

SCRANTON CITY COUNCIL PUBLIC HEARING

IN RE: FILE OF THE COUNCIL NO. 49, 2018 –
AMENDING FILE OF THE COUNCIL NO. 21, 2016 AN ORDINANCE
ENTITLED “DEFINING AND AUTHORIZING TAX EXEMPTIONS FROM
REAL PROPERTY TAX IN ORDER TO IMPROVE DETERIORATING
REAL PROPERTY IN CERTAIN AREAS IN THE CITY OF SCRANTON,
ESTABLISHING AN EXEMPTION SCHEDULE AND PROCEDURES FOR
OBTAINING EXEMPTIONS, AND PROVIDING FOR NON-PERMISSIBLE
EXEMPTIONS AND LIMITING AMENDMENT THERETO” TO EXPAND
THE ELIGIBLE AREAS, INCREASE THE DURATION OF EACH
EXEMPTION, AND TO LIFT THE CAP ON EACH EXEMPTION.

IN RE: FILE OF THE COUNCIL NO. 50, 2018 –
AMENDING FILE OF THE COUNCIL NO. 22, 2016 AN ORDINANCE
ENTITLED “DEFINING AND AUTHORIZING TAX EXEMPTIONS FROM
REAL PROPERTY TAX IN ORDER TO STIMULATE RESIDENTIAL,
COMMERCIAL AND OTHER BUSINESS ACTIVITY IN CERTAIN
AREAS IN THE CITY OF SCRANTON, ESTABLISHING AN
EXEMPTION SCHEDULE AND PROCEDURES FOR OBTAINING
EXEMPTIONS, PROVIDING FOR NON-PERMISSIBLE EXEMPTIONS
AND LIMITING AMENDMENT THERETO” IN ORDER TO EXPAND THE
ELIGIBLE AREAS, INCREASE THE DURATION OF EACH
EXEMPTION, AND TO LIFT THE CAP ON EACH EXEMPTION.

HELD:

Monday, December 3, 2018

LOCATION:

Council Chambers
Scranton City Hall
340 North Washington Avenue
Scranton, Pennsylvania

CATHENE S. NARDOZZI, RPR - OFFICIAL COURT REPORTER

CITY OF SCRANTON COUNCIL:

PATRICK ROGAN, PRESIDENT

TIM PERRY, VICE-PRESIDENT

WAYNE EVANS

WILLIAM GAUGHAN

KYLE DONAHUE

LORI REED, CITY CLERK

KATHY CARRERA, ASSISTANT CITY CLERK

AMIL MINORA, SOLICITOR

1 MR. ROGAN: I'd like to call this
2 public hearing to order. Roll call, please.

3 MR. ROGAN: Roll call, please.

4 MS. CARRERA: Mr. Perry.

5 MR. PERRY: Here.

6 MS. CARRERA: Mr. Donahue.

7 MR. DONAHUE: Here.

8 MS. CARRERA: Mr. Evans.

9 MR. EVANS: Here.

10 MS. CARRERA: Mr. Gaughan.

11 MR. GAUGHAN: Here.

12 MS. CARRERA: Mr. Rogan.

13 MR. ROGAN: Here.

14 MS. REED: The purpose of said
15 public hearing is to hear testimony and
16 discuss the following: FILE OF THE COUNCIL
17 NO. 49, 2018 - AMENDING FILE OF THE COUNCIL
18 NO. 21, 2016 AN ORDINANCE ENTITLED "DEFINING
19 AND AUTHORIZING TAX EXEMPTIONS FROM REAL
20 PROPERTY TAX IN ORDER TO IMPROVE
21 DETERIORATING REAL PROPERTY IN CERTAIN AREAS
22 IN THE CITY OF SCRANTON, ESTABLISHING AN
23 EXEMPTION SCHEDULE AND PROCEDURES FOR
24 OBTAINING EXEMPTIONS, AND PROVIDING FOR
25 NON-PERMISSIBLE EXEMPTIONS AND LIMITING

1 AMENDMENT THERETO" TO EXPAND THE ELIGIBLE
2 AREAS, INCREASE THE DURATION OF EACH
3 EXEMPTION, AND TO LIFT THE CAP ON EACH
4 EXEMPTION.

5 FILE OF THE COUNCIL NO. 50, 2018 -
6 AMENDING FILE OF THE COUNCIL NO. 22, 2016 AN
7 ORDINANCE ENTITLED "DEFINING AND AUTHORIZING
8 TAX EXEMPTIONS FROM REAL PROPERTY TAX IN
9 ORDER TO STIMULATE RESIDENTIAL, COMMERCIAL
10 AND OTHER BUSINESS ACTIVITY IN CERTAIN
11 AREAS IN THE CITY OF SCRANTON, ESTABLISHING
12 AN EXEMPTION SCHEDULE AND PROCEDURES FOR
13 OBTAINING EXEMPTIONS, PROVIDING FOR
14 NON-PERMISSIBLE EXEMPTIONS AND LIMITING
15 AMENDMENT THERETO" IN ORDER TO EXPAND THE
16 ELIGIBLE AREAS, INCREASE THE DURATION OF
17 EACH EXEMPTION, AND TO LIFT THE CAP ON EACH
18 EXEMPTION.

19 MR. ROGAN: This evening Mr. Don
20 King, city planner, there to offer testimony
21 with regard to the boundaries Fr Item 7-L
22 and 7-M on tonight's agenda. We'll turn it
23 over to you, Mr. King, and then we have a
24 couple of people signed in as well to
25 comment.

1 MR. KING: Thank you, Mr. President.
2 Like you said, the purpose -- my purpose for
3 being here is the Act requires that the
4 governing bodies set forth the boundaries of
5 the deteriorated areas and the purpose of
6 figuring out those boundaries the Act
7 requires, "Individuals knowledgeable and
8 interested in the improvement of
9 deteriorated areas shall make their
10 recommendation to the council."

11 The mayor asked that I come and make
12 a recommendation to your body. The Act
13 defines the deteriorated area by using the
14 criteria that's set forth in two other
15 different laws, the Urban Renewal Law and
16 the Neighborhood Assistance Act. The
17 Neighborhood Assistance Act has a definition
18 of an impoverished area. The Urban
19 Redevelopment Law has a definition of a
20 blighted area. So you could mix and match
21 or use one of either of those as the
22 criteria to set forth so for purposes of
23 this I, under the Neighborhood Assistance
24 Act, I looked at the one criteria which is
25 persistent unemployment or underemployment.

1 The Bureau of Labor and Statistics reported
2 for the Scranton/Wilkes-Barre area for
3 September of 2018, the latest report they
4 have out, has an unemployment right for
5 Scranton of 4.9 percent and we lag behind in
6 the state at 4.1 percent and the United
7 States nationally at 3.7 percent so that
8 shows that we have an unemployment problem
9 more than an underemployment problem.

10 Within the Urban Redevelopment Law
11 one of the criteria is economically and
12 socially undesirable land uses. In
13 Scranton, as you all know, we have a large
14 number of vacant or underutilized buildings
15 and vacant lands. As part of the SAPA
16 comprehensive plan, the growth management
17 plan within that strongly encourages in-fill
18 development in the City of Scranton and the
19 land use plan identifies the City of
20 Scranton as an employment center where jobs
21 are going to be -- supposed to be under the
22 plan funneled towards the City of Scranton
23 to make use of the infrastructure that we
24 have had that was built for a city that had
25 130,000 people at one time, we are down to

1 77, 78,000 at this time.

2 And, also, as you are all aware, the
3 City of Scranton is a financially distressed
4 municipality under the Act 47 and you know
5 what the criteria better than I do of what
6 it took to get to there. For all those
7 reasons, I believe that the whole city
8 should be designated as the deteriorated
9 area for purposes both of these ordinances.

10 MR. ROGAN: We appreciate your
11 recommendation, and just for background for
12 the public, the City of Philadelphia has
13 done the exact same thing that we are doing
14 by designating the entire city and the
15 project -- this program in Philadelphia has
16 been a huge success so we are hoping for
17 similar results here in Scranton.

18 Do any council members have a
19 comment or a question before we open it up
20 to the public?

21 MR. EVANS: Don, because there is
22 two different Acts involved is that why we
23 have to have two separate ordinances? Is
24 that the issue?

25 MR. KING: No, the two separate

MR. EVANS: More commercial.

MR. EVANS: We just follow through
at we did two years ago.

MR. ROGAN: Anyone else? Our first is Ron Ellman.

MR. ELLMAN: Well, you people know how much I hate to be first. Before I attack council tonight I'd like to say I spoke to Tony Santoli, our forester, this afternoon just friendly wise, we keep up

1 with each other and --

2 MR. ROGAN: Mr. Ellman, I don't want
3 to stop you, but this hearing is specific to
4 the LERTA. This is not the general council
5 meeting.

6 MR. ELLMAN: Oh, I --

7 MR. ROGAN: We are only talking
8 specific to the LERTA program, so if you'd
9 like to comment --

10 MR. ELLMAN: I saw Mr. King's name
11 and I signed the wrong sheet.

12 MR. ROGAN: No problem. We will be
13 back out here in about a half hour for our
14 regular meeting.

15 MR. ELLMAN: -- nothing. Fine me.

16 MR. ROGAN: What was that?

17 MR. ELLMAN: Now you got one over
18 me.

19 MR. EVANS: We are not going to fine
20 you.

21 MR. ELLMAN: I see you laughing.
22 You will remind me of this. I'm sorry.

23 MR. EVANS: We'll see you later.

24 MR. ROGAN: No, no problem. Is
25 there anyone that would like to address

1 council regarding the LERTA?

2 MS. SCHUMACHER: Is this restricted
3 to the boundaries?

4 MR. EVANS: No.

5 MS. SCHUMACHER: Pardon?

6 MR. EVANS: No, it's legislation.

7 MS. SCHUMACHER: I have a number of
8 issues as soon as I find my brain here.
9 Well, I know for starters I would like to
10 get a definition of -- well, first I'll do
11 it the other way. Okay, last Wednesday's
12 paper had a full page add for a property and
13 in bold letters, all caps, "Tax incentives
14 may be available on this unit."

15 I thought that's black or what, it
16 either is or isn't. So I called the person
17 who had listed this and I found out that you
18 guys apparently, and I don't even know under
19 what -- what it is, that's for tonight,
20 under this non-providing for obtaining
21 exemptions and providing for non-permissible
22 exemptions and limiting amendment thereto.
23 So this particular property was one that was
24 upgraded back over ten years ago and the
25 developer received a very large amount of

1 money for doing the 500 block of Lackawanna
2 Avenue and now it appears that we have
3 inserted something in these -- in what you
4 are going to vote on tonight such that any
5 developer who has an upgraded property and
6 hasn't sold it as yet would qualify for this
7 LERTA and tax abatement.

8 MR. ROGAN: No, that specific
9 property, and Mr. Evans can correct me if
10 I'm wrong, was a condo. So apartment to
11 condominium conversions was something that
12 was put into the three year abatement and
13 that's what I think they are talking about
14 in that advertisement.

15 MS. SCHUMACHER: Now, wait a minute,
16 that one when that was discussed at a public
17 hearing back in April, I think April 21st of
18 2016 it was described to Mr. Sbaraglia as a
19 total build, it was new construction so --

20 MR. EVANS: Well, there was a couple
21 of different things. Number one, there was
22 new construction, that's the first premise.
23 The second premise was it was never sold so
24 it was never titled, there was never a deed
25 transfer so a certificate of occupancy was

1 never given on that particular unit so,
2 therefore, it became eligible under the
3 three-year tax abatement. It's new
4 construction. It wasn't an apartment
5 before, by the way, it was brand new
6 construction and the interior of the
7 building.

8 MS. SCHUMACHER: But that was over
9 ten years ago, and according to that it said
10 the you had -- you have to apply for the
11 abatement at the time you take out the
12 building permit.

13 MR. EVANS: Or if it's an apartment
14 conversion or if it's a condominium or a
15 townhouse or a home that was never sold so
16 that was part of our legislation two years
17 ago, and that might be the only townhouse or
18 condo that applies to be perfectly honest
19 with you. I'm not sure.

20 MS. SCHUMACHER: Well, I mean, was
21 it done -- has it been done before, I mean,
22 for that property?

23 MR. EVANS: No.

24 MS. SCHUMACHER: Well, then it's
25 moot. Then it should been two years ago

1 when this was passed; correct?

2 MR. EVANS: Yeah, that applied two
3 years ago, yeah. That particular --

4 MS. SCHUMACHER: They applied two
5 years ago.

6 MR. EVANS: That particular
7 condominium has been on the market for
8 almost eight years.

9 MS. SCHUMACHER: Well, yeah, I know,
10 I know they have been -- yeah, but I'm not
11 trying to set the hard time. Is it when you
12 take the permit out, is it ten years from
13 then? Is it --

14 MR. EVANS: My understanding is, and
15 maybe Attorney Minora could chime in a
16 little bit, my understanding is when a
17 certificate of occupancy is issued is when
18 the abatement begins?

19 MS. SCHUMACHER: Well, certainly
20 it's got a certificate of occupancy because
21 it's ready to be sold; right?

22 MR. EVANS: No.

23 MS. SCHUMACHER: So it has to.

24 MR. EVANS: Well, it was never
25 occupied and I think that -- Don, I don't

1 know if you have any input on that, but I
2 don't know if you get a CO until the
3 property is actually inhabited.

4 MR. KING: That could be the case
5 but usually -- and I'm not 100 percent sure
6 about a condominium but I'm going to guess
7 it works like a subdivision when you
8 subdivide a piece of property into ten lots
9 those individual lots don't start being
10 taxed until they are sold so if you are the
11 developer you are not taxed on ten separate
12 lots you are still taxed as if it was one
13 big lot.

14 MR. EVANS: That's true.

15 MR. KING: But as each of those lots
16 are conveyed out the new owner that's when
17 the taxing starts on those lots. I would
18 think the condo is probably similar to that.

19 MR. EVANS: And that's true because
20 all condominiums are basically right now --
21 right now that tax for that condo is being
22 paid by the developer as part as the common
23 area of the development. Once that is sold
24 then the assessment starts. There is no
25 assessment on the condominium right now

1 until it's sold.

2 MS. SCHUMACHER: But there are like
3 apartments there that are --

4 MR. EVANS: Yeah, there are 16 units
5 and there is 15 of them that are already
6 sold and as soon as they are sold the
7 assessor goes down, assesses the property
8 for whatever value they come up with based
9 on square foot calculations that they
10 probably already have when it was subdivided
11 then that's when it starts.

12 MS. SCHUMACHER: Okay. Oh, we are
13 timed here?

14 MR. ROGAN: If you want another
15 minute, I don't know if anybody else is
16 going to speak on it.

17 MS. SCHUMACHER: I'll bring them up
18 during the regular meeting if you are
19 sticking to the five, yeah, because I do
20 have more. Thank you.

21 MR. ROGAN: Thank you. Is there
22 anyone else would to like to address council
23 specifically regarding the LERTA program.
24 Any comments from council members before we
25 adjourn?

1 I'd like to thank our city planner,
2 Mr. King, for coming in and we will be
3 voting on final adoption of these
4 resolutions tonight so thank you. Meeting
5 adjourned.

C E R T I F I C A T E

I hereby certify that the proceedings and evidence are contained fully and accurately in the notes of testimony taken by me at the hearing of the above-captioned matter and that the foregoing is a true and correct transcript of the same to the best of my ability.

CATHENE S. NARDOZZI, RPR
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