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## Blighted Property Review Committee

Thursday, February 18, 2010

### Meeting Report

**Committee Members Attending:** A. Grant, M. Wolfe, M. Candelario, W. Bealer, D. Luckey

**Others Attending:** L. Kelleher, M. Mayfield, V. Spencer, A. Mukerji

Mr. Luckey called the meeting to order at 6:07 p.m. He announced that Mr. Olsen had a conflicting appointment and asked him to chair the meeting in his place.

#### Public Comment

Mr. Luckey opened the floor for public comment.

Heidi Masano, Esquire, stated that she is representing the Masano Auto Group and she described the Masano Auto Group's acquisition plan for Lancaster Avenue and their longstanding commitment to the City of Reading and their significant investment in the community. She stated that the group is very concerned about the dilapidated building at 525 Lancaster Avenue and the detrimental affect it has had on their business. She stated that she and the Masano Group will assist in any way to move this property through the process quickly.

Mr. Luckey explained that the Blighted Property process takes 12-18 months and is followed by the eminent domain process which can also take 12-18 months.

Mr. Mukerji stated that Tripoint's forward action on this property has been slowed due to the recession. Tripoint originally wanted to develop this property for Reading Hospital's use; however, they are now hoping to convert the building for an apartment use. He stated that Tripoint has recently been advised that this property is on the 2010 Target List; however, they have no funding to move forward to take corrective action. He expressed the belief that Tripoint would be willing to hand the keys over to the City. Mr. Mukerji offered to speak with Tripoint about turning the property over to the City.

### **Agenda and Minutes**

Mr. Lucky asked the members present to consider the agenda for this meeting and the minutes from the January Meeting.

Mr. Bealer moved, seconded by Ms. Wolfe, to approve the agenda for this meeting and the minutes from the January meeting. The motion was approved unanimously.

### **Reading Redevelopment Authority**

Mr. Spencer stated that he invited Mr. Mukerji to attend the meeting due to the Committee's concern about the delayed start of the eminent domain process.

Mr. Luckey stated that the BPRC is waiting for a cooperative agreement to be drafted that will provide the Redevelopment Authority with compensation for the costs associated with the eminent domain process and procedures. He stated that he, as a member of the Redevelopment Authority, directed Mr. Mukerji and Mr. Mooney to finalize the agreement. Ms. Mayfield and Ms. Kelleher said that there were two (2) e-mails from Mr. Mooney a few days after the January BPRC meeting and nothing since.

Mr. Mukerji claimed that he never expressed the need for the Redevelopment Authority to receive a lump sum payment. He stated that his intent was misunderstood. He stated that instead he was seeking only sufficient funding to cover the costs of the eminent domain process and surety that funds to cover the cost of maintenance had been allocated.

Ms. Kelleher stated that Mr. Mayes secured approximately \$200,000 in funding from CDBG-R Stimulus funds received around August-September 2009. After the completion of the Certification Hearing a group of representatives from the BPRC, CD Office and Redevelopment Authority met to discuss the need for an agreement. A draft agreement was provided to Mr. Mukerji in November-December. Mr. Mukerji and Mr. Mooney were to review and submit revision requests and comment that would assist in the finalization of the cooperative agreement. Ms. Mayfield agreed and noted that Mr. Mooney and Mr. Mukerji have not yet provided comment or any response.

Mr. Luckey again noted that he too attended some of these meetings and instructed Mr. Mooney and Mr. Mukerji to finalize this agreement so the start of the eminent domain proceedings would not be delayed. Mr. Luckey also recalled discussions relating to the Redevelopment Authority owning the properties but leasing them back to the City for maintenance purposes. Ms. Mayfield suggested that the use of a

maintenance agreement for these properties would be a better approach.

Mr. Luckey noted the importance of moving to take ownership of the properties certified in 2009. He also noted the need to have funding in place to maintain the properties, along with demolition if the property is unstable. Mr. Mukerji stated that CD funds cannot be used to maintain properties. He stated that the County uses Act 137 funds to cover the maintenance of properties secured by the County CD Office.

Mr. Luckey noted the importance of maintaining the properties to avoid Codes citations. Mr. Grant expressed the belief that this issue can be worked out. He stated that it is more important to start the lengthy eminent domain process while the details of the agreement are being finalized. He stated that this approach is the lesser of the two evils.

Mr. Mukerji noted the difficulties with codes issues at the Benner's Court area.

Ms. Mayfield noted that at the January meeting Mr. Pick called the BPRC's attention to the three (3) target properties that are currently on the Repository Sale list. She stated that the last day to bid on these properties is February 26th. She stated that in January the BPRC requested that action to purchase these properties occur, as it will be less expensive to purchase the properties through Repository Sale than through the eminent domain process.

Mr. Luckey instructed Mr. Mukerji to move forward with the purchase of the three (3) properties on the Repository Sale list and to complete the agreement required to fund the eminent domain process and the maintenance of the properties. All present agreed with the need to begin eminent domain to avoid the appearance that the ball has been dropped. Mr. Mukerji agreed to purchase the three (3) properties on the Repository Sale List.

The group discussed the availability of NSP funds to assist in the blighted property process. They also discussed the benefits of demolition versus property management after the transfer is complete. Mr. Mukerji stated that the NSP funds cannot be used for demolition, as demolition was not covered in the application. Mr. Candelario expressed his belief in rehabilitation before demolition. Mr. Grant expressed the belief that is less expensive to maintain a cleared lot than to rehabilitate a property. He added that cleared lots are viewed as more valuable.

Mr. Mukerji stated that CD funds can only be used for emergency demolition, not for demolition of any property. Ms. Mayfield explained that different funding pots

are in place to provide for two (2) types of demolition and eminent domain.

The group next discussed the State Statute requiring the Redevelopment Authority to undertake eminent domain proceedings. Mr. Luckey asked Ms. Mayfield to review the statute and to provide the BPRC with clarity on the issue. He also asked Ms. Mayfield to advise about the eminent domain timeline. He inquired if the process can occur at a schedule set locally or must eminent domain occur within a certain time period after it is certified as blighted?

### **2010 Target List**

Ms. Kelleher stated that the Trades Office didn't provide any updates. She noted that Trades may need assistance from Codes, as the list now contains 45 properties. Ms. Mayfield expressed the belief that a cooperative effort to handle the new list is possible.

The BPRC instructed Ms. Kelleher to draft a memo requesting assistance from the Codes Office.

Ms. Kelleher noted that the pre-eminent strike letters were sent to all properties by certified and first class mail. Approximately one-half of the certified letters were returned to the office; however, none of the first class letters were returned.

### **Planning Commission Update**

Mr. Bealer stated that the reuse recommendations for the 2009 certified blighted properties is now complete. The only property remaining is 153 Walnut Street which is under appeal. He explained the purpose of the reuse recommendation from the Planning Commission.

### **Follow-up List**

Ms. Kelleher stated that Opportunity House is willing to turn 124 N 4th Street over to the City. Mr. Mukerji was asked to assist Mr. Wright with this acquisition.

### **Other Matters**

Ms. Kelleher asked the BRPC to consider adding 827 North 5th Street to the 2010 Target List. She stated that the property has been vacant for over two (2) years, has tax delinquencies, and has not had water service for over one (1) year. She stated that complaints about this property are regularly received.

Mr. Bealer moved, seconded by Ms. Wolfe, to add 827 North 5th Street to the 2010 List and to send it pre-eminent strike letter.

Mr. Bealer stated that he was recently approached by an area architect who is interested in acquiring the Elks Building at 5th and Franklin Street. He is interested in restoring this building and opening a green technology business.

Mr. Bealer recalled that Allentown uses an agreement with housing partners that requires the organizations to take one property in poor condition for each 2-3 good properties they take.

Mr. Bealer also updated the group on the Rebuilding Reading initiative which seeks to improve various processes.

Mr. Grant moved, seconded by Mr. Candelario, to adjourn the meeting at 7:30 p.m.

*Respectfully submitted by Linda A. Kelleher CMC, City Clerk*

#### FOLLOW-UP ISSUES

1. Follow-up from Redevelopment Authority re eminent domain
  - a. 317 Schuylkill Avenue
  - b. 157 Walnut Street
  - c. 210 North Front Street
  - d. 228 North 2nd Street
  - e. 127 North 2nd Street
  - f. 153 Walnut Street – under appeal to Building & Fire Appeals Bd
  - g. 212 South 8th Street (Penn Optical Bldg) - owned by 212 South Eighth Street Ltd, Isaac Teitelbaum, President, Brooklyn NY
  - h. 118 West Elm Street (Steven Roberson)343 McKnight Street (Buy We Will, LLC)
  - i. 360 McKnight Street (Sheila Perez)
  - j. 127 Walnut Street (Sandra I. Greer)
  - k. 628 North Front Street (Franklin Heredia)
  - l. 328 Pear Street (Stephen Pettaway)
  - m. 317 Schuylkill Avenue (Napoleon Scott Stephany)
2. Completion of agreement between RRA and CD Office re reimbursement of eminent domain costs
3. Reestablishment of De-conversion Incentive Program
4. Follow-up w/ Opportunity House transfer of 124 North 4<sup>th</sup> Street to City or RRA - D. Wright & A. Mukerji
5. Follow-up w/ OCR re their interest in obtaining 116 N 3<sup>rd</sup> Street

6. Memo to Police Chief, Managing Director re Codes assistance with inspections of the target properties
7. Blighted Property Statute Review re eminent domain timeline. Can eminent domain process occur at a schedule set locally or must eminent domain occur within a certain time period after it is certified as blighted? – M. Mayfield
8. Purchase of 3 target properties on the Repository Sale List – A. Mukerji