

**MINUTES/URBAN DEVELOPMENT COMMITTEE**  
**Wednesday, October 1, 1997 - 4:00 p.m.**

Members present: Beach, Polovitz.

1. Matter of Rental Rehab. Program.

Curt Siewert reported they gave application deadline of September 15 on this program, sent notice to applicants re. HUD interpretation that all expenses from April 19 were eligible even though repairs completed, that applications total \$8,250,999 of which \$1 million State CDBG has been set aside, and would need entitlement funds of \$7,250,999 if were to fund all, and have already authorized \$4.5 million. He reported that flood insurance required to be used first, then SBA funding if received, and then these funds. He stated that if offered SBA funds but declined, can use these funds; that SBA located in their office and will be monitoring to make sure no duplication. He stated that 1196 units stated but there are considerably more because only bottom units got wet, and eligible for rehab. He stated they obligated \$4.5 million and \$1 million State CDBG funds; that this worst case scenario and may not be this high after review. It was noted that there is \$7 million in the matrix which includes \$1 million from the State. Mr. Siewert also noted that if they get building permit they would be eligible, but if should get buyout, this would come off the top as this is a loan. Terry Hanson reported that City has second position on mortgage.

Moved by Polovitz and Beach to obligate funds to a total of \$8.251 million and authorize proceeding with rehab projects. Motion carried.

2. Matter of paying for Industrial Park land expansion.

Mr. Hanson reported this item on matrix and has gone through Flood Response and is asking committee to authorize up to \$1.22 million (some additional costs since first placed on the matrix), and asked that land deeded to JDA as it ends up there anyway, that FEMA trailers located on part of this land. He stated he is asking for authorization to issue the funds in the amount of \$1.22 from the CDBG and have property deeded to JDA. He stated that land presently on contract for deed to the Development Corporation, and they would buy contract from the Development Corp. He reported that infrastructure installed. Moved by Polovitz and Beach to authorize issuance of funds in the amount of \$1.22 million from CDBG and that property be deeded to the JDA (Jobs Development Authority). Motion carried.

3. Matter of cooperative living project.

Joel Manske, director of Housing Authority, reported that he had presented this matter to the committee and request from Homestead, Inc. a \$25,000 loan that would be repaid upon initiation of the construction project, this would be seed money with \$70,000 match by Homestead; that the matter had been tabled and to be brought back with rep. of Homestead or Coop. was available. Steve Hess, representing Reimagining Downtown Resources Committee,

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and introduced Kris Graham, representing Homestead Housing, that Homestead Housing is a cooperative housing association that specializes in 55 and older cooperative housing projects and they are interested and feel there's need following the flood for some type of cooperative housing arrangement to provide housing for some of the people who have lost their homes, etc. He stated that their request is for council approval of the \$25,000 of seed money that would be matched by \$70,000 from Homestead Housing Cooperative to do a market study and to proceed with planning for a project in Grand Forks. He stated that the seed money needs to be provided before Homestead will come into the community and do the marketing research.

Kris Graham reported that they have 11 projects operating in Minnesota and Iowa, that they would like to do feasibility study in the area, that the Cooperative Development Foundation will put up \$70,000 in development funds to do pre-development work; that they need a commitment of \$25,000, that they really need \$6,000, which they will match to do a feasibility study, demographics, soils work, etc. and once they get that accomplished and feel project is a go, they would then be requesting the remainder of the funds, which would be used for the marketing of the project, etc. She stated that the units are sold independently and when all of the units are sold, the cooperative is paid for, that the way they finance their projects. She stated they will be looking for construction funding in this community (privately capitalized), local contractors, purchasing materials locally and hiring employees from community as best they can. She stated that upon start of construction the funds are returned to the Cooperative Development Foundation and to the source in this community, that if they get through the feasibility and find that there's

lot of things going on and not need for this type of project, then money that has been used (50% of each) will be a donation, but will not get past the \$6,000 before they find that out. The Housing Authority will not be involved. Mr. Hanson stated that funds could come from JDA; committee stated that JDA could support as further means of alleviating the housing shortage in the city. Mr. Manske stated Mr. O'Leary stated he would like to see feasibility study. Ms. Graham stated their findings would be available to the City; and need 40% commitment before project would proceed. Committee questioned whether ND law permits cooperative housing, and Mr. Manske stated that there's precedent to cooperative housing in North Dakota.

Moved by Polovitz and Beach to authorize commitment of \$25,000 contingent upon favorable feasibility study. Motion carried.

4. Matter of proposed CDBG projects:

John O'Leary, exec. director of Urban Development, reported they are nearing time of year when start regular CDBG process, normally they expect \$.5 million, and have couple choices on how to **MINUTES/URBAN DEVELOPMENT COMMITTEE**  
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handle, leery about launching into large public participation program that involves several meetings, review of apps., etc.; that under the 1997 waivers of regulations, they have other options they could pursue. He stated that virtually all of the non-profit organizations had done pretty well by the flood, lot of foundation assistance, though not funding them through City's financial programs, most have done okay in finding other sources, and with those that haven't, have option of using some of the public service money that's obligated under the cost matrix. He stated that the staff has suggested that we consider an abbreviated and accelerated public participation process, and rather than soliciting applications from groups in town, that we announce publicly how we propose to use funds for this year's allocation of CDBG and submit simplified application. He stated he is concerned that if add another 20 projects for staff, would stress staff and that there are more efficient ways to proceed. He suggested giving organizations/public opportunity to comment or open up funds through public service supplemental allocations, and to open public comment period. He reported that Grand Forks Mission had lot of flood damage, were compensated for flood damage and generated another \$300,000 in other contributions. He suggested not going through elaborate process and use supplemental funds, more flexibility. He stated they would

want to go back to normal process next year. It was noted that application due in Denver November 15.

He reported that staff suggested two projects:

a) Grand Forks Affordable Housing Program - \$150,000

Sue Redman reported that this is continuation of program started in 1993, and have assisted approx. 100 families in owning their own homes, that they would try to provide more assistance to renters or home owners (if low income) who lost their homes in the flood, and could do that through emergency rehab, increasing amount of closing costs and down payments, assistance or interest subsidies and working with banks in trying to make it work out for more families; that they would also like to intensify counseling and education because number of programs that have changed and number of opportunities that weren't there before; that first time home buyer's program now available to those who aren't first-time home buyers, option through FHA qualify for 203H program which does 100% financing so don't need down payment. She stated they would like to work with potential homes buyers/renters that were hardest hit by the flood. She stated they include funding for moving houses, acquisition, rehab as well as down payments and closing costs. She stated they would be able to assist between 25-35 households and provide referrals and assistance to another 100, and 5 - 7 more special construction projects. It was noted that this would be available to others as well as those who received flood damages.

b) purchase of land for relocation of four-plexes.

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Mr. Manske reviewed proposal for relocation of these 4-plexes in Michigan, ND, that property has been foreclosed upon and Fort Worth, TX now retains ownership on behalf of HUD's Multi-family Disposition Program and first right of refusal goes to State of North Dakota Housing Finance Agency, and they have agreed to do quit claim deed to the Grand Forks Housing Authority and give us those units free of charge, cost to move and set up in Grand Forks approx. \$30,000/unit, and would include rehab of the units, foundation and site work and a lot (looking at lot in First Congressional Subdivision. He stated that presently these units occupied as temporary housing for Grand Forks residents and wouldn't propose to move until vacant (4 of the 8 are occupied). He also noted they would work with

Planning Office re. zoning of the area.

It was noted that citizens committee goes inactive for a year.

Moved by Polovitz and Beach to accept concept for the projects and call for the public hearing, with a 7-day comment period. Motion carried.

5. Matter of status report on City Center Mall.

Alan Dostert, EAPC, reported they had been asked by Urban Development to look at number of options for the Mall and adjoining properties, and to investigate options; he presented status report on City Center Mall. He stated that demolition of the Mall cannot take place this fall because of environmental concern, asbestos abatement prior to demolition, as well as property acquisition, etc.

He reported that without the building being heated the sprinkler system would be shut down and no way of fighting fire if roof stayed on, fire department saying not an option.

He stated that Mall can be provided with minimum amount of heat to keep sprinkler system from being damaged by weather and keep facilities running at minimum; that they did an assessment of properties in terms of what repairs, etc.; primary source using rooftop units in the Mall, using fans to force heat back into units. He stated there were options listed on last page of the report re. costs, etc. He stated they would need to follow option #3 - rehab mech/elec thru winter, with spring demo. at cost of \$136-141,000. There was some discussion re. costs for demolition of properties on the east and rehabbing properties on the west side, \$3.2-3.3 million. Information only.

Moved by Polovitz and Beach to adjourn, meeting adjourned at 5:00 p.m.

Alice Fontaine  
City Clerk

Dated: 10/02/97