

**MINUTES/URBAN DEVELOPMENT COMMITTEE**  
**April 29, 1998 - 4:00 p.m.**

Members present: Beach, Bouley, Polovitz.

1. Matter of Rental Rehab Program.

Curt Siewert, Urban Development, presented listing of property owners who have requested additional funds on existing projects, that committee had determined not to fund any requests for existing projects; and second listing is applications received after placing ad in the paper notifying property owners that there may be additional funds available, totaling \$403,500, and list does include two applications which were received after the deadline. He reported they have approx. \$600,000 at this point that is available from original budget, but don't have to spend original budget. He reported that there were several things that came to their attention several weeks ago, one is downtown apartments and projects that may happen and 2) is finding since he became more involved in the historical buyouts on the dry side, and knows of three properties that are multi units and considered potentially historical and this could be source of money City could use if required to rehab property that is found to be historical. Any of the properties they rehab on the dry side would have to be floodproofed because we would not own them if they weren't 50%, but may be some in Phase III that he hasn't looked at those properties because mostly not in the historic district, but emphasizing between Washington, the river and north of 13th Avenue South, lot of property in the neighborhood by their office which is west of Washington along University Avenue, because City has purchased over 400 properties and they've been working on the historical end of that and sometimes overwhelming; and use for other projects and potential to hold these. Options: 1) hold funds, 2) there is property that may be historical significant from the local and/or State Historic Preservation Officer that's on non-conforming lots that they would want to see us rehab because don't see owner occupants buying those properties because no room for garage or additions but if required to rehab those properties, one suggestion was for City or Housing Authority to continue to own because of maintenance and rents affordable, and are concerned about turning over to rental properties and not being maintained. He stated they were recommending to demo most of those but doesn't know what will happen when mitigation is over; he stated he wasn't sure what was in the matrix which is getting smaller every day, and not sure what's in there for residential rehab or for mitigation of historic significant properties on

the wet or dry sides of the dike.

Mr. Siewert reported they could fund some of those properties where additional funding required and still meet program guidelines and some would go over. Some applicants are those that have requested added funding in the past. He stated that he agrees with previous motion, not to increase funding on the projects from the original application, and is good way to be fair, otherwise open up to everyone and then starting another whole process, and that he was hoping to have the project done by September 1. He stated he

#### **MINUTES/URBAN DEVELOPMENT COMMITTEE**

**April 29, 1998 - Page 2**

was going to ask committee for a completion deadline when units done, and if gave applicants four months to complete by September 1, felt that was reasonable. Mr. Siewert reported they started with \$8.5 million and all allocated, but expended about \$5 million, and de-allocated \$600,000 because of duplication of benefit when property sold, repossessed; \$600,000 to be reallocated if they continue program.

Mr. Siewert stated that working with developers downtown, could include this in packages to try to rehab some of the buildings such as First national Bank, etc. where don't have units and could help package deal on some of those buildings to be rehabbed. Polovitz stated that if they were going to get into rehabbing First National Bank would be more than \$600,000, and committee stated that it might be hard to find new money now. Polovitz stated they have ear-marked so much money for downtown and have to remember part of other areas. Mr. Siewert reported that they are 1) creating housing and that's what program is for; 2) it's in the interest of the City to get as many of those projects completed downtown as possible and some of these projects maybe only \$10,000 a unit to make economically feasible for the project. Mr. Siewert reported that the commercial program funding for downtown all allocated.

Moved by Polovitz and Bouley that we proceed and fund \$403,500 additional requests and to include all applications.

Beach clarified that these are properties for which there was no previous applications; Mr. Siewert stated that some of the pro-perties funded before but changed hands and considered new appli-cation. He reported that the Program is a zero percent interest loan for 10 years, first 5 years deferred and second 5

years make total payback to the City, and those funds starting to be available after the 5 years.

Bouley moved to amend the motion to delete the two applications which were received after the deadline, Beach seconded the motion.

Motion carried, Polovitz voted no.

Mr. Siewert presented matter of those people who had purchased property after the flood, and motion approved without making a difference when purchased. He stated that it wasn't in guidelines whether purchased after the flood, it wasn't clear that they would get the funding and didn't depend on City's funding to purchase the property, but using existing program to get property done and rented.

Two individuals who had purchased property after the flood were present: Diamond Pipiles, 514 University Avenue, and Carter Passa, 812 S. 10th Street.

Upon call for the question, the motion carried.

**MINUTES/URBAN DEVELOPMENT COMMITTEE**

**April 29, 1998 - Page 3**

1a. Request for additional funds was considered and remaining program.

Terry Hanson, Urban Development, reported that they will be getting more back in the program because project didn't cost as much or won't go ahead with project and it's decision of committee and council what to do with those funds. He stated that options are to hold funds in program for future use on projects that are of benefit to the City either by location or of historical significance; pull funds and put back in matrix to be used for other projects; try to address what's on other list which includes two different topics, one is people who originally applied for less than what eligible for and people who have asked for funding over and above original eligibility because their expenses have exceeded the amount of money that they were able to get through this pro-gram, and the expenses they did put in were to bring the unit back to the way it was.

He stated he would speak on Mr. Lamb's behalf and other people who aren't aware of what Mr. Lamb is after; he is in a situation where he owns single-family residences and to bring that unit back up to speed would cost more than original eligibility amount which was \$8,000 or \$10,000 depending on the bedroom count and expenses exceed that amount. He stated they

have other people who owned 24-plex with 6 units on each floor but received funding for entire 24 units, 12 didn't get wet but were able to use those funds in all units. Beach questioned why those people received for all units. Mr. Hanson stated that was policy for this Program when originally started program, that the per unit allocation is available to entire complex as long as can find something not standard, that if one unit substandard then the funding was available to the whole project even though all the units in the project may not have been substandard; this is way program has always been, even prior to this funding and tailored this after the old program, didn't consider funding only units that got wet, and this allows people to bring units back up to pre-flood condition but to improve by i.e., shingling or replacing windows, appliances or carpeting on second or third floors that had to be replaced. Beach stated he would disagree with that, as this program was to bring back flood damaged property and get ready for occupancy and not an updating or improvement program of property that wasn't affected by the flood. Mr. Siewert reported that most of that came in because of electrical damages, furnaces, that if unit flooded, all units eligible. Mr. Siewert reported that structure got wet but not all units. Bouley asked what money used for if unit didn't get wet; Mr. Hanson stated to replace appliances, shingle the entire unit or reside unit, replace windows in entire structure. It was noted that some money used only as up-grading. Mr. Hanson stated that under old program could only go into rental rehab units and rental rehab funds if one unit within the project is found substandard, then they sign an agreement that they will maintain the units to standard and can't go back and put more money into them. Beach

**MINUTES/URBAN DEVELOPMENT COMMITTEE**

**April 29, 1998 - Page 4**

stated he was disappointed and that they didn't discuss it in this committee, and in his mind only to get flooded units back on line, and questioned why replacing roof would get unit back. Polovitz stated why put money into unit, if roof leaks, etc.

Mr. Hanson reported that when they brought program forward, was their intention to follow the old program, didn't intend to direct only to units that had water damage but to projects that had water damage based on so much per unit. Mr. Hanson stated he was not proposing to change the rules but suggesting alternatives if the committee or council wished to change the rules or to assist some people who may not have had the funding available to them to bring their one unit back up to speed but

can change rules to do that, and way would do that is because Mr. Lamb only had single-family residence one unit is eligible for only \$8 or 10,000 and if expended more than that to bring up to occupancy, where if had 12-plex with 6 units up, they were able to get for all 12 units were able to get enough money to bring the units into operation; and would propose if they wish to cover situations such as they have, could treat single family residences up to a 4-plex differently than multi-plexes which is 5 units or greater and could fund them to a maximum of greater than the original \$8 or \$10,000.

Beach stated that there are three options: 1) do nothing; 2) open up to people who did not request full funding earlier but now allow them to request full funding; or 3) to expand parameters. Mr. Siewert reported that if they were to go with 2) would have to go back and notify up to 450 applicants, and could run out of money. Mr. Hanson stated that what he is asking, that Mr. Lamb did with-draw his personal application, and feel that owe him consideration by this committee whether or not want to expand the program for that category of applicants (single family residences). Polovitz suggested leaving program way it is, if open up, will run out of money, that they have extended the program and been more than fair, and need to come to closure on this.

Tim Lamb, 1702 Belmont Road, stated there were couple issues that seem to be unclear; one is that many of these applicants who had flood damage got Rental Rehab and also received SBA funds, and in his case talking about actual damages from the flood and not asking for additional funds to put shingles on or replace all the refrigerators, not going beyond flood damage and some of the amounts that have already been allocated, people have received for 12-plex, \$80,000 under this program, and that went for more than just the flood damage, and he is not asking for more than flood damage. He stated he didn't get SBA funds and that's why he brought this up because he had additional expenses that were directly flood related and the Program only allocated \$10,000 per house in his particular case per unit and wasn't enough to meet his need. Beach stated that there was no duplication of benefits, and perhaps some received SBA they weren't duplicate benefits, rental

**MINUTES/URBAN DEVELOPMENT COMMITTEE**

**April 29, 1998 - Page 5**

rehab came on top of SBA; and stated that program didn't recognize was if applicants received private insurance. Mr. Lamb stated

that point not required and didn't know how many others received, and his economic losses are not covered and could not rent units for four months and rental income for that period was lost, and that he took tremendous loss. Mr. Beach stated that the point he is trying to make is that there isn't any way this program can recognize private insurance but makes him feel that probably don't need to do this because he had other sources of funds. Beach stated that perhaps they should leave things way they are rather than expand them and maybe reserve these funds for future needs. Mr. Lamb stated there were funds allocated under this program for dry units that weren't affected by the flood and those monies have been expended for other than direct flood related costs, and if this was a purely flood related program it hasn't been administered that way because based on former rental rehab program, and there wouldn't be profit if considered his economic losses.

Committee stated that no action would be required. After further discussion and because of previous motion by the committee that was submitted to council and referred back to this committee, it was moved by Bouley and Polovitz to table indefinitely. Motion carried.

3. Matter of lots for Habitat for Humanity.

Mr. Siewert reported that council awarded/deeded two lots in Congressional Subdivision to the Habitat for Humanity and that he is proposing to change this to one lot in Congressional and to change the second lot with a lot at 524 Fenton Avenue, which is owned by the City, and that Habitat concurs with this as they want to build now and some problem with building in Congressional with what they have going on.

It was moved by Bouley and Polovitz to withdraw one lot in Congressional Subdivision and replace with a lot a 524 Fenton Avenue. Motion carried.

It was moved by Bouley and Polovitz to adjourn; meeting adjourned at 5:00 p.m.

Alice Fontaine  
City Clerk

Dated: 4/30/98.