

Authority OKs buying of Liggett properties

Amy Revak Herald-Standard | Posted: Wednesday, September 8, 2010 4:00 am

The Fayette County Redevelopment Authority on Tuesday took another step towards fulfilling a rehabilitation project in downtown Brownsville by voting to buy eight properties being obtained by eminent domain. Manor Investments Ltd. owns the eight properties, which is the company of Ernest and Marilyn Liggett of Monroeville. The authority will pay a total of \$114,400 for the eight properties, seven of which have no real market value.

Under a policy approved in February by the authority, the authority will pay owners the amount for a property that it would be assessed at without a building on it if it would cost more to demolish or rehabilitate the building than what it is worth.

Six of the properties are located on Market Street and one each is located on Brownsville Avenue and Albany Road. Only one has a real market value, which is \$1,500.

Authority executive director Andrew French was seeking approval from the board to make payment for the eight properties.

He said objections of declaration of taking filed last year have been dismissed. The redevelopment authority has been working on publicly acquiring the blighted properties in downtown Brownsville, officially known as the Brownsville Redevelopment Project, for several years. Earlier this year, the area was declared as blighted.

The \$2.1 million project, which received a \$2 million state grant, includes \$566,000 for acquisition of the properties, \$505,100 for demolition and site improvements, \$150,000 for relocation, \$700,000 for property protection, maintenance and improvements and \$225,000 for professional services and administrative costs.

The Liggetts own 22 of the 30 properties slated for acquisition by the redevelopment authority.

Ernest Liggett was the only person to speak against the redevelopment project before it was passed, alleging noncompliance with the law. Numerous court actions

have been initiated against the Liggetts over the years for allegations of code violations regarding many of the properties that they own.

In other action, the authority unanimously voted to approve a cooperative agreement to support filing an application for a loan guarantee for \$15 million for 84 Lumber Co.

The agreement is between the authority, Fayette County and the state Department of Community and Economic Development for loan guarantee assistance under Section 108 of the Housing and Community Development Act of 1974.

French said the authority's role in the loan would be minimal. The authority is merely handling administration for the loan program. Fayette County is the applicant for the project. Commissioners Vincent Zapotosky and Vincent A. Vicites voted last month to support the request.

The loan process falls under the U.S. Department of Housing and Urban Development Section 108 program that funds Community Development Block Grants.

The lumber company founded by former county commissioner Joseph A. Hardy III is applying for a \$15 million loan through Fayette County and a \$5 million through Washington County through the Section 108 program. Fayette County only has to approve the application and has no fiscal responsibility for the loan.

84 Lumber Co. is using \$30 million worth of real estate for collateral for the \$15 million it is seeking through Fayette County. The company will pay only interest in the first two years and then pay off the balance of the loan over the next 15 years.

The company is seeking the loan to pay off another loan, at 18 percent interest, from Cerberus Capital Management that it took out several years ago. That loan, in the amount of \$195 million, since has been paid down to about \$55 million, a spokesman for 84 Lumber Co. said. However, one of the stipulations of the Cerberus loan is that any proceeds from the sale of 84 Lumber Co. assets has to be applied to the loan balance.

The authority also awarded a contract for sidewalk construction at the Fayette County Business Park to El Grande Industries of Monessen in the amount of \$104,044. The sidewalks will be installed along Wayland Smith Drive. French said there are numerous people who walk every day in the South Union Township business park during their lunch break. The business park includes numerous businesses, such as medical offices, CareerLink, Fayette County Behavioral Health

Administration, restaurants, a Wal Mart Super center, retail stores and a motel. A transfer center for Fayette Area Coordinated Transportation opened earlier this month at the business park.