

MOVEMENT CDC UPDATE, MY PROJECT IN COATESVILLE



DOWNTOWN MARKETING & DEVELOPMENT

By Barry Cassidy

I recently was asked to help the Movement Community Development Corporation in Coatesville, and I thought year-end I would update the progress they are making in the revitalization.

Coatesville has been an area that has drawn a lot of interest in subsidized housing over the years. The City is designated Racial/Ethnic Concentrated Area of Poverty (RECAP), which is not a real good designation to have bestowed. The housing in the area has vacant and underutilized properties and many tangled title properties. There are many rentals in the City, and the homeownership rate is low.

I was initially asked to help fund a swimming pool in Ash Park. I was able to find the \$200,000, and we have an idea where the rest of the money is coming from, so we are looking to open the pool on May 29, 2021. They decided to become a Keystone Community and work on other projects as well. We are in the process of finalizing our goals and objectives currently, and have finished up our second public meeting.

In the first meeting, we had a little over 60 people attend. In the second meeting we had a little over 80 people. They were interested in hearing the goals and objectives, but they were also involved in securing assistance in housing. Since my days in Baltimore, when I did homeownership on the Fayette/Orleans corridor, I always thought that housing was what I do the best. My days in Kensington were also interesting in terms of challenges in housing, as there was a tremendous amount of racial prejudice. Rental housing was a bad word but not so much as other language that I found offensive.


Working in Coatesville is unique as they have a Federal Opportunity Zone, and there are plans for a new train station and SEPTA service to return to Coatesville. The likelihood of displacement and gentrification is imminent. This land will now be more valuable, so after herding most of the black people in Chester County to Coatesville, and now with (the local economy) getting better, there must be nothing better to do but market to millennials. Years of racial prejudice, the concentration of Section 8 housing by powers that be, and the racial steering by the real estate industry has reached the bottom, and they have run values into the ground so much it is time for something new — New people and a new attitude as people who have lived there for generations will be priced out.

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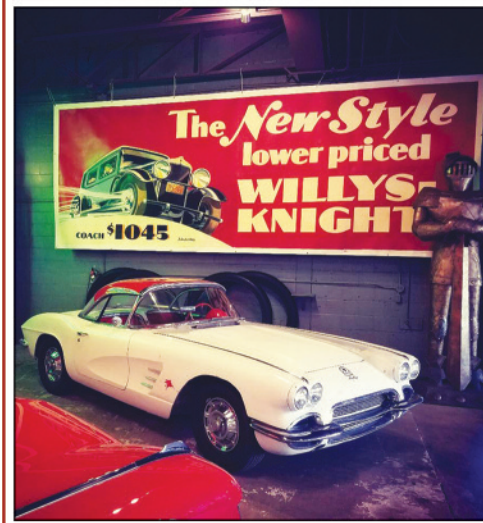
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Who wins in a situation like that? Probably most white people. Situations like this cry out for equality and social justice. Maybe it is just crying out to me, and I don't know. I think of when I was working on a class assignment in East London at the Royal Docks, and no one seemed to care that the people in North Woolwich were cut off by the new Cross Rail Project, although I screamed about it.

I analyzed the situation and thought I could somehow, someday, find a solution to the problem of displacement in a RECAP. During my meeting at the Smart Growth America for funding the train, I was able to attend meetings concerning the Opportunity Zone, and it was explained in detail, and I took copious notes concerning displacement. The Movement CDC had immediately recognized the potential for existing residential displacement and gentrification through this designation.

Affordability and access to the system plague many of the residents of Coatesville, as many residents incur a

housing cost burden, with housing costs exceeding 30 percent of household income. An astounding 66.3 percent of Coatesville renters experience housing cost burden.

Further complicating the affordability issue for the current renters is the promise to bring regular SEPTA rail commuter service to the area. A March 2018 SEPTA study showed that the current end of the Paoli/Thorndale line showed an average 12.5 percent (\$46,600) average increase per house that is located near transit.

The Opportunity Zone has different levels of capital gains tax relief for the properties under the opportunity zone rules. You have to sell to get the capital gain, so it is short-term money. The commercial part is easy, but the housing part of the equation would have to deal with income properties because you are shielding from capital gains. The percentage of capital gains varies on a five-year, seven-year, or ten-year property hold.

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A ten-year property hold relieves 100 percent of the capital gains tax when you sell the property in ten years.

The Movement CDC envisions the potential for a Land Bank (The PA Land Bank Act 153 of 2012) to be a way that the CDC may be able to work within the rules of the Federal Opportunity Zone, in order to enable socially conscious investors to work with the CDC to supply a quick turnaround on the payment of back taxes to the participating districts and preserve the minority community in Coatesville. At the same time, the threat to the low-income minority community is real, as outlined in the above narrative, and the program needs to find direction and identity behind one entity immediately.

The process would involve the Land Bank assigning the house to an investor, who transfers title, takes control of the house, pays the back taxes, rehabs the property, and places an existing tenant in a home with a rent with the option to buy. When the capital gain period (five,

seven, ten) desired by the investor has been attained, and the house needs to be flipped, it will flip to the homeowner under the terms of the socially conscious investor/potential homeowner agreement.

We will look at the 203k program, which allows for the first mortgage to include the purchase price with a rehabilitation loan in the first position. Also, homes would be available to potential affordable homeowners who could package a rehabilitation as a second on the initial mortgage to ensure that the dwelling unit meets code requirements and is habitable. A consortium of banks will be asked to participate in understanding the concept of the first mortgage with a significant rehab and work with the potential homeowner to be successful.

I will seek to get approval.

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