

**MINUTES
HAZLETON CITY COUNCIL
WORK SESSION
WEDNESDAY, OCTOBER 14, 2020**

Council met for a WORK SESSION on Wednesday, October 14, 2020 via ZOOM Teleconferencing. The WORK SESSION began at 7:16 p.m.

In attendance were City Council President James Perry, Vice-President Anthony Colombo, Allison Barletta, Lauren Sacco and Jack Mundie. City Officials present were Mayor Jeff Cusat, Atty. Sean Logsdon, Dan Lynch, Fire Chief Donald Leshko, Ralph Sharp, and Police Chief Brian Schoonmaker. Also, in attendance was Gerald Cross- Pennsylvania Economy League representatives.

Perry spoke of the Ordinance to Eliminate Parking on Manhattan Court. He said they received pictures of how the court is blocked. Perry said he could see why the resident wants parking eliminated because there is no way to get down it. He asked if they should start ticketing residents. Perry stated they need to take a look at this because it is a mess. Barletta asked if it is from First Street. Perry said it is from Manhattan Court from West Aspen and West Acacia Street, a very "tight one". Perry said it is unsafe. Barletta stated her and Sacco could not get down the court. She said this was on the list to address. Sacco asked if this is a two or three block "chunk." Barletta said yes. Perry said residents should not be able to block the road.

Perry stated Chris Gulotta is here from the Schuylkill County Land Bank. He said he also provided a Power Point presentation.

Comments from the Audience: Mark Rabo, 1st Street, Hazleton, welcomed Mr. Gulotta. He said it was said at the last WORK SESSION that the Blighted Property Review Committee could perform the same functions as a Land Bank. He said he knows Gulotta knows this is not the case because the Redevelopment law is very clear on this that the Blighted Property Review Committee identifies and certifies blighted property. Rabo stated this is the distinct function of the blighted committee, under the Redevelopment Act. He said the Land Bank is just a clearance once these properties are certified. He said the Redevelopment Authority would just give ideas as far as disposition or to enter into imminent domain to take these properties and put them in the Land Bank if they so choose.

Rabo asked if a Land Bank could function on an "island on its own" without the Blighted Property Review Committee functioning or the Redevelopment Authority being active as in the case of Hazleton. He said when he served on the Blighted Property Review Committee this was defunded by the mayor and has dormant ever since. He said it does not operate for projects that need to be dealt with. Rabo asked if the Blighted Property Committee and the Redevelopment Authority are able to not exist and the Land Bank be functional to be created to do nothing without the other two entities.

Perry thanked Gulotta for coming and welcomed him. He said he will give him free "reigns".

Gulotta said the city council members and administration staff have received his Power Point presentation. He said he will cover what is in the Power Point without "pulling it up". He said he wants to start a conversation with them tonight. He said he is no longer the administrator of the Schuylkill County Land Bank. Gulotta stated he resigned on June 30th, 2020, and the new administrator is doing good work. He said he is administrating the Monroe County Land Bank at this point. He said he was able to get about half a dozen Land Bank's established in Pennsylvania and all over the state. Gulotta has provided technical assistance to a couple more. He said his background includes being the Executive Director of the Redevelopment Authority of Cumberland County in the central part of the state for 30 years, from 1980 until 2010, and started his consulting business. He said there are at least three characteristics of blighted properties that Land Banks are, ideally suited, to address. He stated a lot of the blighted properties have liens that exceed the value of the properties. Gulotta said they could be tax,

municipal or utility liens. He said when the liens exceed the value of the property, the property is “dead in the water”. He stated no private developer will be interested in acquiring this property. He said the Land Bank law gives the Land Bank authority to negotiate. He said the Land Bank does not have unilateral power. Gulotta said it could negotiate with the taxing authorities to reduce these liens, at least down to the fair market value of the property, when it acquires the property. He said the property then, “sits, and sits, and sits”, and nothing happens. Gulotta said a lot of the taxing authorities are more comfortable negotiating these liens with a public entity. He said a Land Bank is a public entity rather than negotiating liens with a private developer or private individual. Gulotta stated a Land Bank could be helpful in getting these liens to a fair market value. He said the second characteristics of blighted properties are that many are tax delinquent and are “up for” tax sales. Gulotta said with a judicial sale, some properties are purchased for “pennies on the dollar” and are purchased by speculators, many are out-of-state. He said many do not know what they are getting and do not do their homework. Gulotta said they are acquired, and they stop paying their taxes and there is a cycle of abandonment. He said the Land Banks, under the state law, have the power, with the permission of the county and tax claim bureau, to submit priority bids. He said they are properties that the Land Bank’s think would be good to have in their portfolio with the idea of working with the private sector on a project, and submit a priority bid and no one could bid against the Land Bank for this property. He said the Land Bank does not want to “cherry pick” better properties. Gulotta said the Land Bank does not want to do is get in the way of a private developer or individual. He said the Land Bank could acquire the property at the judicial sale and convey this property to a responsible developer, so the developer is not bidding against the speculator.

Perry asked if the money to start a Land Bank would come from the Community Development Department. Gulotta stated it could come from a variety of sources.

Gulotta said the third value, one of the characteristics, are title issues. He said there may be a “cloud” on the tile as a mortgage was not satisfied or other issues. He said the Land Bank, under the law, has the ability to file an expedited quiet title action where it could get a ruling from the county court within 120 days after filing. He said these are three characteristics of blighted properties and three ways that the Land Bank could address these situations. Gulotta stated the Land Bank is not a “lone ranger” and not a “silver bullet”. He said the Land Bank is getting real estate through a transparent process and disposing of the property to responsible individuals, for redevelopment, to increase the tax base and doing good things in the community. He said it is important the Land Bank be transparent and important for a work in partnership with the private sector. Gulotta said the City could have a Land Bank without a Redevelopment Authority and the process that Rabo referenced. He stated the City could have a Land Bank without a Redevelopment Authority and the Blighted Property Review Committee is particular to a Redevelopment Authority under the Urban Redevelopment law. Gulotta said Land Bank’s do not have eminent domain power and Redevelopment Authorities do. He stated the blighted review process is described in the Urban Redevelopment law and is, specifically, a process or “hoops” to jump through, in order to utilize eminent domain powers. Gulotta said Land Bank’s do not possess eminent domain powers under state law. He said, as Rabo stated, the City could have the Redevelopment Authority if they wanted to go through this process and acquire the property through eminent domain. He said the two could operate separately and could have the Redevelopment Authority operating without a Land Bank. Perry asked if they could operate as one. Gulotta stated under a 2018 amendment, the municipality could designate a Redevelopment Authority as the Land Bank agency. Gulotta stated the City no longer has to have a separate board. Prior to 2018, the state law stated the City would have to have a separate board, no less than five, and no more than eleven members. He said, in 2018, the law permits jurisdictions, the City, as the Land Bank agency. He said they could operate, in tandem, together. He said there are three jurisdictions that have Land Bank’s where Redevelopment Authorities have been designated. Gulotta said they are Monroe County, Armstrong County, and Fayette County. He stated there are 25 Land Bank’s in Pennsylvania. Gulotta said there are four or five in Third-Class cities. He said Erie City has a Land Bank. Also, Lancaster City, Lebanon City, and Harrisburg has Land Banks.

Gulotta stated Land Bank's get money through donations, banks or individuals, properties purchased at tax sales, either the upset sale or judicial sale. Gulotta said they could purchase properties from the repository of unsold properties and through "arm length" transactions. He said they cannot use imminent domain. Gulotta stated it is critical that Land Bank's work with the private sector and identify responsible developers. He said they are not required to go through a request for proposal process to sell properties. He said they should be doing this but are not required to do this. Gulotta said they should not be holding real estate for a long time because during the time the Land Bank owns the property, the property is tax exempt. He said he does not know if this helps anyone under these circumstances. Gulotta said the whole idea is to move the property to the private sector to do something good with it to make sure it is a taxable property.

Gulotta said in reference to Perry's question, the funding for Land Bank's is all over the board. He said it does not hurt to have some revenue to start out. Gulotta said some jurisdictions did get this revenue through gaming funds, as Washington County has done. He stated Monroe County has received an appropriation of funds through the county commissioners. Gulotta stated Schuylkill County did not have either of these. He stated Schuylkill County had municipalities that were being served, by the Land Bank, charged a modest fee, to cover the start-up expenses. He said his job was to go after grants that included administrative money. Gulotta said the administrative money was used to pay the expenses for the Land Bank including demolition and rehabilitating properties. He said state grants could include funding through the Commonwealth Financing Authority. Gulotta said they just had a funding round that concluded on July 31, 2020, for blight remediation. He said other state sources are the Keystone Community Program through the PA Department of Community and Economic Development. Gulotta stated he worked with one county that received some redevelopment capital assistance money for blight remediation. He stated these are three state funding sources. Gulotta said the City could get donations in exchange for state tax credits, from banks, to use for blight remediation work for the demolition of properties, and up to 10% for administration. He said once a lot of Land Banks are going, they do make money from the sale of properties, not a lot, but should be charging a transaction fee to cover the costs for the sale to a private developer or another entity. He said this should be at least \$1,000-\$2,000 so the costs are covered. Gulotta stated if a Land Bank gets a bad property, they could get grants and loans to rehabilitate the property. He stated they could make serious money to cover the operating expenses. He stated Schuylkill County had done this. He said cities could get donations from banks and corporations in exchange for state tax credits. He said Northumberland County has done this and used it for blight remediation activities. He said a lot of banks are interested in donating properties to Land Banks. He said this happened in Schuylkill County twice. He said Wells Fargo was donating properties that had been foreclosed and providing cash to either rehabilitate or demolish the property. Gulotta said the City would need to hustle to keep it going. He said you need to hustle. Gulotta said it was not easy keeping the Schuylkill County Land Bank going or any Land Bank going. He stated the City needs the right leadership with people who understand a sense of urgency to get things done. Gulotta said they need to make sufficient revenue to keep it going. He said this is a quick review of the first slide presentation.

Mundie asked how the Schuylkill Land Bank is doing. Gulotta stated they are doing fine. He said the new administrator has taken over with over 30-35 properties in seven communities. Gulotta stated he knows the municipalities are pleased with the work that was done. He said they increased the tax base in every community and provided some leadership on blight. He stated they are co-sponsoring some training on code enforcement and blight remediation for communities. He said they are going beyond the "bricks and mortar". Gulotta said they are providing educational programming, for municipalities, for blight. He said they are not the "silver bullet". He stated communities need to have a good code enforcement program and tools to address blight. He said From Blight to Bright is a good publication, put out by the Housing Alliance of Pennsylvania, with a compendium of all the tools to address blight that have been authorized by the legislature. He said the City needs to be using these tools. Gulotta stated every tool may not be appropriate for Hazleton. He stated a lot of them are. He said the City could bundle a lot of tools and variety of strategies. He stated a Land Bank could be one of those strategies. Gulotta stated he has told some communities that do not have a lot of tax delinquent properties, and their market is

pretty strong, that do not have properties with liens with properties “under water”, and do not have a lot of issues with title issues that they probably do not need a Land Bank. Gulotta said there are communities that have the characteristics of blighted properties that are pretty pronounced. He said they may be in weaker markets where sales have not risen as quickly as other parts of the state and may be have even gone down where a Land Bank could get involved. Gulotta said they manage risks associated with the title and excess liens so that the private sector has more of a comfort level acquiring and redeveloping these blighted properties.

Barletta said Gulotta stated the City needs to have a good and strong code enforcement department to make this successful. Gulotta said yes. He said he just did a webinar with the State Association of Boroughs on emphasizing this point. He said the City’s best prevention tool is Code Enforcement. He stated blighted properties could be prevented with a strong code enforcement program. Gulotta said this may be easier said than done. He said if there is a problem with rental housing inspections, a strong code enforcement program will save the City a lot of money, in the long term, because it will prevent properties from reaching the point where they are dangerous structures where the municipality will have to spend some money to deal with the problem.

Mundie asked if it is better if a municipality would have a county Land Bank or individual City Land Bank. Gulotta stated the key is leadership and this is mentioned in the last slide of the first part of his presentation. He said if there is not a “champion” for this, at the county level, there is value in having a Land Bank at a City level if there is not a “champion” at the county level to make this happen. He said if the circumstances are that the City could deal with characteristics of blight he discussed, it may need to be done at a City level and not a county level.

Perry said a feasibility study identifies priority objectives with dealing with problem areas. He said properties, in Hazleton, are “hot potatoes”. He said the City could not keep these properties because the properties are sold within 24 hours. Perry said there are a lot of delapidated properties that need to be looked at, identified, and take care of. He stated the City puts money out, there is a lien on the property, and the City is stuck with it. Perry asked if there could be people, within the City, that could run the Land Bank. Gulotta said it could be within the City. He stated he does not know anything about the City’s Redevelopment Authority. He said it could be designated to act as a Land Bank agency. He stated all the communities he has worked with the Redevelopment Authority has been designated as the Land Bank agency or administers of the Land Bank. Gulotta said a City could administer a Land Bank. He said if there is not a good capacity, at the Redevelopment Authority, people at the City could administer a Land Bank. He said there needs to be a feasibility study done. Gulotta stated it is a mistake, in his opinion, to start a Land Bank without knowing what objectives the City needs to accomplish. He said the City needs to develop an inventory of blighted properties, understand why the properties are blighted, and how the Land Bank could deal with these situations. Gulotta said depending on how widespread the blight is, the City needs to focus the efforts of the Land Bank. He said this is just “Redevelopment 101”. He said if there are 150 blighted properties but 100 of these are in the neighborhood, then there needs to be focus on the effort in a particular neighborhood to have maximum impact. He stated this does not mean the City does not address the problems in other neighborhoods. He said the Land Bank needs to focus their efforts or else it will not have the impact the people want it to have. Gulotta stated the feasibility study looks at these issues as to take a strategic approach. He said the City needs to have a business or operating plan that includes policies on selling properties, how much, and what properties will it buy, i.e.- residential, commercial, or industrial. He said all of these issues are addressed in the strategic plan. Gulotta stated the operating plan has a budget that goes out three years that shows sources of funds for covering operating and program expenses. He said the expenses include what incurred in startup, the ongoing administrative expenses, and program expenses. Gulotta said there needs to be a budget that anticipates what the expenses will be for the first three years.

Mundie said he agrees with Gulotta. He said when Mayor Cusat wanted to do a Land Bank and brought this up before council, Mundie stated the City needs a budget and a plan and asked where the City would get the money from. Mundie stated he agrees with Gulotta 100%. He said the City needs a business

plan, in going forward, of not only how the money will be spent but what the City's objectives are. Gulotta stated there are 25 Land Banks in Pennsylvania. He said all are doing well with some doing better than others. Gulotta said it has to do with leadership. He said Westmoreland, Schuylkill and Lackawanna counties are very active. Gulotta said Monroe and Armstrong counties are just getting started in the last two to three years. He stated Dauphin county and Lebanon City has done nice work. He said some are trying to get "their legs under them" and figuring out what to do. Gulotta said they may be trying to figure out where the money is coming from. He said if the City does not think about this in advance and does not have "irons in the fire" then the City spends a lot of time looking for money after the Land Bank is formed. He said the City needs to answer this before the Land Bank is formed. Gulotta said a lot of them are doing good work and some are just "treading water".

Perry asked if Mayor Cusat or some other entity could be in charge of the Land Bank. Gulotta said it should be the Community Development office or director in charge of the Land Bank. Mundie said in Pittston, the Community Development Director is in charge of the Land Bank. Gulotta said he is also the Redevelopment director. He said it could be run out of the city government. Gulotta stated the Community Development director could wear "many hats" with one being Community Development director and director of the Land Bank. Perry asked if money could come from Community Development as a funding source. Gulotta said one thing to watch out for, with CDBG block grants, is that 30% of CDBG funds could be spent on slums and blight and the City needs to be careful not going over the cap. He said there are some issues in terms of using Community Development money and disposing of property. Gulotta said this makes disposing of property more difficult without jumping through a lot of "red tape". He said a better approach is to try to develop local funds to accomplish the demolition that does not have the restrictions that CDBG has. Gulotta asked Lynch if the county has implemented an ACT 152 demolition fund yet. Lynch said he is not sure about this. Gulotta stated, in 2016, an act was passed that allowed counties to increase the filing fees for deeds and mortgages by \$15.00 that goes into a demolition fund. He stated Monroe County has almost \$500,000, in a demolition fund, from the ACT 152. He said it generates a lot of income. He stated this is a great source of funds. Gulotta said the county may not be interested in establishing a Land Bank but may be interested in enacting it on the ACT 152. He said there are sources of funding a Land Bank. Perry asked if the banks want to donate properties to Land Banks. Gulotta said the banks have donated properties in Schuylkill County, but said there are some properties the municipalities should not take. Gulotta said the City needs to get "out there and be visible" and have meetings with banks, non-profit developers and private developers and figure out how to create partnerships between the Land Banks and these organizations.

Mundie asked if he is using the demolition money, from the county, for the Land Bank. Gulotta stated the ACT 152 money could be used for the Land Bank. He said this money could be used to demolish properties.

Barletta stated the majority are counties that have Land Banks. Perry asked how many municipalities get their money from gaming revenue. Gulotta stated Washington and Dauphin counties receives this. Rabo asked if the tax claim bureau that collects the delinquent tax claims, for the county, could do the private auctions on behalf of the Land Bank. He said if it is a county Land Bank, they cannot conduct the private auctions for the Land Banks. Gulotta said he would have to get back to Rabo on this, he does not know.

Gulotta reviewed his slide presentation on the Land Banks with city council members and administration. He said some municipalities, in Schuylkill county, have conveyed the property to the Land Bank and have been able to sell the property to the adjoining owner. He said it is easier for the Land Bank to do this because the City would need to "jump through hoops". Gulotta said the Land Banks do not have that many restrictions. He said Lackawanna County sells vacant lots to adjoining owners to get them back on the tax rolls. He said leadership is critical in getting started and keep it going. He stated Dauphin County has capitalized with gaming revenue. He said Dauphin County used some prison labor to rehabilitate a property. He stated Westmoreland County has acquired and demolished blighted properties with the idea of building apartments on these units. He said Schuylkill County has used funds from the ACT 137 program to rehabilitate some properties. They also received funding from the state and county. He said

Pittston Redevelopment Authority has received some gaming money from Joe Chacke. In Lawrence County, New Castle City, the same size of Hazleton, properties have been sold to adjoining owners and many to non-profits for rehabilitation and building some new houses. He said a lot of good work is happening throughout the commonwealth.

Mundie asked what the minimum amount of money the City would need to start a Land Bank. Gulotta stated no less than \$50,000. He said if there was some commitment in gaming, the City could budget some money in the 2021 budget or get leads on some state grants. He said with the City being under the ACT 47 Plan, could submit more competitive applications for state grants. He said a Keystone Community grant would be good. He said Schuylkill County received one of these grants, receiving \$50,000 in administrative revenue, about 10% of this grant. Mundie asked how much money Schuylkill County started with. Gulotta stated it was about \$50,000, all the money came from grants. Mundie said Pittston Land Bank received an LSA grant. Gulotta said this is something the City could consider in getting an LSA grant. He said no less than \$50,000.

Perry stated passing an ordinance creating a Land Bank does not mean much of anything. He asked if this needs to be funded before it is started. Gulotta said a lot of questions from elected officials could be answered by documents completed before an ordinance is passed. He said the City needs to do a strategic plan including what the policies would be for the acquisition, what properties would be acquired, what types of properties, and what is the policy in the properties being sold. Gulotta said if there is a comfort level with the policies and a strategy, then the City could pass the ordinance. He said he knows some counties that passed the ordinance and then did some strategic planning and prepared the operating plan afterwards. Gulotta said, as a personal preference, the City would need to see the planning documents, up front, before the ordinance is passed.

Perry asked Mayor Cusat or Atty. Logsdon if they have any questions. Mayor Cusat thanked Gulotta for coming and supporting the idea. Gulotta stated Land Banks are not for everyone and the City are the "deciders on this". He said the City may decide to use a Land Bank as a "toolbox" to address blight. Perry asked what documents the City needs to review. Gulotta stated a *(inaudible)* strategic plan is needed to review and he will send this to all city council members and administration. He said the City could then see what issues are addressed. He said it cannot be "cookie cutter". Gulotta stated it would be different for every county and Third-Class city. He stated they could see what the documents look like. Mundie asked if he recommends a budget. Gulotta said yes. He said part of it is a strategic and operating plan. He asked how far out he does go. Gulotta said he does it for three years, but five years is fine. He said it is more accurate for three years, and it needs to be a minimum of three years.

Perry and city council members all thanked him for coming. He said they will be reaching out to him.

Perry said there were a lot of things accomplished.

Mundie asked if city council could receive a copy of the plan from Gulotta. Perry said Lynch would share this with council members. Mundie said it needs to look at the City as a "whole" with the number of blighted properties in the City. Perry said this is a starting point. Perry said properties are "going hot" and there are a few properties that need to be addressed.

Rabo said the demolition funding was considered, by the county, back in 2018, and was voted down due to the County Realtors Association having problems with it.

Barletta asked Mayor Cusat how he sees this Land Bank working and who would be the head of it. Mayor Cusat said the City could receive a few properties, for free, as donations, and a lot of them are in the business districts. He said a lot of properties the City should try to acquire to put back on the tax rolls. He said he does not want to save some of the properties because residents may want to buy them. Barletta asked who the leader of the Land Bank would be. Mayor Cusat stated he would like to see the Redevelopment Authority. Perry asked if Zeller is part of this. Mayor Cusat said Zeller, currently, oversees the Redevelopment Authority with a five-person board. He stated he has discussed this, in the

past, with the Redevelopment board. Mayor Cusat said, currently, he could make some moves, on there, if they do not want to be involved with a lot more action going on. Barletta said her main concern is listening to Gulotta with his suggestion of a strong code department. She said this department needs some work and this will not happen for a while until this is improved. Mayor Cusat said the code department needs some improvements. He said the City also needs to fund them. He said he is still working with the City Hall Union. Mayor Cusat stated after five years, there still is no agreement, in place. He stated he cannot hire anyone highly qualified under this contract. Mayor Cusat stated the code department needs improvement. He said he is working on a couple other ways of doing things. He stated he would like to get started with a couple of properties that he thinks could be quick "flips" where the City could make money, "off the bat", and not require a lot of outside funding. He stated there is a lot of potential, especially in the downtown area, with business fronts and residential units above them that they could get for free. Perry asked if banks want to donate properties. Mayor Cusat said there are a few. He said they want to get the properties off their inventories. Mundie stated the bank does not want the liability with the property. He said they do not want the building falling on top of "someone's head". Mayor Cusat said the banks do not want to cut the grass, and especially in the wintertime. He said some people donate the properties to receive tax breaks. He said his charity has acquired several properties for people to receive tax breaks.

Perry said city council will review the paperwork from Gulotta. He said Gulotta stated they could pass it and then fix it or do whatever they need to do. He said the City could start this process. Perry stated it will only take a vote and every two weeks, at city council meetings, they could decide. He said the City is coming up on, may be, a winter where it is not easy to do "what they are doing". Mayor Cusat stated he would like to start this in the winter because this is the easiest time to get donations and properties. He said they would need two votes on this and get the board put together with financing in place. Mayor Cusat said it would take about three or four months. Barletta said the City would also need a business plan in place as suggested by Gulotta. She stated city council would like to receive information ahead of time and not the day of the meeting. She stated the City needs no less than \$50,000 to start the Land Bank.

Perry stated it is a good process and they learned a lot.

Perry adjourned the meeting at 8:12 p.m.