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COUNCILS OF THE BOROUGHES OF AVALON
BELLEVUE AND BEN AVON

Ben Avon Municipal Building
7101 Church Avenue
Pittsburgh, PA 15202

Monday, October 29, 2012
7:00 p.m.

- - -

PUBLIC HEARING
IN RE:
PARK AVENUE PROPERTIES
AND
ORDINANCE NO. 758

- - -

Reported by:
CAVALIERE COURT REPORTING
Jill A. Josey, Court Reporter
144 Peony Avenue
Pittsburgh, Pennsylvania 15229
(412) 366-0531

A-P-P-E-A-R-A-N-C-E-S

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COUNCIL MEMBERS:

Sue Weiss, Chair
Michael Bett
Richard White
Earl Bohn
Brian Tokar
Rob Galbraith

SOLICITOR, BEN AVON BOROUGH:

CHARLES MEANS, ESQUIRE
Goehring, Rutter & Boehm
1424 Frick Building
Pittsburgh, PA 15219

Also present:

Bert Lauble, President AWK Development
Carol Nuss

P-R-O-C-E-E-D-I-N-G-S

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MS. WEISS: Chuck, do you want to take roll?

You're so good at it.

MR. MEANS: Yes. Please, answer present.

Councilman Galbraith?

MR. GALBRAITH: Present.

MR. MEANS: Bett?

MR. BETT: Present.

MR. MEANS: Bohn?

MR. BOHN: Present.

MR. MEANS: Tokar?

MR. TOKAR: Here.

MR. MEANS: White?

MR. WHITE: Here.

MR. MEANS: Weiss?

MS. WEISS: Here. Corder, not here. Okay.

We're going to call to order our special Council meeting to deal with the issue around the condition of the Park Avenue properties that have been purchased by AWK Development. I guess before we get into it, do we want to have anybody address the Council first, or do you just want to begin with the evidence?

MR. MEANS: First, we should begin with the hearing, then let anyone -- anyone that wants to address Council will have a chance to do that. That's why we

1 called for the hearing. So to begin the hearing, we
2 would have our Court Reporter swear in anyone that wants
3 to say anything or you might want say anything, if you
4 would stand up, and the Court Reporter will swear you
5 in. Raise your right hand.

6 (WITNESSES SWORN)

7 MR. MEANS: Thank you. And then if you can
8 stand up, give your name and address so the Court
9 Reporter can take it down, we'll take any comment or
10 question that you may have.

11 MRS. NUSS: Hi. My name is Carol Nuss,
12 N-U-S-S. I live at 219 Alder Drive.

13 MS. WEISS: And what would you like us to
14 know?

15 MRS. NUSS: I just -- I wanted to come to
16 this meeting to see what was going on with Park Avenue
17 because my yard and their yards are combined, and it's
18 just a mess over there. And I was so happy when I found
19 out that this guy was supposed to buy these houses. I
20 mean, I got weeds up to my neck and it's terrible. I
21 couldn't sell my house if people had to look at that.
22 And this is what I'm here for. I wanted to see what was
23 going on with those houses.

24 MS. WEISS: All right. Thank you.

25 MR. LAUBLE: Bert Lauble with AWK

1 Development. I'm here to request that the property be
2 declared blighted and therefore eligible for real estate
3 tax abatement under the provisions of the Commonwealth
4 of Pennsylvania, your ordinances, the school district.

5 MR. MEANS: Mr. Lauble, are you the owner or
6 affiliated with the owner of the Park Avenue properties?

7 MR. LAUBLE: Yes, sir. I'm the president of
8 AWK Development which is the owner and developer of the
9 property.

10 MR. MEANS: And I also see that you have
11 had, recently, a plan of consolidation prepared and
12 recorded.

13 MR. LAUBLE: Yes.

14 MR. MEANS: Could you briefly describe that
15 to the Council?

16 MR. LAUBLE: The property, in its current
17 condition, has no economic value in our determination
18 and therefore, should be demoed. And a higher and
19 better use would be to build single-family detached
20 homes that are more consistent with the surrounding area
21 in terms of density and use. And we plan to build six
22 of these homes, and they will be made available to
23 people that make up to 100 percent of the median income.
24 Because we have secured development subsidy money from
25 the County of Allegheny to implement this development.

1 MR. MEANS: And then I'd like to clarify for
2 the record that the recorded plan that Mr. Lauble
3 referenced is attached to the proposed ordinance if
4 Council chooses to act on it later, but it's Exhibit A.
5 And so that plan is incorporated in the ordinance if we
6 get to it. It is recorded at plan book volume 275, page
7 71 and was recorded on October 11, 2012. And I also
8 want to note for the record that on that plan, there is
9 a note that the existing -- this is in quotes, "The
10 existing two story townhouse on lots 1, 2, 3, 4, 5, and
11 6 are to be raised." So that is a notation on the
12 recorded plans and, Mr. Lauble, those lots 1 through 6,
13 they are, I take it, all of the lots there that
14 buildings are on?

15 MR. LAUBLE: That's correct. There's
16 currently, as you suggest, 20 lots that are being
17 consolidated and then re-subdivided into six.

18 MS. WEISS: I just feel for the record we
19 need a description of what those properties are like
20 now. Can you just sort of describe, you know, sort of
21 the general -- either of you, I'm sure could -- the
22 general condition of the properties at the moment?

23 MR. LAUBLE: Would it be better
24 (indicating)?

25 MS. WEISS: Absolutely. Say your name, Mrs

1 --

2 MRS. NUSS: Nuss, N-U-S-S, Carol.

3 MS. WEISS: Nuss.

4 MRS. NUSS: Yes. It's just -- the front of
5 the property -- I can only see the back, but I've walked
6 on Park Avenue. There's no porches, no nothing. It's
7 just a big mess. I mean, they're ugly. It looks like I
8 live on -- I don't want to -- I'm not putting down the
9 ghettos or nothing, but it looks like I live in a
10 ghetto. With the back and with the weeds. The weeds
11 are up to here (indicating). I mean down the whole
12 road. Before they were remodeling, they had piled dirt
13 up against my fence and my fence is buckling in now.
14 The properties are just -- how can I say it? You ought
15 to come down and look. Have you seen it?

16 MS. WEISS: I have. We just need to make a
17 record of what you see in the neighborhood when you go
18 by the properties. What do you see?

19 MRS. NUSS: Slum. Slum.

20 MS. WEISS: Can you be more specific?

21 MRS. NUSS: They are just run down, old
22 houses -- run down houses now. The downspouts are
23 hanging off of them. Some of them -- I was back there
24 the other day and some of the them have doors missing.
25 So I don't know what's -- you know. I mean, it's just

1 slum. How can I describe it?

2 MS. WEISS: Do they appear to be houses that
3 human beings could safely live in?

4 MRS. NUSS: No. No, human could live in
5 those houses at all. None at all. And I lived on that
6 street, my street, for 37 years. And I am so glad for
7 this company that's going to come in because I have been
8 to meetings before, years ago. The people that move in
9 and the way that landlord took care of things and it's
10 slum! I wish I could -- I don't know what else to say
11 but slum. You know, it's just -- I feel like I'm on --
12 I don't even want to say the North Side because that's
13 putting the North Side down. I just feel like I live in
14 the ghettos. I really do. For 37 years I've felt that
15 way.

16 MS. WEISS: Do you feel that that space has
17 the proper number of houses on it at this point, the way
18 it looks right now?

19 MRS. NUSS: It should be less. It
20 definitely should be less. I mean -- it should be less.
21 You know what? I'm flabbergasted the way -- I cannot
22 tell you how it looks. I mean, it's just terrible. I
23 look out my kitchen window and my bathroom window and my
24 back windows and it's just disgusting. And I cannot
25 sell my house on account of those houses and those weeds

1 and that. People look in there and -- I mean, we were
2 going to sell one time. We had people come down and
3 they said, "Is this like this all the time?" And I
4 said, "Well, it's really better because they put siding
5 on it." I said, "Before it was really -- "

6 MS. WEISS: They have siding on them now.
7 Now you say you've lived there for 37 years?

8 MRS. NUSS: Yes, I have.

9 MS. WEISS: In those 37 years, have those
10 Park Avenue houses always been there or has there been
11 anything else there?

12 MRS. NUSS: No.

13 MS. WEISS: So they're well over 37 years
14 old?

15 MRS. NUSS: Even when I was a young kid,
16 they have always been there. For as long as I can
17 remember, even as a kid, those row houses have been
18 there and that. Whatever this man wants, please give it
19 to him. Please. Even if you have to raise my taxes,
20 don't care. Give it to him.

21 MS. WEISS: I think Councilman White had a
22 question.

23 MR. WHITE: Just one. Have you ever noticed
24 any stray animals living on the properties?

25 MRS. NUSS: Okay. Before when people lived

1 there, yes, there was all the stray cats. Nobody lives
2 in these houses. But okay, this mamma cat keeps on
3 having babies. Well, I got six feral cats that I've
4 been feeding, and I took them down to the Humane
5 Society. I got them neutered and fixed. And I -- so
6 they don't produce no more. And I feed them every day
7 because I don't want them to produce. I don't know
8 where these babies were coming from, but they were
9 having babies so I have these six cats because we paid
10 to get them fixed.

11 MR. WHITE: I have more than one question.
12 Those feral cats, were they living on the property post
13 occupation?

14 MRS. NUSS: I think so. Yes, they were.
15 Because before, I would see them running underneath --
16 like, there's supposed to be little porches in the back,
17 but it's all open. They're all wood and everything.
18 And they run underneath it, and I think that they were
19 living back there until I started feeding them and that.
20 And my husband and I actually built a cat house in my
21 back yard for them to sleep in. And like I said, they
22 can't produce. These six cats I got can't produce no
23 more. No more cats. And I have not seen no rats
24 because I think 'cause, maybe these cats have taken care
25 of the rats. I have not seen none.

1 MR. GALBRAITH: So there's a method to your
2 madness.

3 MRS. NUSS: Yes. And I know animals have
4 probably lived there. Not the baby ones that I have. I
5 got six of them. They stay in my backyard now. I have
6 a house for them and yinz can come down and check it out
7 and everything. And I feed them and that. Like I say,
8 I didn't know what do with them so I just started
9 feeding them, and then the one cat had babies and I
10 went, Oh, my God. So that's when I got traps and went
11 down and got them all fixed. So there should be no more
12 cats in my neighborhood, other than what people own.

13 MR. GALBRAITH: Mrs. Nuss, first of all, I
14 commend you for your public service to take care of the
15 cats. I really do. I like cats and dogs, but I, you
16 know -- it's good to see that you took it on your own to
17 take care of those cats.

18 MRS. NUSS: Thank you.

19 MR. GALBRAITH: As a set aside --

20 MRS. NUSS: And I also get traps -- and I
21 pay for this too. When it's time for them get updated
22 on their shots, we go down to the Humane Society on the
23 North Side, and we get traps and we take them down so
24 they can get their shots. So these cats I have here,
25 they've all been tested for aids because cats carry

1 aids. They've been tested for other diseases. They're
2 up to date on their shots. I got micros and everything.
3 So these cats can't spread no germs.

4 MS. WEISS: Thank you for that.

5 MR. MEANS: I had another question for Mr.
6 Lauble. Mr. Lauble --

7 MR. LAUBLE: I'd like my representative t
8 speak.

9 MR. MEANS: This ones for you. Well, Mrs.
10 Nuss said that she believes she would have difficulty
11 selling her property because of these buildings. And I
12 wanted to ask you, in your experience as a developer, do
13 you have an opinion as to whether these buildings, as
14 they are, are negative or positive on the surrounding
15 neighborhood property values?

16 MR. LAUBLE: Unquestionably negative. And
17 the technical answer is, Mrs. Nuss can sell her home,
18 but not at the price she'll be able to after we improve
19 the area. It's all a relative question.

20 MRS. NUSS: Right, yes.

21 MR. LAUBLE: The property values on Park are
22 diminished by the presence of that blighted property.
23 Once it's demolished and redeveloped into single-family
24 detached homes, those values will just naturally
25 increase. As a matter of fact, the homes we'll build

1 there will be the highest appraised homes on the street.
2 We're building the best homes in the least neighborhood,
3 in terms of real estate values. It will be an updraft
4 in values. And the lid on values, the diminisher on
5 values is the current condition of the current property.

6 MR. MEANS: Thank you.

7 MRS. NUSS: Can I ask him a question?

8 You're going to build nice houses and that, you know, on
9 Park Avenue. Do you think that you'll be able to sell
10 them for what you think they are? Because if you look
11 across the street or go down the street, there's some
12 run down houses there. Do you think they will take the
13 property and -- you know?

14 MR. LAUBLE: Yes. Yes, we'll be selling a
15 home that cost about \$250,000 to build. We'll be
16 selling it for \$125,000.

17 MRS. NUSS: Good. Because like I said,
18 across the street there was some -- and I'm not saying
19 my house is any better, but I'm just saying that would
20 pull those houses down.

21 MR. LAUBLE: Right. What will happen is
22 that, you could not do a market rate home on that street
23 because of the condition of the other homes. I predict
24 in ten years someone will tear down a house there and
25 build a market rate house because of this initiative.

1 This is the revitalization process. This is how you
2 jump start bringing back an area.

3 MRS. NUSS: It would be nice to have it back
4 over in that area because I think everybody forgets
5 about "that area" of Ben Avon. I really seriously do.
6 I think everybody forgets about the east end of Ben Avon
7 and that. Now if my house was over across the bridge, I
8 could probably get whatever -- a nice price for it.

9 MR. LAUBLE: Imagine if it was in Beverly
10 Hills. Location, location, location.

11 MRS. NUSS: But since I'm on this end of
12 Ben Avon, I can't get the value of my house.

13 MR. LAUBLE: I understand.

14 MS. WEISS: Councilman Bohn, do you have a
15 question?

16 MR. BOHN: I have a comment. A counterpoint
17 to what Mr. Lauble just said. I have no quarrel with
18 your plan or your business. I would put your project in
19 greater context, though, for everyone concerned. The
20 existing town homes there are a blight and a health
21 threat and a threat to public safety. So Ben Avon has a
22 problem and we are addressing it in a responsible
23 fashion. The greater context is, what's going on here
24 has been replicated across this country and in other
25 countries. We are taking public resources, Ben Avon has

1 a small role to play in a larger plan that uses public
2 resources to put people in homes that they could not
3 otherwise afford. Now your comment about the value of
4 the cost of the construction versus the market value is
5 the epitome of this scenario.

6 You're going to build a quarter of a million
7 dollar home and sell it for \$125,000. That's not
8 rational in a free market. It makes sense when the
9 government provides incentives for you to do that. And
10 you're right to take advantage of those incentives. And
11 Mrs. Nuss is going to be happy when those places are
12 demolished and something nice and attractive is put up.
13 But what we're doing here is putting people in homes
14 they could not otherwise afford, and we're using money
15 that's been taken from other people through the tax
16 system to finance this. Replicate that across the
17 country over a period of 30 or 40 years, and you have
18 the seeds for the financial debacle that we experienced
19 in 2008 and 2009, when all of this debt was rolled up
20 into investment grade securities and sold on the world
21 market. And when the real estate market collapsed, when
22 the bubble collapsed, those securities' value came into
23 doubt. And that was the seeds of what we've just
24 experienced and what we're still experiencing. So we're
25 a small part of a very large event and industry, but

1 let's not forgot what we're part of here.

2 MS. WEISS: And at this point, we're just
3 trying to establish whether we have the evidence to
4 determine if this property is blighted or not. All
5 Council members will get a chance to weigh in on those
6 issues that Mr. Bohn raised, but I do want to make sure
7 that we get the evidence before us that may be out there
8 regarding the condition of these properties. So if
9 anybody else has questions for either Mrs. Nuss or Mr.
10 Lauble regarding the condition of the property so we can
11 make a fair determination of whether they meet the
12 standards of deterioration, those are the kinds of
13 questions I'd like to entertain at this point.

14 MRS. NUSS: Well, excuse me, but you can't
15 leave these houses sit like they are. Like I say, I
16 live in Ben Avon. I don't live in Homestead or
17 someplace like that there. And I pay high taxes in Ben
18 Avon, and you cannot determine -- you cannot leave these
19 houses. If he doesn't do nothing with them, then Ben
20 Avon's got to do something with these houses. I mean,
21 they've got to do something with these. Because yinz --
22 none of yinz have to look out your window and see these
23 weeds, see these darn trees that are losing their limbs
24 and fall into your yard.

25 Like I said, for 37 years I don't know how many

1 times I've been over here, asking them to do something
2 with this property or find the person who owns it or do
3 something. And nobody has never, never come over.
4 Nobody has come over to check. You can't leave these
5 houses sit like they are. You just can't. I mean, we
6 just can't. We got to do something. Whether Ben Avon
7 and people's tax money takes a bulldozer and tears it
8 down and Ben Avon will own that property, fine.
9 Something. Something's got to be done with that
10 property.

11 MR. WHITE: Do small children live on Park
12 Avenue.

13 MR. NUSS: Oh, yes. That's where all the
14 kids live now. They used to live on Alder Drive, but
15 all of our children grew up. There's tons of children
16 on Park Avenue.

17 MR. WHITE: And do they play a lot outside?

18 MS. NUSS: I would think so. If I was a
19 parent, I would want my kid to play out on my street.

20 MR. WHITE: Have you ever seen them wander
21 onto the property?

22 MRS. NUSS: No. I have not seen nobody.
23 That's one thing I can honest to God say. And I was
24 just telling my husband it's a miracle that we haven't
25 had dopers or anybody drinking over there because some

1 of these doors are missing and the basements -- you can
2 go down into the basement. It's a miracle that we have
3 had no problem like that. It's just a plain miracle.

4 MR. WHITE: So you think that the houses in
5 the current condition could attract people that are
6 addicted to drugs and substances of that sort?

7 MRS. NUSS: Definitely. Yes. You all ought
8 to walk over there and see what I'm talking about.

9 MS. WEISS: Any other questions? Chuck.

10 MR. MEANS: Everyone's had their say, it
11 seems like. So you can close the hearing and then move
12 on to the ordinance.

13 MS. WEISS: I want to thank you both for
14 coming in and giving us that information regarding the
15 properties. We have seen pictures. We have, as a
16 Council, seen this. It's been on our agendas for a
17 while now and are aware of the condition of the
18 property. But the two of you who have firsthand
19 knowledge. I really appreciate you coming and giving us
20 that information. With that, I'm going to conclude the
21 hearing portion of our meeting tonight and thank you for
22 your time. At this point I can entertain a motion as to
23 whether we, as a Council, can find a determination
24 whether this property is deteriorated and therefore
25 possibly eligible for a tax abatement. So the first

1 determination we have to make is whether or not the
2 property is deteriorated.

3 MR. BOHN: I so move.

4 MR. WHITE: I will second.

5 MS. WEISS: Well, who's making my motion?

6 MR. BOHN: I am.

7 MR. WHITE: And then I am seconding.

8 MS. WEISS: All right. So any other comment
9 on whether or not this property meets the standards of
10 deterioration? And we did have a statute and from what
11 -- you know, I can read some relevant portions to it and
12 you only need to find one or more of these to determine
13 deterioration: Residential buildings by reason of age,
14 obsolescence, inadequate or outmoded design or physical
15 deterioration, had become economic or social
16 liabilities; the buildings are substandard or unsanitary
17 for healthful and safe living purposes; the residential
18 buildings are overcrowded, poorly spaced or so lacking
19 in light, space and air as to be conducive to
20 unwholesome living; faultily arranged, cover the land to
21 excessive extent or show deleterious use of land or
22 exhibit any combination of the above which is
23 detrimental to health, safety or welfare; and finally, a
24 significant percentage of buildings used for residential
25 purposes is more than 20 years of age.

1 So you know, I just wanted to get that on the
2 record. I know other folks who have to make
3 determination about tax abatements also will be wanting
4 to see the evidence that we based our determination on.
5 And in my opinion, I would concur with both of you that
6 it is definitely consistent with the state's definition
7 of a deteriorating area. Any other comments? All those
8 in favor of finding this Park Avenue properties
9 deteriorated under the statute, signify by saying "aye."

10 COUNCIL: Aye (in unison).

11 MS. WEISS: Opposed? Okay. We're done with
12 that part of the meeting. So the other matter that we
13 had advertised as being brought before Council tonight
14 was the issue of a tax abatement ordinance. One has
15 been distributed. I know one of our residents also took
16 a look at it online. This is Ordinance 758 regarding
17 providing a tax abatement for the owner of that
18 property. And this particular ordinance, as it was
19 proposed, is proposing a 20 percent increase in taxes
20 over ten years. Do I have that right? I've got to look
21 at that again. Yes. So year one would be -- this is
22 the proposal scheduled abatement. Year one, 100 percent
23 assessed value. And then it goes up, I'm sorry, ten
24 percent every year over ten years. So that in the tenth
25 year, the last year of the abatement, the owners would

1 be assessed 10 percent of the assessed value of the
2 improvements over the land.

3 MR. MEANS: Actually, it goes in the other
4 direction. So in the tenth --

5 MS. WEISS: I said that opposite.

6 MR. MEANS: Yes. In the tenth year, it does
7 say 10 percent of the assessed value, but that's the
8 abatement is only 10 percent. So the owner will be
9 paying 90 percent. In year eleven, the owner is paying
10 100 percent.

11 MR. GALBRAITH: And this abatement schedule
12 was proposed to the borough, to Council?

13 MR. WEISS: Correct. There are only three
14 types of abatements that you can do under the statute on
15 a deteriorated property, and so you know, I would say
16 that I proposed this. The other one -- Chuck, I don't
17 know if you have those handy. I think there's one year
18 and is it three?

19 MR. MEANS: Three years.

20 MS. WEISS: There's a one year, a three
21 year, and a ten year. And because of the nature of the
22 project, it was my opinion that -- I recommended this
23 one. And I also, I believe in conversations --
24 although, no vote has been taken by the school district
25 because they can't determine a tax abatement until it's

1 found to be deteriorated. But I think that this gives
2 anybody who may purchase this property an incremental
3 time for adjusting to the tax rates. I think as we've
4 heard evidence today, there's a lot over in that
5 community over there that may be economically
6 challenged. So for what it's worth, that's what's been
7 written into the ordinance.

8 MR. GALBRAITH: So, Sue, you put the
9 schedule together for the percentages?

10 MS. WEISS: This is the schedule allowed
11 under statute.

12 MR. GALBRAITH: And this what you proposed
13 to the school board, also, correct?

14 MS. WEISS: Correct. And my understanding
15 is that -- and you know, I can't speak for the school
16 board because they have to vote on it, but I do think
17 that they have indicated a favorability toward this type
18 of abatement for them. And obviously, it's going to hit
19 them harder because their percentage of taxes, school
20 taxes, are higher than what we have.

21 MR. BOHN: Have we figured out if all of the
22 units were sold and making some assumptions about their
23 assessed valuation, what this would mean in dollars to
24 Ben Avon, dollars not collected?

25 MS. WEISS: You mean, after the properties

1 are built?

2 MR. BOHN: Yes. Whenever it would be time
3 to tax the improvements, how many dollars will not come
4 to Ben Avon if all the units are built, and we know the
5 value of the improvements? Has that calculation been
6 done?

7 MR. MEANS: No, but we could compare it also
8 to the amount of taxes we're getting now.

9 MR. WHITE: Carmella prepared it.

10 MS. WEISS: I saw a spread sheet. Was that
11 the spreadsheet?

12 MR. MEANS: We're talking about the one
13 Carmella did.

14 MR. WHITE: Yes. Carmella, who is our
15 borough secretary and our tax collector, prepared a
16 spreadsheet listing the --

17 MR. BETT: This (indicating).

18 MR. WHITE: That's it right there. Let the
19 record show that Councilman Bett is holding up the
20 document.

21 MR. BOHN: Now we collect zero, right?

22 MR. WEISS: We get -- we get taxes on the --
23 basically, the -- I think the value of the land is under
24 \$10,000 maybe -- or the structures and the land. So
25 when the structures come down, you know, it's only the

1 improvements so whatever goes up over the lands. There
2 will still be a little bit coming in. But I do -- we
3 had a lot of battles with the prior owner to pay any
4 taxes, the school district and us. So when those
5 20-some row houses were there and he was remodeling
6 them, he was behind on taxes. So we had not had a
7 consistent payment of taxes on those properties for as
8 long as I've been on Council, and I believe prior to
9 that.

10 MR. GALBRAITH: At least ten years or
11 something?

12 MR. WHITE: We had to sue them for taxes at
13 one point, didn't we?

14 MS. WEISS: We did. We had to take some
15 action to get him to pay taxes, the prior owner.

16 MR. GALBRAITH: How long has it been not --

17 MS. WEISS: This is my fifth year on
18 Council. I just remember one year that he -- we had to
19 go after him for the taxes. And I don't -- and that
20 wasn't the first time. He had been delinquent for quite
21 some time.

22 MR. GALBRAITH: If we allow this abatement,
23 of course, your -- is this going to be a fixed assessed
24 value on Mr. Lauble's properties when they're built?

25 MS. WEISS: Well, we don't do the

1 assessment. The county would still assess it.

2 MR. GALBRAITH: The county will do that?

3 MS. WEISS: Correct.

4 MR. GALBRAITH: They will be in excess of
5 whatever the sale price, at minimum, is that -- do we --

6 MS. WEISS: My understanding -- Chuck, jump
7 in if I don't have this right. But my understanding is,
8 they're going to be assessed the way any other property
9 in Ben Avon would be, but the abatement is only for the
10 improvement over and above the value of the land because
11 he's going to tear the buildings down.

12 MR. GALBRAITH: So you're going to sell the
13 properties for \$125,000?

14 MR. LAUBLE: No. I'm going to sell them for
15 about 150 or 60.

16 MR. GALBRAITH: 150 or 60. And of course,
17 so the abatement goes with the structure and the
18 improvement of the homes.

19 MR. LAUBLE: Right. There's a soft second
20 mortgage on there between the 125 and 160.

21 MR. GALBRAITH: What's a soft second
22 mortgage?

23 MR. LAUBLE: Unamortized, un -- a
24 noninterest bearing, unamortized, so someone can't buy
25 it for 125 and the next day flip it for 160. Because

1 it's going to be worth more than 125. The people who
2 make up to 100 percent of the median income can only
3 afford like 125.

4 MR. GALBRAITH: So the people that would
5 sign up for this, they would have to retain the property
6 for a certain period of time?

7 MR. LAUBLE: No. That mortgage stays with
8 it for ten years. It drops off after ten years. If the
9 next owner qualifies for affordability, it stays with
10 it. If someone comes and buys it for 160, then, you
11 know, the county gets their money -- some money back.

12 MR. GALBRAITH: So the mortgage conveys when
13 the property sells?

14 MR. LAUBLE: Yes, it stays with it.

15 MR. GALBRAITH: So people can go in and --
16 so they really -- if somebody gets it and flips it they
17 really don't enjoy any equity?

18 MR. LAUBLE: They do over the 160.

19 MR. GALBRAITH: If it sells over 160.

20 MR. LAUBLE: There's a splitting with the
21 county too, on it.

22 MS. WEISS: The county has to be reimbursed
23 for the soft second mortgage.

24 MR. LAUBLE: Yes. And as it burns off too.
25 It's forgiven after ten years.

1 MR. BOHN: And what if they walk away from
2 the property?

3 MR. LAUBLE: It's like any other property.
4 It's foreclosed upon by the first mortgage holder.

5 MR. GALBRAITH: Which is who?

6 MR. LAUBLE: Whoever the financial
7 institution would be that gave this person their first
8 mortgage.

9 MR. TOKAR: They have to go out and get an
10 approved mortgage just like everybody else.

11 MR. GALBRAITH: And then would this --
12 obviously, this abatement would convey with the sale of
13 the property?

14 MR. LAUBLE: Yes, it stays. The abatement
15 is with the property not the owner, yes. I would
16 suggest that the property taxes are going to zero.
17 Because we're tearing the building down and the only
18 value of the land -- we paid \$75,000 for it. So it's
19 only going to be valued for \$75,000 going forward. So
20 your analysis on what you're losing in taxes, starting
21 in about two weeks in appeals and reassessments, the
22 property taxes to Ben Avon are probably worth about \$400
23 next year or the year after, if there was nothing built
24 there. And I would suggest ten percent of the three to
25 six houses we're going to build is going to be more than

1 that.

2 MS. WEISS: Right.

3 MR. LAUBLE: So there's -- the incremental
4 -- well, you get the drift.

5 MR. GALBRAITH: What is your schedule for --
6 your construction schedule for it?

7 MR. LAUBLE: Well, it was predicated on
8 having this determination made. Now that this
9 determination has been made, we're going to start
10 demolition forthwith.

11 MR. GALBRAITH: This is essentially NTP for
12 you folks?

13 MS. WEISS: Essentially what?

14 MR. GALBRAITH: Notice to proceed.

15 MR. LAUBLE: I would say that's correct.

16 MR. GALBRAITH: So you'll proceed whether or
17 not the school district reciprocates with an abatement?

18 MR. LAUBLE: I'm confident that your
19 determination and -- will carry the day. And that
20 tearing down the property, which will take a couple
21 weeks, is one thing. Building the first three homes and
22 then the next three, are somewhat dependent on how this
23 plays out. And I'm hopeful that the school district
24 sees that the efforts that we're undertaking here didn't
25 lead to 19 town homes being glued together with

1 half-baked renovations, and there's 75 kids that live in
2 those homes. There's going to be three or four kids
3 going to the school district five years from now and not
4 19 kids in subsidized housing. Not that there's
5 anything wrong with that. I'm just saying, I think in
6 the spirit of things, they'll come along. Knowing how
7 married you guys are to it, you know.

8 MR. BOHN: Are you able to say or willing to
9 say, based on the costs you've incurred so far in
10 engineering, permits, etc., where's your break even on
11 unit sales? How many units have to sell at your assumed
12 pricing for you to break even?

13 MR. LAUBLE: It really doesn't work that
14 way. Our financial partner is the County of Allegheny
15 and most of the risk is theirs. We effectuate. Our
16 costs are passed on to them. If none of the houses
17 sold, we would have investment in those houses that we
18 didn't recapture, but our profit on these homes is part
19 of the overall pro forma of the deal that was approved
20 by the county and what the grant was predicated on. So
21 if none of the houses sold, our firm would be sitting
22 there with a quarter of a million dollar investment not
23 being able to get it back. But it's -- when we sell
24 those homes, we'll get our investment and part of that
25 will be our profit.

1 MR. GALBRAITH: So they're guaranteeing your
2 --

3 MR. LAUBLE: Pretty much, yes. The mixed
4 income housing/affordable housing business is pretty
5 much a guaranteed profit to the developer -- negotiated
6 fee, that the professionals at the Department of
7 Economic Development and the developer arrive at, based
8 on industry standards. Pennsylvania House of Finance
9 Agency has standards percentages you're allowed to make
10 on these things. There's risk. If you don't sell the
11 houses, we're going to end up with an investment there
12 and our profits in that, plus. So -- if that answers
13 your question.

14 MR. GALBRAITH: I had another question,
15 Bert. On the -- you said two phases. So you're going
16 to build three and then --

17 MR. LAUBLE: Right. We don't have the grant
18 for the second three homes yet. And this is all part of
19 going to the County of Allegheny and going to the
20 executive -- the chief executive and -- or his people
21 and saying, hey, these three houses, they came back in
22 for their grant for the next three houses. And they
23 say, well, what's been the community buy in?

24 The community buy in has been fantastic.
25 Supporting us in our development process. Real estate

1 tax abatement.

2 And they go, okay, that's great, this is a
3 community effort. This isn't some developer selling a
4 bill of goods. This is community and private
5 development working together. And so it makes our
6 application for the second three houses better when the
7 community has buy in like this and is making an
8 investment in tax abatement programs and our streetscape
9 program out there too -- your streetscape program.

10 MR. GALBRAITH: When will you complete the
11 three homes?

12 MR. LAUBLE: By April.

13 MR. GALBRAITH: And then you expect to go
14 ahead because you're going to get -- hopefully have
15 people occupying those in fairly short order after that.

16 MR. LAUBLE: I expect them all to --

17 MR. GALBRAITH: With the incentive to do
18 that, hopefully they will be occupied, and then you
19 would apply to the county for the second grant?

20 MR. LAUBLE: No, no. In my discussions with
21 my contact and the project managers at Economic
22 Development, they said that they thought the tax
23 abatement was such a strong community buy-in thing that
24 they're encouraging us to do that -- to come in with our
25 application now because it's a great story.

1 MS. WEISS: Michael, you had a question?

2 MR. BETT: It was about the tax abatement
3 and how that would affect the future grant application.
4 I think he's answered that.

5 MR. LAUBLE: It's a big enhancement. So I
6 mean, they've said to me, look, people in this space
7 understand that these homes are very attractive value
8 propositions to young people who are making less than
9 100 percent of median incomes. It's a fantastic deal.
10 They'll probably all be presold. So they don't really
11 worry too much about that. Even though I do and my
12 principal, Harold, we still worry. But I've done this
13 before and they're usually all sort of presold. By the
14 time you get to March, you know, you have three of them
15 under contract so that's not the concern.

16 The concern is or the issue is under
17 construction, homes are being built, you're in March and
18 you have them all presold. You want to have your -- and
19 the contractors mobilized. You want the second phase of
20 this thing to be in the pipeline and to unfold. It's
21 all -- you don't want to take a year off.

22 So they're very excited about what you folks are
23 doing here. It really is making for a great story,
24 internally. And I'm going to make this application by
25 Christmas, and I'm hopeful of having a positive

1 determination on it in the first quarter. I would love
2 to be able to come back here in March and say, hey, can
3 we build three more -- can we have a building permit for
4 three more houses. We're ready to go. And that's what
5 I'd like to do. And that would dovetail under what Mr.
6 McGee's doing with the streetscape and talking about
7 burying some utilities and stuff, and you have a grant
8 application in now for that. It's all bundled up very
9 nicely now. And what you're doing here, your extra
10 effort and to contribute in this fashion is -- it really
11 makes a big difference.

12 MS. WEISS: RJ?

13 MR. WHITE: Thank you. And if you don't get
14 the second wave or the second grant?

15 MR. LAUBLE: We're going to get on a bus and
16 go down and protest. All of us. All of us are going.

17 MS. WEISS: Mrs. Nuss is in.

18 MRS. NUSS: You can count on me.

19 MR. WHITE: But seriously --

20 MR. LAUBLE: I don't have that answer.

21 MR. WHITE: Would you try to get out of it?
22 Would you try to sell the remaining lots and then recoup
23 as much of your losses as possible?

24 MR. LAUBLE: Well, the lots have negative
25 value, in theory, unless someone wanted a big yard for

1 themselves. You can't -- it's too early in the
2 revitalization cycle to be able to -- and I might be
3 wrong on this, but I don't think I am -- to be able to
4 sell that lot at a price and have someone build a new
5 house and have it be worth what they have in it the day
6 they put the key in it. In five or ten years that might
7 not be true, actually, as the whole area starts to come
8 up. I mean, I can see -- you know that little home
9 right across the street? It looked like a garage or
10 something.

11 MS. WEISS: It kind of sits back?

12 MR. LAUBLE: It sits back there and there's
13 a shed out in front.

14 MS. WEISS: Yes.

15 MR. LAUBLE: I could see in four or five
16 years, someone coming in there and buy that property and
17 building, maybe, a really nice duplex for an investment
18 property, you know, at market rate. No subsidy. You
19 know, because the street's looking great. Brand new
20 street, there's six new houses there. So the point is,
21 I don't think I'm going to be able to sell those lots
22 without this program. So we're promoting this program,
23 but if someone would like to come along and buy three
24 lots from AWK Development and build three new homes,
25 fantastic. We're in. Bring them on.

1 MR. WHITE: Would you consider proceeding
2 without county grants?

3 MR. LAUBLE: If, in fact, that market
4 existed, absolutely. Revitalization mission
5 accomplished.

6 MR. BETT: But I think he's saying that it's
7 not going to be --

8 MR. WHITE: I understand that. I'm just
9 investigating all possibilities.

10 MR. LAUBLE: Yes, if someone came along and
11 says --

12 MR. WHITE: Because you know the county
13 works in mysterious ways sometimes. We might think it's
14 a given now, but it may not be in the first quarter of
15 next year.

16 MR. LAUBLE: Correct. If someone came along
17 and said -- if someone came along -- I'll give you a
18 number. If someone came along and said: Give me
19 \$40,000 for that lot, I'm going to build my own house --
20 we'd be in. Because it would be mission accomplished.

21 MR. TOKAR: And it would be a nice new
22 house.

23 MR. LAUBLE: Pardon me?

24 MR. TOKAR: And it would be a nice new
25 house.

1 MR. LAUBLE: Right. It would be someone
2 doing that thing, exactly right, but market rate. That
3 just decided that they loved to be there, they want to
4 be there for some reason, and they don't qualify. They
5 make too much money or have too much money. For
6 whatever reason. Correct. You're absolutely right.
7 Mission accomplished.

8 MR. BOHN: The mortgages that the buyers
9 would seek, would you expect those to be issued under
10 the Community Reinvestment Act?

11 MR. LAUBLE: Well, typically, the banks that
12 are interested in making those loans do that for that
13 reason. It's a conventional first mortgage product, but
14 it does have the second mortgage on it, right. So
15 sometimes financial institutions don't want to give a
16 first mortgage with something that's automatically going
17 to have a second mortgage. But if you're PNC Bank, you
18 love to make that mortgage because you get your CR
19 credit. So most of our loans will be with institutions
20 that are working, as you suggest, the CRA angle. Good
21 question, actually.

22 MS. WEISS: I think everybody on Council
23 knows how pretty strongly I feel about this project.
24 And I would agree with Mrs. Nuss that I do think that
25 that area of Ben Avon has long needed the attention that

1 this abatement and this project by AWK would give it. I
2 also -- I think that you can't get more local in
3 politics than this kind of project, right here in Ben
4 Avon. I guess I would just take a little -- since we've
5 had one little comment by Mr. Bohn, I guess the only
6 exception I would take to that is that the money that
7 would go into this project from the county is money from
8 our residents as well. And I don't know of anybody in
9 Ben Avon who would not want to see this for their own --
10 the other children, their other church members, their
11 other friends and neighbors who live over there. And so
12 I know some people don't like it when the Chair makes a
13 motion, but this Chair is going to make a motion. And
14 I'm going to move that we approve Ordinance #758 and
15 grant the tax abatement for these Park Avenue properties
16 as it's written out tonight.

17 MR. WHITE: I will second.

18 MS. WEISS: There's a second. Any other
19 comments? All those in favor, signify by saying "aye."

20 COUNCIL: Aye (in unison).

21 MS. WEISS: Opposed? It carries. That's
22 all that I had. I believe, RJ, you had a --

23 MR. WHITE: I'm requesting an executive
24 session to discuss ongoing impending contracts.

25 MS. WEISS: And so with that, do we have a

1 motion to move into executive session?

2 MR. BETT: So moved.

3 MR. GALBRAITH: Second.

4 MS. WEISS: All those in favor?

5 COUNCIL: Aye (in unison).

6 MS. WEISS: Opposed? I would thank our
7 residents and Mr. Lauble for coming tonight.

8 (Whereupon, at 7:49 p.m. the record was
9 closed.)

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C E R T I F I C A T E

I hereby certify that the transcript of the proceedings and evidence contained herein are a true and accurate transcription of the stenographic notes taken by me at the time and place of the within case; that the transcription was reduced to printing by me; and that this is a true and correct transcript of the same.



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