MEETING NOTES

October 12, 2021, 7:30 a.m.

TO: Richard J. Manfredi, Township Manager

DATE: OCTOBER 12, 2021

SUBJECT: ECONOMIC DEVELOPMENT COMMITTEE MEETING

REFERENCE: PRESENTATION BY PREIT VIA WEBINAR

ATTENDEES: EDC Members: Doug Callantine, Chairman, Rob Reich, Elizabeth Smith, Wendy Klinghoffer, Linda Millevoi, Chris Lionetti, David Mulvey, Commissioner Vahey, Liaison

Others: Commissioners Spiegelman, Thompson, Myers, Schreiber, Carswell, Winegrad, Township Manager Manfredi, Assistant Township Manager Weymeyer, County Planner Mike Narcowich, and Administrative Manager Maria Wyrsta,

SUMMARY: AS FOLLOWS

<u>General Discussion:</u>

<u>Consider Approval of Minutes:</u>

Minutes were approved from the September 28, 2021 meeting.

<u>Review the requested and submitted petition to amend the Township's Zoning Ordinance by PREIT:</u>

Members of PREIT in attendance: Mr. Dan Herman, Sr. Vice President of Development and Mr. Rudolph Alberts, Sr. Vice President of Asset Management. Also, Mr. Peter Angelides, President of E-Consult Solutions, Inc.

Also in attendance was Ms. Jennifer Nevitt, President of Bel Canto.

PREIT presented a spreadsheet of reoccurring taxes/fees as well as one-time fees that will result from the project as well as a power point explaining the operating metrics of the Willow Grove Mall as well as examples of other tax appeal matters where a department store has left the property. Also, information on the Fair Housing Act will be presented as age-restricted housing was previously questioned, and why market-rate housing is appropriate for this site, which will have a minimal impact of additional students to the school system. Also, a study conducted by ESI was brought up-to-date based on new information.

Reoccurring fees annualized result in economic benefit to the Township total $6.3 million dollars with majority coming from property taxes, and approximately $4.8 million from annual property taxes; for the School District total is approximately $1.5 million dollars in annual fees from the Bel Canto project.

Commissioner Vahey questioned whether documents presented represent distribution of tax revenue for the Township versus the School District.

Mr. Herman replied that the $1.5 and $4.7 million dollars is additional annual tax revenue that will be paid to the School District and Township, respectively post-development of the Bel Canto multifamily project.

Also, presented was the current assessment and current tax rate by PREIT as the property sits today noting the appeal is separate, and based on current conditions of the property and any change in assessment that would result from the Bel Canto project as well as improvements to the asset, would lead to greater valuation and will be addressed after the project is approved.

Manager Manfredi added that if the request for an assessed value proceeds and is granted, then projections of the economic benefit to the Township/School District may be overstated. Also, it should be made clear what the ripple effect will be if there is the loss of the department store going forward.

Mr. Mulvey suggested that PREIT clarify what the tax revenue will be from the proposed apartment building for the Township, School District and County as well as the expenses and reoccurring revenue from the project, and not mix it with the accounting of the mall itself, which will make it easier for residents to understand.

PREIT presented the impact of declining operating metrics on taxes noting that the mall was expanded and renovated in 2001, and after that expansion and renovation, in 2004, there was an affirmative appeal filed by the School District and the Township ultimately reviewing the valuation of the asset relative to the improvements that were made after the renovation.

In 2004, the assessment for the asset was $48,089,560 and that appeal lingered for over a decade, ultimately being settled in 2017, and post-settlement, the assessment for the asset more than doubled to $100,980,000, which is where it sits today.

During settlement discussions, PREIT warned of headwinds facing the industry, more specifically the Willow Grove Park Mall, which was prior to the closure of JC Penney; prior to COVID-19; and prior to the decline in mall-occupancy and overall operating metrics of the asset. Store closings have outpaced openings at the property by a ratio of 2:1, which has been the driver in the erosion in the operating metrics of the asset. It has been increasingly more difficult to find tenancy to occupy the locations and to find tenants who are willing to pay a rent that holds the valuation of the current asset.

In dealing with a dark anchor or other retailers; there is a clause within a lease agreement, called co-tenancy, which requires a certain mix of tenants to be part of the shopping center and for that tenant to pay full rent. A mall is only as strong as its anchor tenants as they serve as the primary driver of traffic, sales and attract retailers that are brought into the asset. Departure of JC Penney coupled with the performance of Sears and the underperformance of Bloomingdales has negatively impacted the core operating metrics (traffic, sales, and occupancy) of the property. So, the anchors of the property need to be stabilized, and without investment, the operating and metrics of the asset will continue to decline.

Presented were tax appeal settlements for the Plymouth Meeting Mall; Exton Square Mall and its Sears and JC Penney; and Willow Grove Park Mall and its Bloomingdales is still pending.

Mr. Callantine questioned whether there would be any similarity to the assessment reductions of the Plymouth Meeting Mall as to what may be proposed for the Willow Grove Mall such as what the tax revenue reductions may be as well as what the incremental increases will be to see if we will be behind or ahead from a Township-revenue standpoint.

Mr. Alberts replied that the Whole Foods at Plymouth Meeting Mall was successfully redeveloped and an appeal of assessment for that asset was filed resulting in a tax increase and net benefit.

Mr. Mulvey suggested PREIT consider partnering with Jefferson-Abington Hospital and Penn State University in terms of reimagining uses for the mall property and proactively find new sources of revenue for the Township.

Mr. Lionetti expressed concern about the number of children being added to the school system negatively impacting the School District and suggested age-restriction housing may be warranted.

PREIT indicated the number of children being added to the public schools would be 14 and 10 to any other form of schooling using data from the census in reviewing new multifamily developments in communities like Abington, and other studies provided similar results.

Fiscal impact analysis calculates net benefit to the Township and School District increase in revenue from property taxes, EIT as well as additional expenses, and for the Township estimated is \$50,000-\$90,000 and \$880,000-\$1 million dollars estimated for the School District.

Ms. Nevitt said that the Fair Housing Act had a statute change in 1995 for residential of older residents because the “baby boomers” in 1993 and 1994 were getting older, and at that time, there needed to be an exemption created to the Civil Rights Act of Title 8, because housing providers would have been sued for Fair Housing violations if for any reason we discriminated against a single person under the age of 55 or a familial status family.

When that statute changed, for any senior housing or older than 55 and 62 that exemption requires that 80% of all households must have one person living there over the age of 55 to maintain that status. So, it would statistically be impossible with our current demographic and population in Abington Township to achieve that status, and as the provider, we would be in noncompliance of fair housing laws.

Statistical data is reviewed before investing in any real estate asset making certain that the product that we design aligns with the need in that area because we want to be of the greatest service to that overall community.

Mr. Callantine said in summary, approximately $350,000-$360,000 would be the net incremental benefit to the Township in terms of reoccurring property taxes and other taxes and approximately $975,000-$1 million dollars (depending on the number of students) to the School District.

Mr. Reich made a MOTION, seconded by Mr. Mulvey to recommend to the Board of Commissioners that there would be a net economic benefit to both the Township and School District from the development as proposed.

Public Comments -

Lora Lehmann, resident, expressed concern about “guessing” on the number of kids based on studies, and she feels it is “spot zoning.”

Cathy Gauthier, 1331 Birchwood Avenue, asked for a summary of the financial benefits/costs for the proposed apartment building, and currently for the mall and what would be expected, and then the two combined.

Paul Morse, Glen Road, expressed concern about the number of children from the proposed apartment building impacting the school system, and he requested that this be tabled for further research.

Joe Rooney, Maple Avenue, commented that this will not be the only development on this property, and he feels families with kids are an asset to the community and for the School District making it a vibrant, living community.

Jerome Mitchell, Executive Director of the Willow Grove Community Development Corporation, commented that if this project were to move forward, we would like to see some affordable housing units.

Natalie Pawell, 1920 Fleming Avenue, expressed concern that once the zoning law is changed, there could be additional apartment buildings constructed on that site as well as additional children impacting the school system.

MOTION was ADOPTED 7-0.

<u>Action Items and Responsibility:</u>
EDC recommends to the Board of Commissioners that there would be a net economic benefit to both the Township and School District from the development as proposed.

Meeting adjourned at 9:22 a.m.

Liz Vile, Minutes Secretary