

MINUTES/URBAN DEVELOPMENT COMMITTEE
Wednesday, July 29, 1998 - 11:00 a.m.

Members present: Glassheim, Beyer, Polovitz

1. Matter of Memorandum of Agreement between (City and SHPO) and Standard Measures Mitigation Agreement (between City, FEMA & SHPO) for wet-side residential demolition. Curt Siewert reported this is third mitigation they've been working with the local Historic Preservation Commission and also State Historic Preservation Officer, first was Phase 1 Housing, houses under water; second agreement was for dry side mitigation, that agreement stated that City would rehab 15 of the 26 proper-ties that found eligible for the Historic Register; and this proposal agreed that City would relocate and rehab to the Secre-tary of Interior's guidelines of rehab of historic buildings 10 properties out of the 24 properties the City presently owns on the wet side of the proposed dike. He stated City owns 26 and another 40 that are privately owned on the west side of the proposed dike or in footprint. He stated he talked with State Historic Preservation Officer and he has no problem with the 10, and what this agreement really does puts this back to the local level of which of the 26 properties to be moved, State would be out of the loop, between City and local Historic Commis-sion as to which properties to move. He stated their intention is to come to committee with numbers of properties they choose in both agree-ments so know numbers prior to agreeing which houses to move or rehab. He stated they have approx. 30 lots in older neigh-bo-rhoods that are potential areas for moving, but good chance move more than 10 house, but not historical homes; that there are houses in neighborhoods that are not historical but in much better shape and would like to relocate houses on all lots avail-able; this allows City to pick and choose which ones to move.

Beyer present.

Moved by Polovitz and Glassheim to enter into Memorandum of Agreement. Motion carried.

5. Matter of Bid Packages 3 and 4 for City Center Mall.

Mike Murie, EAPC, reviewed Bid Pkg. 3, civil utilities restoration for the mall area and demolition of ground floor and foundations below that; that low bid of Molstad Excavating was \$214,710, and recommended award to low bidder. Moved by Beyer and Polovitz to accept the low bid of Molstad Excavating in the amount of \$214,710. Motion carried.

Mr. Murie reviewed Bid Pkg. 4, environmental asbestos abatement, and received range of bids, talked with bidder and he assures he has enough to do project and has done other projects for the City successfully. Mr. Siewert reported EAS has done maj. of residential abatement for demolition - about 80%; asbestos disposed of at landfill. Mr. Siewert reported they went

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through buildings with contractor after bid opening. He stated there were some things left out of the bid package, had to do with mold abatement; several buildings haven't been touched and asked for price to do those.

Moved by Beyer and Polovitz to accept the low bid of EAS Environmental Abatement Services in the amount of \$98,455. Motion carried.

It was noted that there was a bid received from GPAC which was not opened because it didn't contain addendum acknowledgement; and it was moved by Beyer and Polovitz to send the bid back to the bidder unopened. Motion carried.

Mr. Murie reported they have change order to remove the porous materials and sanitize four City-owned buildings (City purchased and would like to redevelop), including J.C. Penney's, Hoffman building at 307 Kittson, Tischart's on ground floor level and Sorlie building on corner of DeMers and S. 4th St. and total for those four buildings is \$70,400; and also asked contractor to give unit cost to remove porous materials should they run into other situations to clean and sanitize: \$6.00/sq.ft. for plaster, \$4.00/sq.ft. for sheet rock, and \$2.00/sq.ft. for carpet removal and spraying antimicrobial in those facilities.

Moved by Beyer and Polovitz to accept the bid of EAS in the amount of \$70,400 for four City-owned buildings. Motion carried.

The matter of bid on unit prices was held.

2. Matter of request for inclusion into Rental Rehab Program. Terry Hanson, Urban Development, reported this item is an application from MDI, Limited Partnership, principal is Gary

Stenson, and they are requesting a rental rehab loan to provide assistance in the rehabilitation of South Jr. High School, they would rehab into 45 residential units and asking for loan of \$363,000. Beyer stated that MetroPlains is asking for inclusion into the 1997 flood disaster rental rehab, and Mr. Hanson stated they didn't have an application in before the deadline, and are asking for special consideration. Mr. Hanson stated they would like to see So. Jr. High School converted to residential, would-n't like to see it destroyed, and have support from the community for conversion to rental structure; that if council wished to include would be an additional funding because they did carry forward a reduction in the Rental Rehab Program of \$600,000 and were quite aware this application was coming forward but until received application, to still move ahead with the \$600,000 reduction, knowing that if this were funded would have to bring money up again into the matrix.

Beyer stated she would like to see building become apartments but **MINUTES/URBAN DEVELOPMENT COMMITTEE**

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how many other buildings in town where could have developer come in and ask to have program reopened; that her understanding of this Program was to try to get apartment units back up as quickly as possible to alleviate housing shortage, want to help these people, but doesn't think this is proper vehicle. She stated there are a lot of buildings that don't want to see destroyed but if start doing this, not going to be enough money. Mr. Hanson stated rather than including this in the existing Program but consider this as one of those items discussed to add to the bottom of the matrix for funding; that it's after deadline and creation of units not rehab. of property damaged in the flood.

Beyer stated this wasn't rental property before, didn't have ap. in before deadline, new project, try to find different way to do it. Polovitz stated that Rental Rehab Program was in effect long before flood, and been around for long time, and did create housing.

Moved by Glassheim and Beyer to deny application for flood disaster rental rehab and recommend that the council fund through the matrix.

Lonnie Winrich reported that South Jr. High has been nominated to the National Register for Historic places, the Grand Forks Historic Preservation Commission conducted a public hearing on

the nomination at its meeting last night, there were no objections to the nomination, and is supported and sponsored by the owners and the State Historical Board will conduct its hearing on the nomination on Friday; there appears to be no objection to it and suspect it will be recommended to the Park Service for inclusion.

Gary Stenson, MetroPlains, reported that the development has been awarded housing tax credits from the ND Housing Finance Agency and deadline is end of July to have proof of zoning, etc. and they have given an extension until after the city council meeting on August 3, and on tight timeline. He stated they have to expend 10% of the funds in year awarded to meet carryover, and 10% of development has to be done by end of December and part of time problem. He stated they have talked to City staff several months on this and met with mayor and several department heads to discuss best way to go and it was recommended to use Rental Rehab Program. He stated they wanted to do similar to what did with St. Anne's building/Riverside Manor, looking at same kinds of funding, tax abatement, that finance committee heard this morning and 10 years what they are looking at. He stated his concern was timing issue.

Tim Wald stated he rents out his basement, that South Jr. is different funded type of program compared to them; that he lost his whole basement, can't do all the work himself and in materials alone has over \$8,000 in receipts, that he asked for

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additional \$4,000 for additional labor, electrician, etc. and not enough funds to finish it. He stated he was asking for additional help to continue renting property. Beyer stated this gentleman qualified for some funding, and asked how many didn't meet the deadline and could use it.

Ms. Kelsey, MetroPlains Dev., development coordinator, reviewed source of funds and status of those; that they were attempting to use CDBG funds because of Urban Development staff involvement, that they have run into Affordable Housing Program funds from Federal Home Loan Bank of Des Moines had news this week that they didn't get those funds and project didn't score well because of community support and that comes in form of CDBG funds being committed or Home Funds, tax increment, etc.; and they will have to make up somehow that difference and will find way to make this project go forward with added extra gap, but is one thing they would like to see this project move

forward with CDBG funds at this point or some other avenue. She stated funding sources committed to the project was Housing Tax Credits if comply with requirements, permanent first mortgage, construction loans with First National Bank and will have historic tax credits, and believe that because of tax increment of the taxes for the 10 years and has allowed to take on a higher first mortgage. Beyer asked how many private dollars going into this; Ms. Kelsey stated from the partnership investment from sale of tax credits, \$1,765,000, but not from developers. Ms. Kelsey stated that in order for them to be able to put that money in, they have to invest money on the forefront and that is by getting the building on the National Register, and if didn't invest that money in getting building up to that status and going through all that work, that is their investment. Mr. Hanson reported if approved this would be a zero percent interest loan.

The committee split the question, and on motion to deny the funding from the flood rental rehab program. Motion carried.

Upon the motion by Polovitz and Glassheim to recommend that the council allocate \$363,000 loan from the matrix at this time, the motion carried; Beyer voted against the motion.

3. Matter of request from Metro Plains for tax increment financing for rehabilitation of South Junior High into senior apartments.

This was handled by finance committee.

4. Matter of reinstatement of suspended ordinances.

Mr. Swanson reported that there were no ordinances suspended by council that directly affect this committee, and other commit-tees have recommended that the ordinances be reinstated. Moved by Beyer and Polovitz to receive and file. Motion carried.

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5. Mr. Hanson stated that on the matter of reinstatement of reconsideration of increasing dollar amount to some of the applicants on the previous Rental Rehab Program, would like to offer that staff, if directed by this committee, to go back so have information about how much needed or what demand is, to notify all of those discussed previously and considered a single family residence or four-plex or less and ask for their

response if in need of additional funds, how much SBA funding they re-ceived, etc. and effect of the problem. Beyer asked for four-plex or less and wet units. She stated they should also look at private insurance as well. Mr. Hanson reported they will contact everybody, four-plex or less with condition of how many units received water damage. Staff will bring info. back to committee.

Meeting adjourned.

Alice Fontaine
City Clerk

Dated: 7/29/98.