

MINUTES/URBAN DEVELOPMENT COMMITTEE
Thursday, July 16, 1998 - 12:15 p.m.

Members present: Glassheim, Beyer

1. Matter of Rental Rehab.

Terry Hanson, Urban Development Office, reported that they had tabled discussion on request for additional monies for single family rental rehab units, and request was to increase the amount of assistance on single family units from \$15,000 to \$20,000 or to consider that request. He stated that since that time they have been in contact with an individual that wishes that matter to be brought back into discussion, and in order to do that, this committee would have to move to consider the matter. Moved by Beyer and Glassheim to move the matter back for discussion. Motion carried.

Mr. Hanson reported that Rental Rehab Program was established with an \$8.5 million budget (\$7.5 million of CDBG funds and \$1 million from State of North Dakota CDBG funds for Rental Rehab), they took applications and subsequently initial deadline ran processes two separate times after that and to date have received total of 485 applications, as of July 13, 413 apps. are active, others have fallen out either by not going ahead with the project, sold property through buyout or to another party, or have decided to use SBA funds rather than our funds which in most cases would have been beneficial; that they have been requested by parties to ask if they could increase the amount of rental rehab assistance to 1 to 4 family rental units, which are considered single family units, to assist those individuals in the completion of the rehab of their units. He stated that depending upon the size of the unit, the max. they could apply for initially \$7,000 if one-bedroom, \$10,000 if two-bedroom and these individuals were approved these amounts but for those dollars did not get job done and asked for additional funding; and asking for special consideration to those types of units.

He stated that to-date they have obligated about \$7.8 million and Flood Response proposed last night to reduce the entire \$8.5 budget to \$7.9 million dollars and if that motion goes through Monday night's council meeting it would be approx. \$50,000 left in that budget so any action that is taken would probably have to reallocate some funds to the project.

Tim Lamb stated he was taken back by the action that these funds have been recommended to be transferred or reallocated

from RR Program to some other program through Flood Response Comm. In any event that will be before council on Monday and knows that there are a number of people who have requested additional funding under this program and original program called for a max. of \$10,000 per unit and what they are asking for is to increase that to \$15,000. He stated that those landlords or property owners that have rental units of 4-plexes and below that are affected by this program, and property owners in general helped

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the City by rehabbing their properties after flood and many people stayed in the city and also tax base of those properties was maintained; he stated that this is not considered by many to be a business but if it's your only income and paying taxes on the property and going through maintenance, could be considered your business although all other programs do not consider rental property as a business and consequently this is the only program that benefits property owners for the purposes of rental property. So it's really critical that this program be expanded. He stated he talked to Mr. Hanson and tried to figure out to best approach this before the committee, and issue before the committee now is to squash motion to reallocate these funds. He stated another key point is how many people this affects and how much does this affect, and would be simple to open up for applications or write simple letter to the 336 property owners and find out if they have additional needs, there are some people in the audience who are in same category as he is, that have additional needs under the Rental Rehab Program. Mr. Hanson stated there are 336 single family applicants and 413 applicants; and they are still active. Duplex would be considered 2 units and 4-plex considered 4 units but under single family residence. He stated who would they have to provide additional assistance to, single units or single family rental units which is 4-plex or less.

Curt Siewert stated that the prior committee reopened program for more applications 4-5 months ago and gave opportunity for aps. who missed the first round to come in, and at that point the prior committee would not allow applicants who had already received fund to increase their funding at that time, and added 25 new aps.; rules same. This was approved by council.

Mr. Hanson stated they are asking committee/council to make decision whether want to increase funding, however, would have

to determine program and make it available to everyone of the existing applicants and if for single-family residence, would have to make available to 336 applicants and can draw down, make duplexes only, etc.; maybe justification to do that if talk about 4-plexes two didn't get wet, or make duplexes or less for additional funding and units had to have gotten wet. Beyer stated that if do that, how many missed first deadline, how many missed second deadline. Mr. Lamb stated that most people have been satisfied with either initial program funding or SBA or opted not to take either, and wouldn't be eligible for additional funding if received SBA loan, and Mr. Siewert stated this matter has already been decided. Glassheim stated that Program has been adopted by the full council and whether further debate, depend on committee's recommendation. Glassheim stated they have no interest in reopening program but only possibility of strong argument for fairness. Mr. Hanson stated that if were an older house converted to 3-rental units, they would have been eligible for 3 rentals. He stated that one argument that Mr. Lamb has

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used in the past that the Program did assist 4 plex as four units with two not getting wet, and were eligible to use \$40,000 max. to rehab two units if that's where money was needed (use anywhere in the project), that when have single family limited to one allocation of \$10,000.

Mr. Lamb if had 10-plex were authorized \$80 to \$100,000 and those dollars could be used to rehab units that didn't get wet, and for those who had smaller units (single family houses) on the average it cost \$15,000 average to rehab for furnace, water heater, etc. so \$10,000 barely met the damaged property, and barely met expenses whereas if had 10-plex or higher you met expenses plus able to rehab non-flood related damage. Mr. Lamb stated his rents were not increased from before the flood. He stated some have and that's to cover their repayment of the expenses, and was told they had to take funds out of their own pockets to fund expenses, and as go through inspections there's lot of upgrades required.

Alan Duray, 306 North 4th Street, has 7-plex, that he doesn't know what City calls investment property and or business, that they are not considered a business but investment property, and when he applied for loan he was told he could only apply for the four damaged units and didn't get any additional money for

the three upstairs units, and would like additional money to fix up the outside of the building (that Dakota TV which is rental property did get money). Glassheim stated that the council did make a distinction between businesses and rental, that's been in effect and is not going to change, and Rental Rehab Program is what's available to assist rental properties. Beyer stated that Commercial Rehab only applied for main floor damage and had to submit receipts. Committee asked Mr. Siewert to check on ap. if only allowed for four units; Mr. Siewert stated that the way the ap. was interpreted, and if talked to them ap. was told all units eligible. Mr. Lamb submitted listing of people asking for additional funds over and above what they had been approved and Mr. Hanson stated that's where council took action not to approve any additional funds to the existing applicAnts. Mr. Lamb stated that where council tabled action on those requests, that addi-tional request was not voted on by full council.

John Hutton, 2422 Glen Circle, applied for funds that covered half of the expenses that he ended incurring and his hope that committee would extend or reopen applications for single family, that he applied for less than the max. thinking he would be able to do himself.

Mr. Lamb asked if they could find out how many dollars and how many people this affects, asked if there could be simple survey or procedure on Urban Development's part, they are waiting on direction of the committee, that Mr. Hanson is not going to take

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any initiative on this to determine how many this would actually affect if they reopened the program, to get that information and then make wise deci-sion at that point. Mr. Hanson stated that he wouldn't do that until given direction by council. Beyer stated that there are a lot of people and lot of busi-nesses that got zero, and not going to get any-thing, and guaran-tee that if reopen up to people who have already received fund-ing, council chambers would be standing room only. Mr. Lamb stated this is not a grant, but a loan; Beyer stated she under-stood that but this is funding of one sort or another.

Moved by Beyer and Glassheim that we deny request to reopen the program. Motion carried.

2. Matter of beautification funds.

Mr. Siewert reported this is an ongoing program; that Mr. Staley has two projects requesting beautification funds and in two weeks will bring summary of actions to take on that fund, have approx. \$50,000 in 1998 unobligated but there are other funds that they need to deobligate (lighting for walk bridge, River Forks money, etc.) He stated they have obligated two projects out of 1998 funds, University for \$20,000 for pavers and Chamber of Commerce for \$25,000 to landscape in front of their building.

John Staley, Park District, stated he has several projects for next year: landscaping on Gateway Drive, tree planting on 32nd Ave.S. west of I-29 and was approved project in 1997 budget, but didn't do because of the flood and part of the carryover. He stated there will be a hearing this coming winter on those funds and these projects will come up at that time. Mr. Staley stated the project he is going to recommend for this year is to transfer some dollars into the JTPA (Youth Employment Program) to help continue paying salaries, and asked that \$10,000 be given to the Program for the youth working under Urban Development and \$10,000 for the youth that are working under the Park District, that their proposal is and are working on agreement that youth employment program be brought together into a more unified effort (coordinators meet weekly and joint projects), see going into jointed effort with Job Service but lot of the efforts of youth is to beautification, and have worked budgets where dollars have been appropriated into areas that support youth, their salaries are coming from federal programs, but what has happened this year is that those funds are going to run short and either have to lay off or find some other source of funds. He stated their idea under this agreement is to put in more formal way to look for other funds in the future and put in position to use in-house dollars for materials, transportation, leadership needs that aren't covered under those programs, to take job-training dollars to the Dept. of Labor for salaries for the youth, but to pick up other sources, have plans for next year to ask Knights Founda-

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tion, the Bremer Foundation to put dollars into that program. He stated his suggestion and proposal is to put \$20,000 of beautification funds into the program for this year to pay the salaries of the youth currently on and working in the program.

He stated they are using all of their dollars and are using dollars from the Marshal Youth Grant and have put \$120,000 of those funds into the program, and making proposal that they continue with existing program. A requirement with JTPA program is that they have training (curriculum put together, go to meetings and get training either on carpentry, leadership skills, landscaping. He distributed listing of projects completed last year

Moved by Beyer and Glassheim that we approve \$10,000 towards Urban Development and \$10,000 towards Park District youth programs. Motion carried.

Dave Beach asked committee if they would suspend agenda, and consider item 6, which the committee did.

6. Request for extension of proposal deadline for Viets Hotel.

Glassheim reported that they had asked for bids on this program. Mr. Hanson reported that the office sent out four RFP's and received only one partial response - from Bill Graveline who sent two-page response to the RFP and requested additional time to provide full RFP because the City required a hold harmless agreement be signed and did take a little while after announced the release of the RFP for the city attorney to draft that, and Mr. Graveline was not able to get into the facility until the first week of July and he felt that was not enough time to determine what needed to be done. Mr. Hanson stated their recommendation is to give Mr. Graveline extension to fully present to the committee what he proposed to do, and at that time if the committee does not feel that it's workable, can reopen or make other decision. Mr. Hanson stated they would have to extend timeframe and would readvertise if extend and also notify those who had picked up RFP's.

Mr. Graveline stated he couldn't get in the building and needed to have some way to have people give him estimates and bids, that if he takes contractor in supposed to have them sign also, been in the building several times and in order to make proposal on the project that size, needed more time; other people that were going to make proposal maybe did too. One of the big factors is to find where going to put building, that's bid item that has to be decided because a lot of the bids would be based upon where the building would be when it was finished. Project entails moving building, infra-structure, etc. and to submit bid would like to have an idea where this could go. Mr. Graveline stated he would not be interested in the facility if crowded into area - would like to put in where there's enough

room to do a nice job with it, where it would have parking and light-ing, etc.

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Mr. Hanson stated RFP requested that proposer come up with the loca-tion, and City is not suggesting or directing them in any loca-tions. Mr. Graveline stated he had looked at 3 or 4 loca-tions and Historical Preservation Committee and all tax credits are based upon not moving the building very far (if moved out of town would lose it's historical benefits) and that he would like to see it in the downtown area, not sure where dike is going to go. Committee suggested he get that info. from engineer's office (last proposed line is close to where it will go).

Moved by Beyer and Glassheim to extend deadline for 30 days. Motion carried.

Mr. Hanson reported that the selection committee was to meet July 27 and that date would also be extended. Mr. Siewert reported they were authorized to take bids for abatement of this and that number will be very pertinent to this, reviewed bidding documents yesterday and bids will be in about three weeks; and that he is doing both lead based paint and asbestos, and alternate on lead based paint (those will be abated before building sold). Mr. Hanson stated that they have to abate the asbestos, but if demolished don't have to abate lead.

5. Matter of requests for extension of Relocation Voucher deadline.

Mr. Hanson reported they are bringing before committee three requests for an extension of the redemption for the \$10-15,000 voucher.

a) John and Avis Mullin

Mr. Hanson reported they are requesting the extension be granted because they did sell their house and are currently buying a townhouse which is under agreement to purchase but closing date has been put off until October 5, and staff is recommending that we extend their voucher redemption period to October 31,1998. Moved by Beyer and Glassheim to extend voucher redemption to October 31, 1998. Motion carried.

b) Diane Lindgren Knoff.

Mr. Hanson reported that Mrs. Knoff is requesting an exten-sion to a date past September 15, 1998 for the redemption of

her certificate; they have sold their home to the City of Grand Forks in a buyout on December 1997, have purchased a new home February 9, 1998; however, request is based on as stated in letter family problems (divorce issue). Mr. Hanson reported they are eligible to redeem the voucher today and check is in his office; that they have sent documents, asked them to sign and return and have done that twice, and they have not returned documents, which are required to be signed; and sees no reason to extend other than perhaps legal questions. Mr. Hanson stated he would contact Mrs. Knoff and advise her of committee's recommendation, etc. Moved by Beyer and Glassheim to deny request. Motion carried.

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c) Larry McEnroe

Mr. Hanson reported Mr. McEnroe submitted letter requesting extension as he is purchasing townhouse which is going to close on September 24, 1998, do have copy of that purchase agreement, and recommended September 30, 1998. Beyer and Glassheim moved to extend redemption to September 30, 1998. Motion carried.

3. Matter of request for inclusion in Phase III buyout.

Gilmen Johnson, 905 1/2 13th Avenue South

Mr. Johnson reported that they were going to fix up and rent out, let it go, then received letter from Inspection Department asking that house be inspected; that he contacted Keith Lund and was informed buyout past due; and asked if there was a chance to have the Phase III buyout on 905 1/2 13th Avenue South (he lives in 905 13th Ave.S.) Mr. Lund reported they are bringing to committee, that council did approve an amendment to Phase III for acquisition of a smaller property where two or more structures on one property (acquisition and demolition of structure and returned land to the homeowner), the exception here is the fact that the registration has passed; and their staff doesn't have recommendation. He stated that the budget factor, that there is a contingency of 6 homes at \$60,000 in the budget and that Phase III was amended to include the acquisition of homes that had sustained fuel oil that couldn't be cleaned up (acquisition and demolition of those as well). He stated they did bring request for a late admission to Phase III rehabilitation to Flood Response and to council, and that was approved for late admission, and within that motion was also the motion that all other requests would come through U.D. committee (comm. has authority to consider on

a case by case basis). He stated that there has been at least one other property which included two lots where acquired. He reported Mr. Johnson's property assessed at \$17-18,000, and property damaged to 90%.

Moved by Beyer and Glassheim to approve exception and to include within the Phase III buyout. Motion carried.

4. Matter of policy for Relocation Voucher Program.

Mr. Hanson reported that at last meeting brought request to have policy decision not to approve extensions of relocation vouchers with the reason being waiting for the southend development and at that time there was request for additional information re. current status of the voucher program; that as of July 10 they have had 930 homeowners participate in the buyout and if participated in the buyout would be eligible for voucher; have closed 571 properties and 495 vouchers have been issued, difference is rental units that have purchased and some don't care for voucher, and could send out more if closings between now and deadline of August 31.

Glassheim stated that there are a number of reasons to stick to

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the deadline, do have to know what spending for CDBG Program and know what's left and reallocate, etc., that he is concerned about people who might be in the southend who will be bought out by the deadline or come in Phase IV, putting significant dollars into making available the golf course and land to the south and yet they cannot buy anything there with their voucher now. The only thing he came up with was if had to use voucher within x months of offered the buyout and give new applicants same number of months.

Beyer stated that Phase IV was for people who could no longer stay in their house because of relocation to another community because of job transfer, etc. because couldn't hang onto house until Federal Relocation Act kicked in, and if extend voucher program to those people, might be making more headaches than need; that they toured Congressional I and II and were pleased, should extend voucher deadline to December 31 because those houses aren't done yet (driveways aren't in, etc.) and if wait until December 31 Congressional I and II will be substantially complete and have voucher extension and would know more about southend development by then and make decision at that time.

Mr. Hanson reported that engineering has talked to them about rede-velopment in southend, that there isn't going to be any infra-structure going into the inter-nal works until next year at earliest, eng. very much against allow-ing construction of new homes when utili-ties going in, and that's reason for asking for southend develop-ment being denied is that don't know down the road when happen.

John O'Leary, Urban Development, reported that the proposal that was made to extend to the end of the year is reasonable one in terms of Richard's West but also because of private development and provide those people some additional time to get their house done and provide house and make available to people involved in the buyout, and idea is to encourage homeowners to take their equity and get reinvested, but think kidding ourselves if think timing is going to be right for the southend development to allow vouchers to be offered to those buyouts because it's not going to happen. He stated if put in infrastructure this year and next year, under the best of circumstances by end of next summer would hopefully be time to put foundations in, and no way that if used that the spec. houses close to being done to be sold to someone by those timeframes. Voucher could be used only if bought lot and signed contract to build house, but only if purchase lot, that doesn't do what told HUD it was going to do, which was to encour-age people to reinvest in our community and reinforce tax rolls.

Beyer stated that southend development is going to be lot of people on the dikeline now, living in their house and probably going to stay in their house until the next house done in the

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southend, and if wait with voucher program for that, defeating purpose because they will get relocation money and can't have both. Glassheim stated it's become program to get some people bought out before the dike, if they cannot take our \$15,000 and apply wherever they want but to golf course estates, then they will more likely not participate in our buyout but wait for eminent domain, and questioned whether it matters re. financing of CDBG and the dike project.

Mr. O'Leary stated there will be hole in the buyout program from time when no longer doing Phase IV to the time when the dikeline actually starts to get con-structed. He stated he

thinks they are treating people who are being bought out fairly because not getting uniform relocation funds, and would discourage council from thinking about trying to extend this into a long term program because not going to be possible through CDBG, but if other source of funds that want to use with this, bond money or other acquisition funds, that something to consider.

Mr. Staley stated concern, the subject of the golf course economically being feasible project is going to be before the council when the Maxfield report comes in, due end of July, and was concerned about feasibility analysis, feels secure that lots will be available for sale on paper this winter, that preliminary design can be completed, platting can be completed, but will be able to buy a lot this winter and suggestion is to wait on decision until Maxfield report comes in, and have better number of people in voluntary buyout areas.

Mr. O'Leary stated they need to cut program off at the end of the year, and give council opportunity to reallocate those funds in areas where see fit, the real issue here, shouldn't be kidding people in the southend that there's going to be a voucher.

Mr. O'Leary stated that he's not worried about houses in Congressional I and II, that those are well built houses and will be sold, have 500 vouchers floating in limbo and City took hit on tax rolls and have to get people back on tax rolls and if extend for 5 months and encourage more of people to put money down on a house in Grand Forks, lets do it. It was noted that notice would be sent re. voucher dead-line.

Moved by Beyer and Glassheim to extend voucher program to December 31, 1998. Motion carried.

Mr. Hanson reported they had request from Mr. Kieffer who did specifically apply for an extension because of southend, and will inform him that deadline has been extended to December 31, and remind him that it requires both the sale of his existing home and be under contract for new home to redeem voucher by December 31.

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Moved by Glassheim and Beyer that we adopt policy that extensions will not be granted on grounds that waiting for

southend to develop. Motion carried.

8. Request for inclusion in Phase III Rehab Program.

Keith Lund reported they have family in Phase III Rehab, family owned home at time of the flood that was being rented (family lived in an apartment) and due to economic conditions and loss of rental income, they had to move back to their home and have since fixed it up; they didn't receive any FEMA funding, were turned down for SBA loan and have not received any assistance to help them recover, house had 59% damage; they applied for Phase III rehab program during open registration period and assumed they were eligible; and due to the unique circumstances, would request that this irregularity be waived and allow this family into the Phase III rehab program. They were considered for the budget and would be eligible for the \$15,000 rehabilitation, would put lien on the property, etc. and contention would be that they remain in that home.

Moved by Beyer and Glassheim that irregularity be waived and this property be included in the Phase III Rehab Program. Motion carried.

Committee adjourned at 2:00 p.m.

Alice Fontaine
City Clerk

Dated: 7/20/98.