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# **Blighted Property Review Committee**

**Thursday, June 21, 2012**

## **Meeting Report**

**BRPC Members Attending:** L. Olsen, Chair; W. Bealer; H. Urena

**Others attending:** L. Agudo, L. Kelleher, T. Butler, M. Reinhart

Mr. Olsen, Chair, called the meeting to order at 6:11 p.m. and announced that a quorum was not required as the Committee is only receiving updates this evening. Mr. Olsen introduced Community Development Director Lenin Agudo to the BPRC.

### **Public Comment**

Mr. Olsen opened the floor for public comment. As no one stepped forward to speak, the comment period was closed.

### **Update Housing Partners Meetings**

Mr. Olsen stated that in November 2011 the Council President and Managing Director asked Mr. Olsen, as chair of the BPRC to organize meetings with the City's housing partners (NHS, Habitat, RHA and OCR) to coordinate post eminent domain and rehab at properties certified as blighted. He noted that Ms. Butler and Ms. Kelleher provide assistance and support. He stated that the meetings are held quarterly, with the last meeting in early April. He stated that Our City Reading (OCR), Habitat for Humanity (HfH), Neighborhood Housing Services (NHS) and CORE (Community Reinvestment – program with the Reading Berks Association of Realtors) attend regularly. Ms Butler noted that interest is high; however inconsistent information with availability of funds for acquisition of certified properties created a log jam in the process.

Mr. Agudo stated that he commends the work of the BPRC, Ms. Kelleher and Ms. Butler for their work on blight in Reading. He stated that the Mayor and his staff had him review the process used in Reading to see if it operated properly. He stated that after reviewing the process used in other cities, he determined that the process used here is more perfected than that used in other cities. He noted that he is working with the City's Business Analyst to develop a process to guide the acquisition of properties.

Mr. Agudo stated that he examined the City's entitlement funds from HUD to see where and how federal funds can aide this effort. He stated that there is \$466K available in CDBG slum and blight, emergency demolition funding and \$105K available in HOME funding. He noted that the majority of the HOME allocation is pledged to NHS, HfH or OCR. However, these agencies can reimburse the City for acquisition expenses from this allocation. He also noted that there is \$100K available in the General Fund for the CORE program. He stated that the City just received its 2012 allocation from HUD.

Mr. Agudo stated that Property Maintenance provides support to the BPRC effort and he added that he is currently considering adding a housing specialist to the CD Department to provide assistance and prioritization around this and other housing related projects. He stated that the Reading Redevelopment Authority (RRA) has commissioned a Market Value Analysis which will also help with planning and prioritization around housing.

Mr. Agudo stated that he recently reviewed the draft map created by eight datasets such as sales price, blight, occupancy type length of occupancy, etc. This data is used to create a color coded map, which will show the City areas which are stressed, stable along with companion strategies to improve, preserve and enhance neighborhoods. He stated that the map will also enable the City to better prioritize its resources (labor and funding). He noted that this map will also help the BPRC define their target lists.

Mr. Agudo stated that the map is currently in its 3<sup>rd</sup> draft and expressed the belief that the map will probably be redrafted about three more times before it is presented in final form. He stated that representatives from the BPRC will be included in the presentation.

#### **Update re Eminent Domain & Repository Properties**

Ms. Kelleher reported that Mr. Agudo authorized the release of funds to allow the RRA to purchase properties at the Free and Clear Tax Sale that occurred on Wednesday, June 20<sup>th</sup>. She stated that she and Mr. Kersley attended with an authorization letter from the RRA and with instructions to only begin bidding if another party began bidding for a specific list of properties. She stated that 150 properties with delinquent City taxes and 40 County properties were listed for sale. She reported that one party began bidding on 932 Penn Street and Mr. Kersley won the bid at the price of \$20K. She stated that no one bid on any of the other Penn Street properties. She stated that she and Mr. Kersley found it odd that people would bid up to \$10K on streets like Culvert, Laurel and South 6<sup>th</sup> but no one would bid on properties on streets like Penn and Walnut.

Mr. Agudo stated that he will continue the monthly acquisition meetings to coordinate acquisition strategies. He stated that he recently authorized the RRA to begin acquisition of the North 4<sup>th</sup> Street properties that HfH wants to rehabilitate. He stated that he is also working to gain an understanding of the eminent domain process and costs. He noted the need to have the acquisition arm of the process ready to provide follow-up.

Ms. Kelleher noted that during a recent visit from Karen Beck-Pooley, former Redevelopment Authority Executive Director, the City learned that while title transfers to the RRA following payment of Fair Market Value, the RRA will not legally take possession until the property owner agrees to the amount offered.

Mr. Bealer inquired if Ms. Kelleher has spoken with Mr. Bradley, Solicitor to the Reading School District about the Municipal Revenue Services (MSR) presentation. Ms. Kelleher stated that Mr. Bradley has been in touch about this issue. She explained that using the Municipal Revenue Services plan, the City and/or School District would take a loan out for the delinquent properties identified by MSR. MSR would file liens for the delinquent amounts and the loan will be repaid as the liens are paid off. Ms. Kelleher stated that Mr. Bradley is arranging a meeting with representatives from the Council and School District Finance Committees, the County Treasurer and a representative from MRS. The meeting will take place sometime in early July.

Mr. Bealer asked Ms. Kelleher to send Mr. Bradley the list of certified properties as many of those properties are listed as potential lien candidates.

### **CORE Update**

Ms. Butler stated that the original properties slated for CORE are 1121 Amity, 737 N 4<sup>th</sup> and 602 N 3<sup>rd</sup>. She stated that obtaining cooperation from the banks, which hold title, has been extremely difficult. Ms. Butler provided detail as follows:

- 602 N 3<sup>rd</sup> – the owners surrendered the property; however, the bank didn't complete the foreclosure process to take title. Portnoff was asked to foreclose and asked the original owners to sign the property over to the City. However, the original owners have not yet responded.
- 1121 Amity – John Kromer is attempting a new strategy to acquire this property which is held in trust by a bank for the deceased owner.

- 737 N 4<sup>th</sup> – the bank wanted to first try to sell the property at Sheriff Sale and promised to speak with the City about title transfer if the property does not sell. The property was originally scheduled for the June 8<sup>th</sup> Sheriff Sale; however, the sale was deferred until either July or August. Research on this property indicates that the property will not sell at Sheriff Sale as the amount of the Judgments is more than double the value of the property in its current condition.

No. 10-14504 - Daniel G Schmieg, Esquire

No. 737 North 4th Street

City of Reading

To be sold as the property of PAMELA K MOONERAM.

Down Payment: \$10,900.00 Minimum Bid: \$500.0

Default Judgment Greenpoint Mortgage Funding \$100,794.96 Atty Mark Udren

Default Judgment Bank of America Atty Allison Wells = \$108562.50

RAWA = \$2240.15

Ms. Kelleher explained that she received a tutorial about the Sheriff Sale process from Realtor Gary Lando, who explained that the Minimum bid listed is meaningless. At the sale the attorney representing the property will rise and announce the down payment amount and the amount of the judgment. The successful bidder must pay the down payment on the spot then cover the difference between the down payment and the amount of the judgment within 10 days.

Ms. Butler and Ms. Kelleher explained the differences between a Sheriff Sale (foreclosure sale) and a Tax Claim Bureau Sale.

Ms. Butler and Mr. Agudo agreed that Mr. Haver should be assigned to review the Tax Sale and Sheriff Sale lists and let the proper parties know when certified properties appear on the sale lists.

Ms. Butler noted the need for a City office to handle requests from people who wish to surrender their properties. She stated that in the past opportunities were lost as there was no follow up with owners wishing to surrender their properties. Mr. Agudo stated that Mr. Haver will cover that need.

## July and August Agendas

Ms. Kelleher stated that the first round of notices were delayed which will create the need to adjust the hearing schedule from July/September and August/October to August/October. She distributed the list for the August hearing which includes the following properties:

- 2270 Northmont
- 132 Crestmont
- 1502 Luzerne
- 631 Park
- 456 Douglass
- 401 Oley
- 122 N 8<sup>th</sup>
- 7 Nottingham
- 930 N 5<sup>th</sup>
- 418 Douglass
- 251 N 6<sup>th</sup>
- 231 Walnut
- 144 N 2<sup>nd</sup>
- 146 N 2<sup>nd</sup>
- 126 N 3<sup>rd</sup>
- 741 Neversink Alley
- 743 Neversink Alley

Ms. Kelleher stated that the properties highlighted in yellow are CORE properties. She stated that the properties on Douglass Street are around the corner from 737 N 4<sup>th</sup> Street.

Ms. Butler stated that the ordinance only requires 10 days notice to a property owner prior to each hearing. She stated that the BPRC at one time asked for a minimum of two months notice to the property owner. The BPRC stated that they want to remain with the two months notice, as that provides the property owner with sufficient notice and time to correct the issues at the property, which is the desired result. Ms. Kelleher agreed noting that providing sufficient notice makes the Board more comfortable about denying requests for extensions as the property owner had sufficient time at the front of the process to address the property's problems.

## **Other Business**

Mr. Bealer reported on the condition of several properties in the Ricktown area as follows:

- 157 N Front – looks rehabbed and occupied. Ms. Reinhart was asked to follow up to make sure permits were issued
- 364 N Front – Remains a problem property. Ms. Butler stated that she connected the adjoining property owner with the current owner; however, the title has not changed
- 644 N Front – Hope Lutheran Church would like the building demolished and the vacant lot titled to the Church
- 626-628 N. Front – Hope Lutheran Church secured the services of a surveyor to define the property lines and ownership.

The group discussed the KOZ, KOIZ and KOEZ. Mr. Bealer updated the BPRC on the redevelopment of Lancaster Avenue.

Mr. Olsen thanked Mr. Agudo for attending and supporting this process.

**Mr. Urena moved, seconded by Mr. Bealer, to adjourn the meeting at approximately 7:30 pm.**

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