get green points – decided not to construct formal rain gardens, but construct a rainwater capture area
- Mulch - ADA and DCNR approved and would be purchased from a company in the Mechanicsburg, Pennsylvania (PA) area.
- Discussed local standards for LEEDS per DCNR which they approved using those standards

CAC's comments:

- Mr. Smith asked if the Borough had a policy to buy the equipment locally. Ms. Safko stated Play World was the company most of PA used and was located in Lewisburg.

Mr. Smith and Mr. Gaines reported on their tour of Housing Transitions, Inc. (HTI). One of the items of concern was HTI needed financing for counseling services. Mr. Gaines stated it was a very important space and noted it was the last opportunity for someone to have a roof over their head. He stated most of the clients were just really down on their luck. Mr. Smith noted they were part of the United Way agency. Ms. Safko noted there was a retreat planned for strategic planning for HTI and she would be a part of this. Mr. Smith stated they were well connected to other agencies in the area.

Ms. Eirmann stated she was an advocate for one of the families currently there with a young child. When she found out they were homeless, she urged them to contact HTI for help. She noted the family got the full attention of staff and help with all aspects of moving forward using the rules put in place.

Ms. Safko stated staff could see a request, in the future, for assistance in purchasing a larger space to move to.

Ms. Misangyi stated HTI recognized the trauma of being homeless and helped those in need adjust.

Public Hour

There were no members of the public present.

State College Borough Resale/Recapture Policy

Ms. Safko noted the differences between Resale and Recapture.

Resale: State College Community Land Trust (SCCLT)

- Next owner was income eligible
- Sale price was restricted

Recapture: Temporary Housing Foundation, Inc. (THF) & the Borough First-time Homebuyer (FTHB) Programs

- Direct homebuyer assistance was returned to the Borough at sale
- Pre2016 – shared equity & mortgage amount was forgiven
- Post2016 – no more shared equity
- Payback of 100% of the mortgage – no forgiveness

Ms. Safko's review included:

- The option the Borough chose was to impose local extended periods of affordability for various components of the Resale/Recapture Provisions policy.
- Examples: The FTHB program and THF had a 30-year recapture requirement. The SCCLT FTHB program required a 99-year ground lease.
- On April 4, 2016, Borough Council changed the recapture provision and required 100% payback of the FTHB assistance. Those participants that purchased prior to April 4, 2016, received loan forgiveness at a rate of 3.33% annually until the mortgage was fully forgiven after the local extended 30-year period of affordability expired.
- In January of 2005, the Borough's Resale/Recapture provisions had been amended to include a shared equity provision. Homeowners who purchased a home after April 4, 2016 were subjected to both a 100% repayment of assistance, and the shared equity requirement. As a result, homebuyers participating in the FTHB programs were not able to realize the benefits of homeownership. Requiring both a 100% recapture of assistance, and shared equity was a disincentive to program participation. To resolve the impact resulting from the changes made to the Resale/Recapture provisions, on April 4, 2016, the shared equity requirements applied only to those properties purchased prior to April 4, 2016 that receive the benefit of loan forgiveness.

Example Calculation:

| | |
|--------------------------------------|--------------------|
| Sale Price of Home | \$158,000.00 |
| 0 Less Loan Pay-off of Superior Debt | \$110,000.00 |
| Less Estimated Closing Costs | <u>\$ 7,900.00</u> |
| Net Proceeds | \$ 40,100.00 |

| | |
|---------------------------|---------------------|
| Owner Original Investment | \$ 5,000.00 |
| Plus, Borough Subsidy | <u>\$ 51,621.00</u> |
| Combined Interest | \$ 56,621.00 |

| | |
|-----------------|--|
| <u>\$51,621</u> | |
| \$56,621 | X \$40,100 = \$36,558.91 = amount to Borough |
| <u>\$5,000</u> | |
| \$56,621 | X \$40,100 = \$3,541.09 = amount to Owner |

Ms. Safko noted this was in place to help roll over more funding to benefit more families.

Ms. Eirmann noted this calculation was very confusing and caused some families to become disinterested in the program. She also noted not many people stayed in their homes for 30 years anymore.

Ms. Safko noted, in past years, the Borough grant allocations continued to go down, and this new way of calculating helped bring more funding to the program.

Shared Equity Guidelines for the Borough's FTHB and THF programs

As of January 1, 2005, both the Borough's FTHB Program and the THF Community Housing Development Organization (CHDO) Homebuyer programs used a shared equity formula. If the property appreciated in value, upon the sale of the house, the proceeds (sales price, less first

mortgage payoff, less transaction costs, less owner original investment, less Borough original subsidy, and less homeowner's approved capital improvement investments) were divided between the homeowner and the Borough based on a proportional scale. The longer the homeowner remained in the home and continued to pay the principal on the primary loan balance and was not in default of any of the conditions of the primary or secondary loan, the larger the share of proceeds the homeowner received at the time of sale.

If the homeowner sold the home prior to the first anniversary of the Borough FTHB assistance loan, then 100% of all equity earned in the home at the time of sale was received by the Borough. The homeowner was not entitled to any equity earned in the home prior to the first anniversary of the Borough's loan to the homeowner. Upon each subsequent anniversary date of the loan, the homeowner retained an additional 3.33% of the equity earned in the property. If the homebuyer remained the owner and principal resident of the property for 30 years, the Borough was no longer entitled to any share of the equity earned in the property.

Ms. Safko and Ms. Eirmann stated staff could approve to subordinate a loan if the situation supported it.

Ms. Safko noted on the recapture side, the Borough tended to lose money.

CAC's comments included:

- Mr. Olcese stated this type of program was like an outdated cultural provision. He noted it would be better for the Borough to invest in rentals to help those in need find and keep affordable housing.
- Mr. Smith stated no one seemed to question the value of homeownership anymore.
- Ms. Patterson asked why the Borough did not use just the recapture provision. Ms. Safko stated some people liked to have the option of owning the land and the home.
- Mr. Quigley stated there was not enough funding to utilize this program and suggested bringing in Mount Nittany Medical Center as a partner. He also noted ownership programs ended up serving people who were at the top of the income eligibility requirements leaving behind those who really needed the help.

Ms. Safko noted more people were interested in rentals instead of homeownership. She stated the Borough also had a need for owner-occupied rehabilitation.

She stated a possible rehabilitation project could be working with the landlords to provide rehabilitation work on rentals. Landlords would pay half and the Borough would pay half. Staff would need to build relationships with landlords.

Review of CDBG-Funded Capital Improvement Projects 2019 – 2023

She noted in a few months, the Public Works Director would attend a meeting to present some information on the next 5-year plan.

Ms. Safko's overview included:

- 2019 total of CDBG funded CIP projects \$250,000
 - Streetlight and curb ramp replacements on Sowers and Hetzel Streets and streetlights on Foster Avenue between Allen and Pugh Streets as an add alternate to the bid
 - Would be using Borough employees to complete the work

- 2020 total of CDBG funded CIP projects \$232,000
 - Park equipment upgrades - \$32,000 - East Fairmount Park playground equipment replacement and upgrades. There could also be Community Conservation Partnership Program funds available through the PA DCNR
 - Bicycle Path Improvements - \$200,000
- 2021 total of CDBG funded CIP projects \$190,000
 - Five streetlights on Garner Street and two curb ramp replacements
 - Street reconstruction/Burrowes Street/paving between West College Avenue and Beaver Avenue included bus stop subbase reinforcement and concrete pad construction
- 2022 total of CDBG funded CIP projects \$250,000
 - 18 new streetlights on Pugh Street between Beaver and Nittany Avenues and curb ramp replacements as needed
- 2023 total of CDBG funded CIP projects \$250,000 - Streetscape Improvements
 - A plan for West End neighborhood streetscape improvements to be developed in consultation with the neighborhood, which may include lighting, plantings, curb adjustments, etc., designed to improve pedestrian safety and enhance the western gateway to the Borough.

CAC's comments included:

- Mr. Quigley stated the CAC needed to think about what they wanted to achieve by changing the recapture/resale options. He also volunteered to share how his programs worked at the next meeting.

Upcoming Meeting

Tuesday, May 7, 2019 at Noon

Adjournment

With no further business to discuss, the meeting was adjourned at 1:29 p.m. by Ms. Patterson and seconded by Ms. Misangyi. The vote was unanimously in favor.

Respectfully submitted,

Denise L. Rhoads,
Administrative Assistant