



"The Capital of Kinzua Country"
CITY OF WARREN
318 THIRD AVENUE, WEST
WARREN, PENNSYLVANIA 16365-2388

Telephone:
(814) 723-6300
Fax:
(814) 723-3242

August 30, 2006

Dr. Norbert J. Kennerknecht, Director
Buildings and Grounds Services
Warren County School District
185 Hospital Drive
N. Warren, PA 16365

Dear Dr. Kennerknecht:

For the past two months the Warren Redevelopment Authority (RDA) has ensued in a general discussion concerning the possible acquisition of the Home Street School from the Warren County School Board. Everyone has agreed that it is virtually impossible to project solid numbers in estimating the financial return to the School District over the short term. The RDA has discussed the possibility of adopting varied avenues concerning the development of the property into a subdivision of affordable market-priced homes including:

1. Demolition of the school and division of the entire area into 12 to 14 lots which would be sold at the current market value. The individual buyers would develop their own lots with limited guidelines set by the RDA as conditions of sale. Conditions such as minimum and maximum square footage, fencing, carports, garages, storage buildings, etc. and types of construction allowances could also be considered for a good neighborhood blend.

Estimated costs:	Demolition	75,000
	Survey costs	2,300
	Legal fees	1,200
	Subdivision	300
	Advertising	1,200
	Miscellaneous	1,000
		<u>\$81,000</u>

Estimated lot sales: 12 to 14 lots at \$10,000 to \$12,000 each for a maximum of
\$168,000

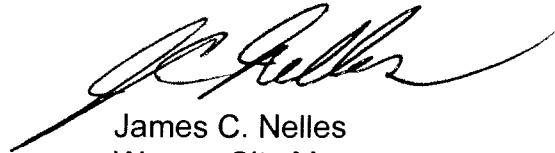
Estimated profit: \$87,000
School District Share (50%) = \$43,500

2. The RDA would develop a scenario of what they envision for the appearance of the subdivision and establish guidelines and advertise and accept various Requests for Proposals (RFP's) and evaluate each for merit and costs. They may establish a minimum dollar offer from developers to deed over the property for development. Within a given time frame this method would probably serve to move the properties quickly onto the tax rolls and yield the highest overall return.

As the school now exists, it is indeed a large liability to the taxpayers of our City and County and certainly an ongoing monthly expense to maintain.

We feel the best decision for the near future would be for the Home Street School to be deeded to the Warren Redevelopment Authority and to return the property to the tax rolls.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Nelles', with a long, sweeping horizontal line extending to the right.

James C. Nelles
Warren City Manager

Attachment (1)

Potential Real Estate Tax Revenues from development of the former Home St School property

6000 sq ft lot size for illustrative purposes. In addition, I have used a dwelling size of 1200 sq ft for both a single story and two story. The costs of construction for a new dwelling are based upon national averages less the local economic factors. The figure I have used \$85.00 per sq ft for new construction cost. With those figures as a base the following tax revenues could be realized. The projected revenues were based upon the previous data being submitted to the County Assessment Office and their calculations.

1200 sq ft single floor dwelling on a 6000 sq ft lot. Assumed lot price : \$12,000
Construction cost for dwelling \$85.00 x 1200 sq ft = \$102,000

\$114,000

Market value [as per assessment office] \$42,000 --- \$50,000
Assessed value [1/2 market value] \$21,000---- \$25,000

Potential total tax revenues [approximately] \$1700
Warren School District portion 46 mils **\$1150**
14 parcels x \$1150 = \$16,100

1200 sq ft two story dwelling on a 6000 sq ft lot Assumed lot price \$12,000
Construction cost for dwelling \$85.00 x 1200 sq ft = \$102,000

\$114,000

Market value [as per assessment office] \$44,000---- \$54,000
Assessed value [1/2 market value] \$22,000--- \$27,000

Potential total tax revenues [approximately] \$2000
Warren School District portion 46 mils **\$1252**
14 parcels X \$1252 = \$17,528

Market Values are determined by the Assessment Office, these values are low numbers

Assessed Value is ½ of Market Value

Taxes are based upon established millage rates