

MINUTES/URBAN DEVELOPMENT COMMITTEE
Wednesday, June 10, 1998 - 12:00 Noon

Members present: Beach, Bouley, Polovitz

1. Matter of request for extension of relocation voucher deadline.

Terry Hanson, Urban Development, reported that at last council meeting they referred duties of allowing or extending voucher deadlines to this committee (voucher deadline is August 31, 1998), and presented three letters of request: 1) Michael Hurley - this request won't have to be acted on as they are in the process of purchasing a home in Congressional Subdivision. 2) Isaac J. Schlosser, professor at UND who is on leave of absence and is in Oregon and won't be coming back to Grand Forks until August, that he has requested from SBA and received extension from them for loan arrangements, and is requesting an extension from the City on the voucher deadline to give him time to get back to town and to purchase a house; and 3) David and Fran Ritchie, former residents of 1013 Lanark Avenue, who want to participate and are buying a townhouse which is under construction and won't be finished until November of 1998 and want voucher to be extended until that time.

Mr. Hanson reported that it has been policy guidelines of voucher program that they have to close on property acquiring before they are eligible for the funds.

Mr. Hanson reported that the program was created to encourage repurchasing of property within the city limits, and to be eligible had to participate in a voluntary buyout (owner-occupied), and in order to redeem the voucher you had to have purchased another existing house, house under construction, or new house in the city.

There was some discussion re. those property owners who don't know what dike is doing in their area; Mr. Hanson stated that according to existing policy property owners have to have been bought out in voluntary buyout; and where don't know what dike doing, Mr. Hanson stated that will have to be policy decision that will be coming to council for consideration; and those issues addressed at some point in time but under existing policy, not eligible. Polovitz asked what happens if they don't take voluntary buyout and dike comes in (relocation issue). City may determine whether to establish policy or grant voucher to people in mandatory buyout (relocation issue). Mr. Hanson reported that the problem with extending is that run into timing issue because utilizing CDBG funds for vouchers and

if start allowing voucher program for that phase IV (dike line purchases) end up where won't have CDBG funds available for that program. Mr. Hanson stated that existing requests are asking for extension of redemption of voucher, and may have issue of people that have not been bought out and will ask for voucher to be available to them if they go through voluntary buyout program.

Those items will be done on case by case basis. Committee suggested that staff establish rationale for the extension and verify rationale presented. Mr. Hanson reported that one of the policies is that you have to complete the purchase of a new home

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and reason in the policy is to avoid any conflict or duplication of benefits, if getting an SBA loan and people receive these dollars before they close on the house being purchased, they might be using some of these funds for downpayment so under City's policy they've made arrangements and no way they can use City's funds to duplicate that purchase.

Moved by Polovitz and Bouley to grant an extension on request by Mr. Schlosser to December 15, 1998 and to November 30, 1998 for the Ritchies. Motion carried.

2. Matter of historic mitigation.

Curt Siewert, Urban Development, reported this item is part of environmental review for demolition of flood-damaged property that City has acquired, and has been long process between Urban Development staff and local Historic Preservation Commission, and to reach conclusion split into three areas: Area on wet side and footprint of the dike, the area north of 13th Avenue South and east of Washington Street, and an area which is remaining part of the city. He reported that Urban Development staff decided to handle the area north of 13th Ave.S. and east of Washington first, because it is the largest concentration of historic properties and is also area where most of the properties are adjacent to occupied structures. Upon review of the local Historic Preservation Commission they started with 72 properties, that the State Historic Preservation Officer required the City to have Frank - -, who works for Department of Emergency Management, to review the properties and through this process some of the properties originally pulled out have been found not eligible and don't

have to address any longer. He reported that the local Commission had brought list down from 72 to 10, and after meeting with State staff and local Commission again reviewed properties that had not had a determination and also wet properties the Commissions would like to hold for further review and decision, and list of 10 grew to list of 27, and now have 27 properties that they had requested for demolition that will have further review.

Mr. Siewert reviewed why there is mitigation; that a part of the historic review (Section 6 process) when do demolition of historic properties is considered an adverse effect, and when have adverse effect need to do mitigation which results into a memorandum of agreement, and at meeting suggested for City mitigation would be to rehab at least 15 historic properties in this area (north of 13th Ave.S. and east of Washington) and to document with site forms and pictures the historic properties that would be demo'd. He stated he is asking from this committee and council approval would be to approve that the City would rehab properties and include in motion to the Secretary of Interiors Guidelines for Rehab of Historic Properties and to City Code. He stated that he does not have a recommendation nor does he think it would be necessary to put that in the MOA how the 15 properties would be rehabbed but what should

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be in the MOA is that the local Commission, with urban development/ city council approval, approves the 15 properties that are sub-mitted by the Commission; that he doesn't see them approving 15 properties at one point but in a more gradual process, and City needs to look at that if City funding the project. He stated it was his understanding that any properties after the 15 are rehabbed could be demo'd upon agreement of the local Commission and Council or Urban Development Office. He stated there are 13 properties that are historical that the City did not recommend demolition and that has to be addressed and these would be included but not intention of their staff. There are a total of 40 properties that are historical that are eligible for rehab.; that he would like to do, dependent on what council wishes and how much money want to budget and who would do rehab, should keep all historic properties together, but doesn't want this in the MOA, but needs authorization to do the 15 so can write the document, the city attorney can review and bring back for final approval of

the actual document. He noted that properties are all on dry side of the dike; that if City doesn't want to do this, go back to State and tell them City doesn't want to and start over with negotiations; and if want to, split mitigation into two, documentation would be part of FEMA and would be standard measures mitigation agreement, rehab would be under HUD fund which would be memorandum of agreement to our pro-grammic agreement, funding would be CDBG, that there's lot more work to this because have to have individual approval for the rehab activities in each structure. He stated funding would come out of the Housing matrix; that he could see this as being a revolving loan type fund so not put that much funding to start and do 1 to 3-5 houses, sell them and turn money over for others. He stated he had checked with Inspections whether residential housing included in out for historic properties, if extended to residential then wouldn't have to floodproof building; but understanding that have to floodproof (moving mechanical upstairs from basement). He stated that Urban Development will come back to local Commission with estimate of rehab cost of house, before and after rehab, size of lot, house, etc. All houses owned by the City, and are working on disposition of houses after rehab - to utilize affordable housing program and try to get owner/occupied people and sell at affordable rate so get low-mod. benefit and keep in owner/occupied area. He stated that if unit not a candidate for owner/occupied and Commission wants to rehab it that leave with Housing Auth. to own and maintain property. Beach stated that don't want to become rental units.

Mr. Siewert suggested that State and Local Commission would accept that the City of Grand Forks would rehab a minimum of 15 properties in the described area, then write document and have city attorney approve, and before it's signed the city council and urban develop-ment could develop a program to be approved by the city council; that before mayor authorized to sign the MOA, could say a program would be developed but not part of the agreement. Glassheim asked

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if cost to rehab is expensive to rehab, would there be a subsidy; Mr. Siewert stated that he thought local Commission would choose to take the properties with the least amount of rehab. He stated he would like to see budget, rehab. and sell houses with funds in revolving loan. Committee asked for listing of houses, and est. of cost (their ests. are not

historic estimates but plans to do that at next stage.); and asked what neighborhoods think about it. Mr. Siewert stated problem with this is requirement of federal regulations to go through historic process and has been challenge with local Commission, without even talking State people. Polovitz stated he has concerns re. rehabbing houses in neighborhoods where they have no say about it, and our justification is that it's historical but rationale is that alleviates affordable housing need, and some neighborhoods saying to get rid of houses; however, it was stated they don't like to see it sit there neglected and being target for vandalism (or completely removed). Mr. Siewert reported that this was to demo houses; that if take 27 from 72, demolishing 45 houses, and is asking that those contributing and eligible that rehab 15 so demo the other 45. There was some discussion re. notification of neighbors so know what's going on and can attend meeting; Mr. Siewert reported they had meeting in Central Park area (from Division to 4th Avenue S.) but would rather see public meeting than trying to send letters out for each property; Ms. Richards stated they could do that. Beach stated he would like to see properties self-sufficient after the project is over; Mr. Siewert stated they will have budget for each property. There was some discussion re. sale of houses to developer to fix up, Mr. Siewert stated City would lose capability to enforce guidelines; and is something to think of as committee questioned City getting into extensive rehab programs, selling, etc.

Moved by Polovitz to have staff proceed with writing a standard measures mitigation agreement for recordation of the historic properties and MOA for rehabbing at least fifteen (15) houses to City Code and Secretary of Interior's Guidelines for Rehab of Historic Property in the area north of 13th Avenue South and east of Washington Street on the dry side of the proposed dike. Bouley seconded the motion.

Bouley stated that she would like to have it be known that the local Commission organized the meeting with the State to try to move this process along.

Mr. Siewert reported that there's possibility of rehabbing more, there are 11 houses that found eligible; and same thing on wet side of the dike in addition to 15, maybe more to relocate and rehab.

Bouley and Polovitz moved an amendment to the motion, that the 15 houses pertains to the list of 27 that were presented by

Urban Development Office. Motion carried. (Listing included)

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Upon call for question, as amended, the motion carried.

3. Matter of pilot district to urge reconversion of historic properties which are rental units into single family housing to improve neighborhoods and create affordable housing.

Glassheim stated that he is proposing that the committee begin to look at rehabbing houses that would really be urban renewal, not tearing down houses, but trying to renew single family uses of historic properties which have become rental units, that there may be some research required - heard of one city which put a limit on the number of tenants per sq.ft. to encourage a less dense rental use and, therefore, encourage the owner to sell the property since the production would be less, that that's touchy, but there may be other ways of doing this, subsidy, low interest loan program, some assistance in purchasing for those who sign a contract that they will renovate and restore the property, and not city-wide but small area to make renewal district, apply rules. He stated all he has is basic idea; thinks for neighborhoods and city and for areas surrounding downtown, which are generally historic, and with downtown renovated, will be more and more interesting to live near and would be nice to have some way of getting some of these properties out of rental units and into single family and proud ownership. He stated there also question of low-end rental market and don't want to price everybody out of low rental units either. He stated that thought was that they could look at and maybe go to planning office to see what kind of carrot or stick or encourage-ment could do. He stated Central Park area is where occurred to him and that's definable area, fairly small, etc. He stated is regular CDBG money. It was noted that there would be money coming back in from program-income and haven't answered that, and possibly urban renewal type of program with that money. Polovitz stated he agreed with concept and that there's lot of desirable neighborhoods and want to keep or enhance them. Glassheim stated that this committee could get more information, research, etc. Beach stated he admires the desired end result but feel more comfortable if employed "carrot" and not the "stick", and give property owners motivation to do this rather than requiring. There was some discussion re. subsidy to the rental owner to sell at market plus subsidy or going from being landlord to that single occupant himself/herself. Mr. Hanson

stated that all rental units have to carry certificate of occupancy, and if have rental units that are historical, you have city inspectors and if do not meet Code and cannot obtain certificate of occupancy, then approach those as an alternative; that coming from Urban Development Office using CDBG funds, would have to be an alternative because funds coming back in have to meet 70% low/mod benefit and would have to work with their office to make sure ultimate buyer is a low income family; and question whether low income family would have capacity to restore house without subsidy. It was noted that majority of property wouldn't be rental property, and how enhance property where has owner/occupant; Mr. Hanson stated they have been doing that for

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years. Polovitz stated he would encourage staff to look into current rental rehab program and how it could be expanded and explore concepts and ideas along the line of this matter. He stated he would volunteer to be on committee. Beach suggested that they will be reconstituting this committee in a couple weeks, and hold in committee and let new committee form a sub-committee and encourage staff to consider this. Mr. Hanson stated they could watch and if historical properties came up for sale, make aware and do something to encourage which the City has program of first-time home buyers program to encourage to be owner/occupied.

Held in committee with staff to bring back in 2-4 weeks.

Polovitz suggested setting informational meeting to meet with staff and explore the avenues under existing programs. Mr. Siewert reported that there are two large landowners who have lot of pro-perty in single family units and if don't spend all their rehab money, may want to reevaluate this in couple months to make grant and potential to do something under existing program to make neighborhood look better.

4. Other business:

Bouley stated she is very concerned about rehab program the City is proposing, she is in favor of historic houses to be rehabbed, but approached by neighbors in her neighborhood that if the houses on their particular street (about 6 houses) and if rehabbed they will stand in front to make sure not rehabbed, that if tell people in voluntary buyout they have to leave their homes and then City rehabs them, will be in court.

Polovitz stated that he goes back to neighborhoods, that they want houses out and gone, and the sooner they know that the better. Mr. Hanson stated that staff is initiating alternatives for the City to consider on policies they want to follow as far as the outcome of all these homes; and in staff's defense it is right to give alter-native to consider rehab. of these homes and under what conditions (that they're at point where can't demo and can't rehab.)

Moved by Polovitz and Bouley to adjourn; meeting adjourned at 1:20 p.m.

Alice Fontaine
City Clerk

Dated: 6/11/98