

REDEVELOPMENT AUTHORITY OF THE CITY OF HARRISBURG

Regularly Scheduled Meeting March 15, 2022 - 12:45 P.M.

The Board of the Redevelopment Authority of the City of Harrisburg held a Regularly Scheduled Meeting on March 15, 2022, in Suite 405, of the Rev. Dr. Martin Luther King, Jr. Government Center, 10 North Second Street, Harrisburg, Pennsylvania, at 12:45 p.m. Chaired by Crystal Brown.

HRA BOARD MEMBERS PRESENT via TEAMS

Web-based Video Conferencing or Telephone

Nichole Johnson (via Phone)
Crystal Brown
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: Karl Singleton, City of Harrisburg Chief Equity and Compliance Officer.

MINUTES

The minutes of the Regular Meeting of February 15, 2022 were presented for approval. Mr. Reber moved to approve; seconded by Ms. Johnson. The motion passed unanimously.

TREASURER'S REPORT

The Treasurer's Reports for December 2021, January and February 2022 were presented for review.

COMMUNICATIONS

Mr. Davis informed that the Authority is ready to close with Phase I of Capitol Heights. Phase I area is N. 3rd, Logan, Hamilton to the north and Harris to the south. Closing is scheduled the end of this month.

Mr. Davis said last month the Authority approved a Redevelopment Contract for the MarketPlace Project. It lacked the development schedule referred to as Exhibit A. They promised to provide that by the close of business day today. We are hopeful that it will be acceptable to incorporate it into the contract.

Mr. Davis is pleased to say that Tri-County Housing Development Corporation celebrated yesterday a completion of another home on Hummel Street. The Redevelopment Authority did not have a roll in that, but it is a part of our team effort and approach to MulDer Square. They are also planning to construct three new houses on the 1500 block of Swatara Street. Mr. Davis believes they may resemble the first group that was built along with Habitat for Humanity.

Mr. Davis reported that a tenant, The Worship Academy School of the Arts at the Harrisburg Transportation Center is having a delay in funding. They are waiting to sign a contract with the City. Dennise Hill the Interim Director of Building & Housing confirmed that a contract for \$50,000 has been approved. Once the contract is signed then the school can invoice for a check to be cut and then catch up with their rent.

Mr. Davis said the Director/Principle, Shakara Beckem, did come in last week to make a payment but the

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school is still very behind. Currently they are four months behind in rent. Mr. Davis mentioned that they did pay an extra Security Deposit at the time the lease was executed for an extra precaution.

Mr. Davis also disclosed that the children have misbehaved in the hallways and in the restrooms. We had a meeting with Ms. Beckham and expressed very clearly our need for that to stop. We explored ways to be proactive instead of reactive. It was agreed that an adult must be always present with the children throughout the halls and restrooms. And the restrooms need to be inspected after every use. Another issue was the children changing their clothes in the restrooms. They change for their dance classes. This was another major issue that the other tenants said was disruptive. Ms. Beckham agreed to lease suite 204A and move their storage into this smaller space that is near their suites. Their current leased suite 203 will be used as a changing room. The children will no longer use the restroom to change their clothing. Mr. Davis said he will give the Board Members an update at the next meeting.

Mr. Davis next reported on the Train Station's facility improvements. The request for proposals has gone out for all the new roofing and window room improvements. The bids are due April 6th. Last week we had the initial bid meeting at the site. Mr. Davis said our guest here today, Mr. Karl Singleton was also present at this meeting. Mr. Davis asked Mr. Singleton if he would like to comment on the meeting

Mr. Singleton thanked everyone for inviting him and informed that he is now the Chief Equity and Compliance Officer for the Williams Administration, but his background is insuring that equity and diversity in regards to the minority business enterprises are taken seriously wherever public dollars are to be spent making sure there is adequate access to those businesses and so a concern of his was when he noticed this bid going out to the street being low at 4.83 percent of DBE inclusivity that was written into the specs. Mr. Singleton had voiced at the meeting that he was hopeful that that this is just the floor and not necessarily the ceiling in terms of expectations. Mr. Singleton shared that before working with the city he was the lead for the Pennsylvania Diversity Coalition. They pushed this issue in terms of real inclusion and not just window dressing. He wishes to continue to let everyone know that is still his charge and that this position is merely a larger position more pronounced. The whole charge about making sure there is equity in inclusivity remains a top priority in the Williams Administration's core values in terms of how we move forward. That is why I am here.

Mr. Singleton said he spoke with the Director, Cathy Peterson over at PennDOT and BEO to make sure that we as a unified front come out of the City of Harrisburg push the language that we can help in whatever ways possible with Stantech and the other group to help them go out and locate DBEs.

Mr. Singleton restated that the request for bid has gone out but moving forward there will be maintenance contracts and other phases coming up. At that point we need to consider unbundling some things moving forward. 4.83 percent is woefully missing the mark. We can start with that being the floor and not the ceiling. He said you will have veteran and causation women businesses coming in but that will not hit the equity mark. The LGBTQ, black males, Latinos and Latino females need to be included. Historically, they have been disproportionately left out of the process.

Mr. Davis thanked Mr. Singleton for sharing that with everyone. Mr. Davis said he was glad that Sheila Dow-Ford and Jacqueline Parker also attended the meeting. He felt that both were consistent with the minority participation goal of that being the floor and not the ceiling. Mr. Davis expressed that he is

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pleased to see the new Administration promote minority business in the city.

Mr. Davis reiterated that the bids are due on April 6th. If there are qualified and reasonable bid vendors for the three different categories, then we can bring that to the Board for review and your approval at our next April Meeting.

Mr. Singleton wanted to point out that lowest bidder is one thing in terms of dollar amounts but responsible is open for interpretation. He gave an example of when he worked for the Diversity Coalition and there was a time, they worked with Capital Region Water. CRW has a nice program dealing with DBEs and WDBEs. If there was not adequate representation from the DBE community those bids were rejected because they were not at that point considered the lowest responsible bid. Responsible was defined by having equitable inclusivity of said businesses; NWDB and others. This is something I want to put on record here especially with your Solicitor being present and moving forward to offer you some self-coverage if in fact rejection of bids is going to be considered.

Mr. Reber expressed his gratitude to Mr. Singleton, Ms. Dow-Ford and Ms. Parker for talking about minority participation importance. He thought the suggestion that Ms. Parker and Mr. Singleton made about providing a list of qualified businesses that could participate will make it easier on the bidders for looking at those things. Mr. Reber also wanted to say, as a Board Member I really appreciate that forward to help with increasing our goals in the future.

Mr. Davis mentioned that he had asked Mr. Singleton if the city still had a list of vendors, and they do. That list was put together by Ms. Parker and her team. They are augmenting that list.

Mr. Davis informed that he heard yesterday that the National Budget is being passed in Washington. It includes the \$600,000 plus that the Authority requested through Senator Cassey's Office to replace the cooling system components and the generator down at the train station. We need to wait until it goes through the FTA or the Federal Highway Administration. It might go through PennDOT and then to us. The chiller has been patched together numerous times and is running on its last leg.

Mr. Davis updated the Members on the McCoy Brothers proposal located on 7th Street. He informed that we have not agreed to a price for that. A reasonable price would be \$100,000. Mr. Davis said he calculated that from the recent sale with the parking garage and divided that by the square acreage. That calculation came out to \$56,000. That sale was land just around the corner from this vacant and cleared land. The Redevelopment Authority took care of the demolition on this parcel. We paid \$250,000 to acquire and then another \$50,000 to demolish. It was the old site of the Lawson Hotel. Mr. Davis said right now we are going back and forth, and I am hoping we will reach an inimical price. He said they may need to include site work costs for utility relocations. This could affect our negotiating price. If they cover costs on behalf of the city, then that could offset what we negotiate as far as prices, but I think we are getting close. They are still committed to the sixty lots north of Maclay on N. 6th Street.

Mr. Davis shared with the Board that he visited the Governors Square Apartments; the former Maclay Street Apartments. You may recall back in the late 90's, early 2000's HUD had foreclosed on the Maclay Street Apartments. They were getting ready to acquisition off the asset when the city intervened and convinced them to transfer title to the Redevelopment Authority and for us to conduct our own Request for Proposals. Under the competitive process we selected Landex Corporation as the developer team lead.

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We also received about 8.8 million dollars from HUD. An upfront grant that came through the Authority and delivered as a loan for the renovations of those 222 rental units. Mr. Davis said over the passed year and a half during the pandemic we received word from the managing general partner Landex Corporation, that they wanted to sell. The partners and the limited investors had enjoyed all the benefits they were going to get out of their investment. Peter Siegle, CEO with Landex conveyed to us that they were ready to sell. That generated us to look at a partnership with the Harrisburg Housing Authority (HHA). Mr. Davis said the Board had approved us engaging with Mullin & Lonergan Associates, Inc.; Michael Kearney as our financial consultant on this to work out the financial aspects because the Authority has the right of first refusal. We have been working on a deal where the HHA would end up as the owners or some assembly thereof and try to get the real estate renovated and well maintained. A big part of this would be an equity raise application for Low Income Housing Tax Credits through PHFA.

Mr. Davis said he spoke with Mayor Williams twice about it and her primarily concern is that whoever ends up owning the real estate be responsible people. She is not opposed to the HHA having ownership but is serious that it be well maintained, and the tenants cared for.

Mr. Davis announced that the Authority just received an official notice from Landex Corporation that they have identified and executed a purchase agreement with someone, and they were triggering the clause that gives us the right to first refusal for a limited amount of time; twenty days. In looking at the proposal Landex was promising that the Redevelopment Authority would dissolve, extinguish the Loans, so these were contingencies in this agreement consisted of various thing of which were the HUD upfront grant loan would go away which they cannot promise and that it would be free and clear of all these encumbrances. Mr. Davis pointed out that Ms. Rowe helped us with what our response would be. If we replied that we want the property, then we would have to take title within 180 days. We do not have any money. The minute we take title we would need at least \$50,000 to do the immediate repairs that have been deferred. Now if we had someone else guaranteeing the funds are there and that we would be supporting in it then maybe that is a different conversation but right now we do not have that. And their letter of intent, their agreement of sale is unworkable. He said Ms. Rowe advised to just allow that time frame to lapse and not exercise our right of first refusal.

Ms. Rowe confirmed and added that this is not uncommon in situations when there is a right to first refusal in underlying agreements and someone wants to get out from under the property. Ms. Rowe said we did some research and investigation into this, but we still need to do additional investigation. The problem is Landex and the information we have is frankly insufficient. The only knowledge we have are estimates on what it could possibly cost to repair the building which again is a half million dollars which is significant. Ms. Rowe said at this point in time it was perhaps conservative but safe for purposes of longevity of the Redevelopment Authority to say we are not going to exercise it with the expectation that will probably not be an actionable intent to purchase on the building. Ideally this will open for other purchasers to potentially come in and offer something or the Redevelopment Authority to offer to retake or reclaim the property. She does not see this door closed at this time and that she anticipates this not being the last time we hear from Landex on the Governor Square Apartments.

Ms. Brown inquired of Mr. Davis on any possible leads with the HHA and Mullin & Lonergan.

Mr. Davis said our first step was to have an infield analysis of the existing conditions with all the 222

apartments. Last spring the HHA engaged a firm that preformed this but that was also during the pandemic. It took more time to complete. He believes it was either April or May of last year when they submitted their report. We would need about \$500,000 for the immediate needs upon taking ownership and about \$20,000,000 for the overall repairs. We took this to the previous, Papenfuse Administration. It received verbal support but nothing in writing to accompany the city support as far as moving forward. Mr. Davis said neither the Redevelopment Authority nor the HHA have the resources to do this alone. We need to know that we can work with the city and if there is some GAP funding and if the city can help with possibly CBDG or Home funds. There is Recovery Act funds but not to saddle the city with all the cost of it because we worked out a financing plan that could use Tax Credits. This is not a competitive project. We can apply at any time of the year for these types of Tax Credits. Then came the new election. We revisited this with Mayor Williams.

Mr. Davis shared that he has a strong passion for this project. He was a big part of the team when it was completely renovated in 2003 and placed in service 2005. All was beautifully done. The apartments were well equipped, energy efficient, all new fixtures and furnishings, new roofs and for it to get to this place is very sad for me. It has gone down hill in a short period of time and now for us to reposition this and have the neighborhood recover from the huge blight that it is. Mr. Davis said it sits on nine city blocks. The equivalent of forty-five acres in Uptown, concentrated around Maclay and 6th Street.

Ms. Johnson inquired further about the 180 days to take ownership.

Mr. Davis informed that the language used in the original agreement under the right to first refusal section states if the Redevelopment Authority triggers its right of first refusal and agrees to take title then we must do that within 180 days.

Ms. Rowe communicated, 20 days to trigger the right of first refusal and then 180 days to take title to the property.

PUBLIC COMMENT

None

OLD BUSINESS

None

NEW BUSINESS

None

OTHER BUSINESS

None

ADJOURNMENT

The meeting adjourned at 1:17 pm.

Respectfully submitted,



Secretary/Assistant Secretary