

MINUTES/FLOOD RESPONSE COMMITTEE
Thursday, June 19, 1997 - p.m.

Members present: Hafner, Bakken, Glassheim, Polovitz.

1. Matter of question of possibility of getting an exception to
the 50% damage rule from FEMA.

Ken Vein, city engineer, reported they need to get additional information from FEMA of the possibility of getting exception, and have not made that request; he stated that until we have permanent flood protection project in place, he has concern about rebuilding houses that were more than 50% damaged with possibility that they could become 50% or more damaged again in future. He stated he felt they would be better off acquiring those houses, and thinks that reason this is before committee is because places on dry side of dike in limbo. He stated that if they can proceed with purchase of all houses in the 100-year flood plain that are 50% or more damaged, then may not want to pursue this type of exception. Mr. Vein reported next phase of buyout won't have dike alignment noted on it; that next phase within 100-year flood plain doesn't make any difference, didn't think they could allow this exception as then you would allow them to rebuild their homes on either side. He also stated that they weren't able to differentiate on the buyout because if we do we put ourselves in whole different legal stance because of relocation act, buyout now is voluntary.

Polovitz stated that phase I in his mind is anyone in the 100-year floodplain with 50% damage or more within the city of Grand Forks. Mr. Vein stated that phase I has already been implemented and phase II now being completed. Mr. Vein stated there is definitely a legal opinion that once you establish a dike line those on the wet side will be forced to sell and would then activate the Uniform Relocation Act, which is a federal requirement that would sub-stantially increase the cost of relocation. Hafner stated that there are houses that will be protected that have 50% or more damage; could rebuild on those sites. Mr. Vein stated that houses badly damaged will be demolished, those that are not could be moved off site or new subdivision and rehabbed. It was noted that City would then have empty lots which could some day be built on.

Mr. Vein reported that people in Walnut Place who had 50% or more damage and who didn't think they would get bought out and

who wanted to rebuild, if buyout plan proceeds will alleviate that problem. Committee stated that the buyout should solve this problem; Mr. Vein stated he believed so, but that they haven't implemented phase II, which is 294 houses.

Moved by Glassheim and Polovitz to receive and file. Motion carried.

2. Matter of purchase of Sun Land West property for housing.

Mr. O'leary reported they have discussed the purchase of the Sun Land West property with Mr. Danks and with Mr. Schmaltz, that they are interested in selling property for \$1.4 million plus

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\$200,000 if City interested in buying the four houses that are on the property (1 stick-built and 3 double-wides), that engineering department is looking at possibility of putting an alleyway in site, that lots are 130 ft. deep and approx. 50' to 60' wide, that original plat in excess of 200 lots, that some lots too narrow and may reduce number of lots. He stated they would have 28 lots ready to go now, and should have ests. of putting in balance of infra-structure by next Monday. He also reported that they have possibility of buying another 11.5 acres adjacent to this property, which is owned by the UND Foundation and priced at \$0.40/ft. with no infrastructure and that price is negotiable. He stated that suggestion of staff is to proceed with negotiation and ests of cost of infrastructure. He reported they are looking at several manufacturers to provide housing on the site, and it was suggested that they try to recoup value of the house and the foundation in the sale price but provide the lots free of charge as first priority for those displaced by flood who lost their houses or cannot rebuild, and second tier of priority would be other individuals/ residents interested in owning one of these houses; and further it would be recommendation of staff not to provide the two-year tax exemption on these lots.

Committee questioned that with the 10% bonus in the buyouts, whether they would want to give away infrastructure, maybe give 10% and lot and pay for the infrastructure. Mr. O'Leary reported that the only revisions in the acquisition and relocation plan put \$10,000 cap on the bonus and under revised plan they would not get the 10% until they actually purchase a house within two years. Mr. O'Leary reported they don't need to make decision on that but decide whether to proceed with

purchase. Polovitz questioned if we have data to show that we need these houses, with other houses for sale, apartments being rebuilt; Mr. O'Leary reported that in first round of phase I of buyout are going to buy approx. 300 homes, and in second round of phase I between 200-350 homes, that all inventory data not in, but are around 600 homes, and if assume half are going to look for replacement homes, not counting average growth of the city, and for \$30,000 income family this very affordable for them. Mr. O'Leary stated that he thinks they will need 250 houses by the end of the year, but that they also need variety of housing opportunities.

Moved by Bakken and Polovitz that we proceed with final negotiations to purchase the land subject to review by city attorney and to proceed with negotiations to pursue purchase of 11.5 acres from UND Foundation. Motion carried.

3. Matter of apartment shortage and determination if private or

public development should handle it.

Mr. O'Leary reported that they were actively promoting the rental rehab program to fix apartments, and Mr. Beach and others are actively encouraging the construction of new apartments. It

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was noted that Council Member Carpenter referred this prior to Mr. O'Leary's announcement of the rental rehab. and wanted to bring to everyone's attention, and question is whether private sector not doing. Mr. O'Leary reported several other things happening - that they got 2 four-plexes from Michigan, ND yesterday and going to move to town, and found out this week there is some doubt about Almonte, amount of damage and residents not going to move back in. He stated that is 150 beds, that the City should buy, put boiler in for SRO units.

Mr. Beach reported that he attended subcommittee on housing of mayor's task force, that a couple things came out of that meeting: need to have survey of what needs are, seems to be very little information available of how many duplex and basement apartments were lost and he urged them not to wait for results of survey, that they did make tentative decision to have a housing fair, bringing together developers, financiers, etc. to explore possibilities and exchange information. It was noted that no permits for multi-family housing issued as of last week.

Bakken stated part of answer to this issue is in rehab and that there are other apartments they are looking at to rehab. and also looking into alternatives. Glassheim questioned whether there should be a program to encourage new construction; Bakken stated that he thinks this will take off when they see demand.

Moved by Polovitz and Bakken to refer to Housing Task Force to consider this issue, talk to developers, and through housing fair. Motion carried.

4. Matter of childcare facilities - evaluation to determine if City needs to acquire or erect a building that will provide space for a childcare facility.

Mr. O'Leary reported that FEMA will provide daycare facility on site, the Grand Forks Fund has been struggling with this issue and at their last meeting that they determined that they would like to provide some subsidies to non-profit daycares to help get back on line; the private for profit daycares (over 200 in the city and most located in basements and most took a hit), how many come back not sure, but could cause problem if subsidized private daycares, but agrees with providing assistance for non-profits. Polovitz stated that Head Start Program is going to take in 150 children. Mr. Maidenberg stated that someone working on this issue.

Moved by Polovitz and Bakken to hold for 2 weeks and invite Pat Burger to attend meeting. Motion carried. (comm. only)

5. Matter of proposed allocation of initial \$50M CDBG money.

Mr. O'Leary presented proposal for use of allocation of funds; and reported that HUD has asked that we give them an indication of the general thoughts of how the City proposes to allocate those

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funds by functional category, and that presented outline calls for putting \$16M to the acquisition of 200 homes and est. closer to 300; \$12M that the goal of City under this recommendation would be construction of 300 homes between now and January 1, 1998. He stated that some of those homes will pre-constructed houses in Richard's West, some on land yet to be acquired, and some involve 32 houses now under construction in Richard's West; \$11M is recommendation from Housing Comm. of Clifford Comm. and assuming purchase 800 acres at around \$7.5M to \$8M and put in additional \$3M in extending infrastructure to

that site, that would be done this fall for commencement of construction next year; and allocated \$11M to Economic Development, part of which would be used to re-recapitalize the Growth Fund, match EDA grant, assist in business incubators, and temporary space for businesses forced out of locations by flood. He stated that these numbers in generalities and only number uncomfortable with is \$16M which he thinks is low and the \$12M is probably little high. He stated this program focuses on immediate buyout assistance. He stated that the \$11M under the PUD is council's discretion and same with the \$11M Economic Development. He stated HUD wants them to obligate money quickly, that he is concerned with the \$11M under Economic Dev., that business incubator would probably have majority of that funded through Economic Dev. Adm. but included if underfunded. Hafner asked if any lots sold and get any money back; Mr. O'Leary stated any income would come back as program income under CDBG regs. and subject to the program requirements, could be answer to affordable housing.

Polovitz stated that we really have to make sure we have enough to do the buyouts; Mr. O'Leary reported that they will end up with about \$2M in the recap of Growth Fund out of the EDA Revolving Loan Account with a 90-10% match. He stated that they will be applying for EDA for several million to buy land and put up incubator building; that there will be some flexibility in the funding and will be looking at lot of options. He also noted that if back out insurance payments, average buyout won't be \$80,000. He also stated they don't know how much additional funding they will get.

Glassheim stated that when looking at needs, should have money to get rental units up - \$4-5M, more important than PUD and Economic Development, questioned incentives for restarting small businesses and questioned what happened to the \$20,000 loan plan. Mr. O'Leary stated they have \$2M in account and having hard time spending it, they have revised the application process, and should have detailed revision next week; same would be true with apartment program. He stated they used State's Small Cities' money to do the rental rehab, because if they use this money will have to ask every apartment owner to show that they've been denied by SBA before can give them any money. He also stated that Rich Gray thinks there's possibility of \$4-5M. Glassheim asked if they could give grant of \$5-10,000 per unit subsidy on the rental construction to lower risk

since market uncertain; Bakken stated he thinks apartment market take care of itself. Mr. O'Leary stated he didn't know how they could restructure a new construction grant for rental units without getting crosswise with the SBA regulation.

Polovitz asked how soon will people get money on buyouts; Mr. O'Leary stated if everything in order, matter of three days.

Moved by Polovitz and Bakken that we approve the proposed use of the \$50M in supplemental CDBG funds.

Glassheim stated that at council it was suggested including people in the buyout program those who had 50% damage but were not in the flood plain without waiting for additional HUD money. Mr. O'Leary stated that the reason they are concentrating on people in the flood plain is because they have no reconstruction options and if open up to 50% damaged but not in the floodplain, need to address those with no choice. He stated they will get into huge problems when get into issue just brought up re. Uniform Relocation Act. Mr. O'Leary stated it would be a great disservice to those people who are third or fourth on list if they think they are going to get bought out who had 50% damage, weren't in the flood plain and didn't have insurance if the next check isn't in the mail; that these people can rebuild whether they have financial ability or not, may or may not want to subsidize, or may want to put on table with other needs (downtown, etc.)

After further discussion and upon call for the question, the motion carried.

6. Report from Capital Allocations Subcommittee on Business Redevelopment Task Force.

Christi Stonecipher presented info. and recommendations from the Capital Allocation Subcommittee. Mr. Schmisek stated that the only recommendations they would want action on are 1) recommend to the city that they participate in Financial Program Development Workshop in Washington; and 2) recommend to city that they engage a "financial program" consultant to assist in the development of creative financial programs. He stated that they had introduced the gentleman from HUD to work on creative financial programs, so 2) is already taken care of. He stated that 1) is administrative item (they would get more information before making decision).

Moved by Polovitz and Bakken to receive and file. Motion

carried.

7. Matter of Mortenson report.

Bakken reported that they will prepare summary report and bring to committee on Monday; the matter was held to Monday, June 23, at 5:30 p.m.

8. Various items:

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a) Bakken presented matter of the ND Consensus Council letter - Mr. Schmisek stated if they want to address and say that they want to use them as long as there is no obligation to use them, that would be appropriate. He stated they will take document and look at with HUD consultants, if major change, will bring back to committee. Hafner stated that it was his understanding that to ask for services doesn't necessarily require us to use it; and Bakken stated that letter included format of schedule which could be adjusted, interests and to proceed accordingly.

b) Glassheim presented the matter of whether there should be public discussion re. dike location, plan to rebuild existing dikes. Polovitz stated he would strongly refer to engineering department that if need to hire another engineer to work on next year's flood. It was noted that the Tri-chairs will address.

B. Glassheim stated he would like to re-discuss the 10% bonus on buyouts next week. Mr. Schmisek stated that the listing sent to state but plan still being revised and will come back for review.

Moved by Glassheim and Bakken to adjourn; meeting adjourned at 8:50 p.m.

Alice Fontaine
City Clerk

Dated: 6/20/97.