

**MINUTES/URBAN DEVELOPMENT COMMITTEE**

**Wednesday, September 16, 1998 - 12:15 p.m.**

Members present: Glassheim, Beyer, Polovitz.

1. Matter of exception to Relocation Voucher Program.

Terry Hanson reviewed voucher program which is set up to assist buyout participants in relocation from their previous address if they purchase a new house in town, and recipient can receive either \$10 or \$15,000 voucher which is redeemable upon purchase of new home in the city; conditions to meet eligibility are to participate in buyout and have to purchase new home for primary residence in order to cash in voucher. He stated they received request from Judy DeMers who has participated in the buyout, City purchased her home, and she has purchased a home in the city and would be eligible, however, she is not residing in that residence because of her legislative requirements - that she reside in the district in which she was elected, and that she intends to make this residence her permanent dwelling in December of year 2000 which is after the next election. She is requesting an extension to her voucher to that time that she does occupy the property, that we not advance any funds on the voucher but advance fund at later date when she does occupy the property, and consider the full voucher if she resides in the dwelling for the next five years or if not, pro-rate for remaining term from the date of her purchase where she would be entitled to a three year entitlement or approx. \$6,000. He reported that staff looked at the request and because deviation from policies following, and brought to committee and council for their consideration. He reported that if this request were approved, they would obligate funds as of date that she purchased building and disbursed in timely manner to meet the CDBG requirements once she occupies building. He stated they tried to consider what precedence by following deviation as this, that there may be others who purchased building and not living in today and would request voucher and this decision ride on any future requests. It was noted that there will be a legislative redistricting which may include this area.

Beyer asked what would happen to funds if not moved into the building, deobligate? Mr. Hanson stated they would have to have all funds obligated no later than July of 2000, and if she didn't occupy the home in December, 2000, would be too late to deobligate those funds. Mr. Hanson stated funds would have to be obligated to a specific project, and felt that HUD would

consider waiving or extensions of time, etc.

Mr. Hanson reported that Ms. DeMers lost her home and went out and looked within her district for the type of home she wanted (condo or townhome) and nothing within her district and found one two blocks outside her district, and her property will be within the redistricting.

Moved by Polovitz that grant an exception for this request that we hold funds until occupancy occurs. Glassheim seconded the motion.

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

**September 16, 1998 - Page 2**

Glassheim stated that he would second motion in committee but because he worked with Ms. DeMers in legislature, he would not vote in council.

#### 2. Matter of applications for moving permits for historical homes (with POWER TO ACT).

Travis Maruska, Urban Development, stated there were four aps. for moving permits which were objected to, have addressed them and would like to go ahead with one of the moves after meeting with residents from that neighborhood, Robert Frasier and Mike Kelly, are adj. to the property, met with them on Monday and discussed concerns:

a) house from 7 Euclid Avenue to 812 Almonte Avenue

Mr. Frasier, 118 8th Avenue South, reported they met with reps. of Urban Development and expressed concerns - if move is going to occur, wish it be expedited so can get other house torn down, has no qualms with Historical Preservation but want to make sure this property is resurveyed on true and proper property lines, that house set as such where it will not interfere with his quality of life and neighbor's life. He stated everything would be fine as long as they have general understanding of what's going on here; setback is fine and house will come back farther in the lot.

Mr. Maruska stated he will be in contact with Mr. Frasier as they go through the process, site plans have been submitted to Inspections and will do their best to work with neighbors on this. He stated they will demolish existing house (begin next week), then lay foundation, etc.

Moved by Beyer and Polovitz to authorize moving of house from 7 Euclid to 812 Almonte Avenue. Motion carried.

Mr. Maruska reported that after meeting with neighbors, would like to reconsider comments/concerns on other houses. Other applications held in committee.

4. Matter of Phase III Housing Rehab Program.

Steve and Marlys Lunseth, 1001 Belmont Road, reported that they knew they were well past the deadline and that there are number of extenuating circumstances they would like to explain. He stated that at corner of 10th and Belmont their house sunk two inches and entire house cracked from first floor into attic level, with cracks in all the plaster walls. He stated this didn't occur until this winter; that last summer trucks were pulling debris from Lincoln Park come down 10th, take a left and go south on Belmont and would hop the curb and clay saturated with water at the time, and when hopped the curb with triple axle truck and could feel movement in the house, but after cleaning basement and when repouring basement, and found out that corner was down 2" and found crack in foundation in that part of the house. He stated they put pads under the foundation and jacked up corner of house thinking could separate it **MINUTES/URBAN DEVELOPMENT COMMITTEE**  
**September 16, 1998 - Page 3**

from foundation and get those 2" back, however, couldn't separate house from the foundation; and over wintertime the foundation sunk and rest of wooden structure as it heated and cooled, moved and cracks started to appear (10-20 cracks in each room). He stated they received notice in April that assessments would go up from \$70,000+ to \$85,900, that he called assessing department and they devalued house from \$85,900 to \$44,900, and he suggested perhaps they could qualify for Phase III, that he talked to Keith Lund and Tim Manz, and one inspector went out and he indicated not much damage to the house; then went back to independent consultant and he called Mr. Manz and was long drawn out process; Mr. Manz wrote letter to Mr. Lund that he's appraising damage est. at about \$20,000 for upper floor for taking out plaster and replacing. He wanted to do himself but found out he couldn't, and were requesting rehab money up to max. of \$15,000. Mr. Lund stated that they did follow channels but because of delays, long time to get information. There was some discussion re. damage perhaps not done by floodwater but by trucks traveling along area which was wet from floodwater. Mr. Lund stated there were funds available.

Moved by Polovitz and Beyer to approve the request. Motion

carried.

3. Matter of review of RFP on single-family homes for private sale - rehab on-site.

Dennis Borowicz, Urban Development, reported that there were 7 homes (one was pulled 624 S. 5th Street, because that property sits in a very historical neighborhood, and are looking at other alternatives for that lot in the way of relocating a historical home and have pulled that property from the bidding process) that were targeted for private sale rehab on-site and had proposals come in yesterday, that he and Mr. Maruska reviewed and made recommendations based on a ranking procedure that they utilized. He distributed info. on the properties. He reported that proposals rated on 4-area ranking: 1) bids ranked in order of amount, with highest number being awarded to the largest amount bid; 2) rehabilitation strategies ranked on professional and non-professional estimates, detailed work specs., etc.; 3) financial approval; and 4) flood displacement. There also was some discussion if enough teeth in to complete requirements; and it was noted that Mr. Swanson suggested strategy that they used - that as part of the purchase arrangement they are granting to the successful bidder the undamaged portion of the house and that amount becomes second mortgage and that is hook to insure that if they try to sell the house or rent it out, not satisfying conditions and second mortgage kicks in and demand prorated portion of that within that 5-year timespan. Mr. Borowicz reported that was part of the information that was picked up by the bidders, picture of house, min. bid amounts and addresses and second forgivable mortgage would be. It was noted that if sales not made, houses would be demolished and land would be sold.

**MINUTES/URBAN DEVELOPMENT COMMITTEE**

**Septembe 16, 1998 - Page 4**

a) 2624 Olson Drive.

Mr. Borowicz reported they received two proposals, ranked proposals by number rather than address and name of the bidder. He stated that it's staff recommendation to proceed with awarding that property to Bid Proposal #1 who met all the requirements of the RFP

The committee reviewed the proposal submitted. Beyer asked to be excused from voting on this matter.

Moved by Polovitz and Glassheim to accept the bid of Proposal #1. Motion carried; Beyer abstained from voting.

b) 806 North 25th Street.

Mr. Borowicz reported only one bid proposal submitted and staff decision was to accept the proposal, however, they didn't meet the minimum bid requirement but because of rehab strategy felt that it was acceptable; they are putting in upwards of \$50,000. (Min. bid was \$5,806.25) Moved by Beyer and Polovitz to accept proposal. Motion carried.

c) 2503 9th Avenue North.

Mr. Borowicz reported only one bid proposal received, and staff recommended to accept the proposal; minimum bid of \$20,000 - demolish structure, backfill and build new structure on that lot in the future (within 5-year span), new structure in range of \$100-125,000, with total market valuation should be \$115-140,000 property; and bidder lives next door to the property. Moved by Beyer and Glassheim to accept proposal. Motion carried.

d) 302 5th Avenue North.

Mr. Borowicz reported they received three proposals, that Bidders #2 and #3 have equal number of points accumulated with favor being given to Bidder #2 for being a part of the voluntary buyout; that upon review of the proposals they found that Bidder #3 grew up in the house and outweighs other criteria upon which it was ranked.

After discussion it was moved by Glassheim and Polovitz that we accept offer of Proposal #3 on conditions they meet minimum bid requirements and bring back to committee in two weeks if they do not meet bid requirements. Motion carried.

e) 1813 North 3rd Street.

Mr. Borowicz reported they received three proposals and recommended Proposal #1, and recommended to award property to Bid Proposal #1. Moved by Beyer and Polovitz to accept Proposal #1. Motion carried.

f) 28 Vail Circle.

Mr. Borowicz reported this is part of condo situation, is out of the floodplain, don't have to do floodproofing, 6 proposals, with 2 proposals equally ranked, reviewed proposals and #2 had more

**MINUTES/URBAN DEVELOPMENT COMMITTEE**  
**September 16, 1998 - Page 5**

detailed breakdown.

Moved by Polovitz and Beyer to accept proposal of Bid Proposal #2, contingent upon meeting minimum bid requirement. Motion carried.

5. City Center Mall demolition.

Mike Murie, EAPC, asked for authorization to proceed with a bid package that would involve putting some electrical and mechanical work back into the buildings that the City owns in Mall area that are going to remain so can heat them this winter, can use some of the heating units that were removed and some of the residential furnaces that have been saved. (about 8 buildings, one in question is NSP building which dike alignment could affect - 3 building on east side - Panovitz, NSP and Phoenix block for historical reasons) It was reported that water disconnected to the buildings, sprinkler systems down and buildings not heated tend to deteriorate fast, and if intention to save building, market, sell, should heat them; cost for heating buildings.

Mr. O'Leary reported that RFP's will be discussed at the DDC meeting, and properties in central business district being turned over to DDC for administration. Moved by Beyer and Polovitz to advertise for bids. Motion carried.

Mr. Murie referred summary of City Center Mall demolition, bids received for building demolition this week, bids for street restoration received on 30th.

6. Change orders for City Center Mall projects:

Mr. Murie submitted change orders:

a) Change Order #3 - \$88,424 for filling basement extension.

Moved by Beyer and Polovitz to approve change order. Motion carried.

b) Change Order #4 - \$46,466.00 for extending waterline service to the four buildings that are now being saved (originally were to demolish) - 3 buildings on the east side and Berg building on the west side. Moved by Beyer and Polovitz to approve change order.

Motion carried.

c) Change Order #5 - \$60,968.00 for revised subgrade design at 3rd Street. Moved by Polovitz and Beyer to approve the change order. Motion carried.

7. New business:

a) Mr. O'Leary presented issue of program income as selling houses, bought houses with CDBG money - \$120-140,000 program income and that program income is subject to new CDBG regulations or 70% low and moderate benefit, and at same time have an issue on the Rehab of Affordable Housing Program, that Grand Forks Homes is trying to find financing for that, and that program doesn't benefit

**MINUTES/URBAN DEVELOPMENT COMMITTEE**  
**September 16, 1998 - Page 6**

low and moderate income but has an idea that might work - that if you previously put \$600,000 into the public service programs (Adult Abuse, Mission, etc.) and rather than using the old money, take program income off of this program put into the public service programs and deduct that and provide a like amount to Grand Forks Homes to help them pay for that affordable housing program. (Old rules on supplemental grant to help with flood had a 38% LMI impact and that's what is across the city, and not a problem with that.) He stated if took program income, allocated that specifically for the public service project, that would meet the 70% LMI requirements, and that would free up the same amount of money. He stated that the suggestion is that could come out of this committee, that whatever program income realize on the sale of these houses, that program income be set aside to help make affordable housing, rehab houses and to accomplish that, take program income from sale of these houses and put in public service, which would free up an identical amount of money that would go to the Affordable Housing Program; that they are in a cash flow situation. He stated some of these houses, in particular historical houses, putting more money into them than sell them for, that's part of the mitigation process but makes for negative cash flow. He stated he will write up a program for this program.

b) Mr. O'Leary reported the other issue has to do with the purchase of a building in the central business district, that DDC members have been struggling with - St. John's Annex building. He stated this building was not included in the original rehab program because thought dike was going through it, dike got moved and started negotiating to purchase the building, the appraised value is little less than \$200,000, cost another \$100,000 to tear down, and owner of the St. John's Blocks wants emergency egress to reclaim the lot, etc. and then we'd have \$400,000 into this acquisition. He stated it gets

very complicated because shares mechanical system, electrical system and other issues, whether want to buy building, rehab and try to sell. He stated he was visiting with Mike Lander today and suggestion he ran by Mr. Lander was to offer the limited partnership of St. John's Annex building an opportunity to participate in the rehab program as if eligible from start; not eligible because ruled them out, and this building part of core of central business district. He stated a suggestion might be to give him some reasonable length of time, 60 days, to find tenants for the building, bring back to Urban Development Com-mittee, run through a ranking procedure under rehab programs. The disadvantage to this is suggesting that the Urban Development Committee do it rather than DDC, because DDC has a listing of projects and may or may not create problems for other applications, but will if run through the DDC; 2) DDC, if allocate them funds, open up another funding cycle and doesn't solve problem. Mr. O'Leary reported that another issue is parking. After further discussion the committee held for 2 weeks.

**MINUTES/URBAN DEVELOPMENT COMMITTEE**  
**September 16, 1998 - Page 7**

c) Beyer asked if City was buying School District's buildings and grounds building; Mr. O'Leary reported that the dike is running through the back of the building, runs around it now - made an offer to buy the building when dike was going through it - negotiations are going on now. He stated they gave School Dist. an offer and they were not satisfied, they had \$1 million into building and city assessor thinks it's worth about one-third of that. He reported that council members thought about a buildings and grounds department for the city of Grand Forks, this building should not be torn down, two years old and going to be on the dry side of the dike but no parking there and no accessibility. He stated that when started process School District made commitments to build replacement building for that. He stated that School put out some RFP's on the Griffith building and School Board is trying to sell it. He stated the issue with building the buildings and grounds building is what the building is worth, have an appraised value and that's what negotiations are, and final number probably before city council. He thought it would be ideal for maintenance and storage.

d) Glassheim presented another item - if flood response departs, what purview of this committee is going to be - what handle in the future, what responsibility of this committee

would be. Mr. O'Leary reported that in flood response they just talked about an issue that crosses the boundaries of 2 or 3 committees - street on South 3rd Street - it's public service, public safety, urban development, finance, DDC. Glassheim stated that the whole question of betterments, who's going to deal with that, that's flood response item.

Moved by Beyer and Polovitz to adjourn; meeting adjourned at 2:10 p.m.

Alice Fontaine  
City Clerk

Dated: 9/18/98.