

# MINUTES

## COMMUNITY DEVELOPMENT BOARD MEETING

**November 17, 2009**

The regular meeting of the Community Development Board was held in the City Council Chambers, 715 Mulberry Street, Waterloo, Iowa, and called to order by Chairman Eric Johnson, at 4:00 p.m. on Tuesday, November 17, 2009.

**Members present:** Jim Carstensen, Elsie Duncan, Mickye Johnson, Gary Rankin, Bernie Stroh and Eric Johnson.

**Also present:** Nancy Gulick, Community Development Coordinator; Mark Boesen, Manager of Rehabilitation Services; Noel Anderson, Community Planning & Development Director; Steve Schmitt, City Council Liaison; Donna Lesyshen, Waterloo Housing Partnership Coordinator; and Ann Northey, Administrative Secretary.

### **A. APPROVAL OF THE AGENDA.**

**It was moved by Mickye Johnson and seconded by Elsie Duncan to approve the Agenda as proposed. Motion carried.**

### **B. APPROVAL OF THE MINUTES FOR THE REGULAR MEETING ON OCTOBER 20, 2009.**

**It was moved by Jim Carstensen and seconded by Bernie Stroh to approve the minutes for the regular meeting on October 20, 2009 and place them on file. Motion carried.**

### **C. OLD BUSINESS.**

#### **1. Update on State of Iowa, New Construction Unit Production Application.**

Nancy Gulick indicated one unit has been sold and closed in the Summerland Farms project area, and the new construction Round 2 information is now available. We will receive approximately \$1 million for this project. Down payment assistance will be provided at 25% and letters have been sent to developers and realtors with this information to prepare their proposals.

It was the consensus of the Board to keep this item on the agenda for updates each month.

### **D. NEW BUSINESS:**

#### **1. Endorse Rehabilitation Contracts for October 2009. (Report attached.)**

**It was moved by Elsie Duncan and seconded by Mickye Johnson to endorse the Rehabilitation Contracts for October 2009 as presented.**

**On roll call: Elsie Duncan, Jim Carstensen, Mickye Johnson, Gary Rankin, Bernie Stroh and Eric Johnson voted Aye. Nays: None. The Chairman declared the motion carried.**

#### **2. Transfer of HOME funds.**

Chairman Johnson indicated a memorandum from Donna Lesyshen requested the transfer of \$75,000 of HOME funds, originally allocated for the single-family rehabilitation program, be transferred to the Down Payment Assistance program line item.

Nancy Gulick stated the down payment assistance funds have been utilized more rapidly due to the homeowner tax credits currently available to first time home buyers. Therefore, the majority of this year's allocation has almost been depleted. The Rehabilitation Department has been working on flood projects, utilizing disaster recovery funding, and we also received additional stimulus funds for rehabilitation. With these additional resources, Mark Boesen, Manager of Rehabilitation Services, believes we are in a position to transfer some rehabilitation funds to the down payment assistance program this year.

Chairman Johnson inquired how far these funds would take us into the new year. \$75,000 could potentially provide approximately 15 more down payments of \$5,000 each.

Nancy Gulick indicated we have approximately \$373,000 in stimulus funds available for rehabilitation and emergency repairs. This funding source has given an extra boost to the rehabilitation program and because of that source this year, the Rehabilitation Manager was comfortable with the transfer of funds to the down payment program.

Mickye Johnson inquired if additional funds would be needed for the down payment program and how fast are we utilizing the stimulus funding.

Nancy responded there might be an additional request for down payment funding, however, she was not sure of the source of funding. Nancy stated stimulus funds must be used within two years. Nancy stated stimulus funds can be combined with lead grant funds because it is also CDBG funds. We currently have a couple of combined projects underway at this time.

Mark Boesen indicated there will be five stimulus projects underway soon, and with the balance of stimulus funds available at roughly \$275,000+, many rehabilitation projects will continue to be done.

**Following discussion, it was moved by Elsie Duncan and seconded by Jim Carstensen to approve the request to transfer \$75,000 from the Single-Family Rehabilitation line item to the Waterloo Housing Partnership Down Payment Assistance line item.**

**On roll call: Jim Carstensen, Elsie Duncan, Mickye Johnson, Gary Rankin, Bernie Stroh and Eric Johnson voted Aye. Nays: None. The Chairman declared the motion carried.**

**3. Proposal from Black Hawk Contracting to acquire property located in the 1000 block of Lafayette and Sycamore Streets for IDED new construction activity.**

Chairman Johnson indicated correspondence was included in the packet and that he spoke with John Roofff of Black Hawk Contracting regarding another issue, which may be related.

Nancy indicated the letter confirmed for Black Hawk Contracting's lender, that the new construction housing units would be awarded money for down payment assistance.

John Roofff stated this isn't the issue. Mr. Roofff said he does need something from Community Development that says he is awarded seven houses, because the IDED program requires you to front the money for the entire duration and you only get paid once it closes.

Mr. Roofff indicated the other issue is a problem that has come up on the Madison and Monroe project. 18 homes have been built in the 4<sup>th</sup> ward in the last three years. Homes sold through the Waterloo Housing

Authority program were sold for \$117,000 and used federal funds to buy it down, as they were actually \$125,000. Mr. Rooff stated when we look for comps we are down for what these homes actually sold for, \$117,000. He noted lots were purchased so David Deeds could pay the money back to Community Development. Then the city requested that Rooff put in an alley, sidewalk, remove trees and approximately \$13,000 of infrastructure improvements, which they did. Now when the lot is priced, just based upon the infrastructure improvements, we are over the appraisal capability for these homes. Mr. Rooff indicated he cannot sell the two homes that were built beyond the \$117,000, and requested to have the grant money back on those four lots. He suggested once the school building comes down, he will purchase it from the city, as Noel has indicated, so the infrastructure costs won't be an issue and they can stay within the \$117,000 that the comps are bringing in. Mr. Rooff stated this is the only way he can keep this program going.

Further discussion continued on the process with additional funding coming in the spring.

Chairman Johnson indicated to summarize, John Rooff bought out David Deeds' properties at \$22,800 so Mr. Deeds could repay Community Development. The City made John Rooff put in \$13,000 of infrastructure costs and the WHA house appraisals are listed at \$117,000, which is throwing off his comps.

John Rooff indicated he wants to continue to build, but it is going to take two or three years to get those comps back up.

Discussion continued on improving the appraisals on the Waterloo Housing Authority house sales.

Chairman Johnson indicated that over the years we have tried to get several developers to invest in the area. Mr. Rooff's company has been trying to work with us and has provided a number of structures, where others have failed.

John Rooff indicated their project is done in this area of Waterloo unless something can be worked out. All of the lots are ready to build on and the money is there to build two more houses.

Nancy Gulick stated there are other cities that have experienced similar issues, and they have been discussing this with IDDED. There may be a solution, but for now we don't have an answer.

Chairman Johnson indicated if the Board has interest, we could direct staff to explore how to make this happen and report back at the next meeting.

Nancy inquired about the appraisal price. John Rooff indicated he would sell the properties for \$117,000 - \$118,000 if he could have infrastructure assistance.

Following considerable discussion, it was the consensus of the Board to have staff move forward, investigate John Rooff's claims and come up with a proposal to try and make this work out.

Chairman Johnson indicated the agenda item is to review the proposal from Black Hawk Contracting to acquire property located in the 1000 block of Lafayette and Sycamore Streets for IDDED new construction activity.

Nancy indicated we are requesting a recommendation from the Board to forward this request to Council for purchase.

**It was moved by Bernie Stroh and seconded by Micky Johnson to submit this request to the City Council. Motion carried.**

Chairman Johnson indicated the third item was a letter to award the funds. Nancy indicated staff is working on this.

**4. Set Board Meeting dates for 2010.**

**It was moved by Micky Johnson and seconded by Elsie Duncan to set the Board meeting dates for Year 2010 as proposed for the third Tuesday of each month, except for the month of January when the meeting will be held on January 12, 2010, due to the Martin Luther King Jr. holiday. Motion carried.**

**5. Select Board Subcommittee for FY2011 CDBG & HOME Funding Cycle.**

Chairman Johnson indicated one subcommittee member from the previous year will remain on the committee and two new Board members will be appointed to serve. Bernie Stroh volunteered to serve again along with Gary Rankin and Eric Johnson.

The Chairman indicated the City's new website, under Community Development Board and Staff indicates term expiration dates. All Board terms have expired and we need to work on getting a new Board member to join with some fresh ideas.

Several Board members indicated they had submitted names or recommendations to the Mayor's office for review. Chairman Johnson asked Council liaison to look into this matter.

**E. DISCUSSION ITEMS:**

**1. Proposed Schedule for FY2011 Application Process**

Nancy indicated this item is to schedule the first subcommittee meeting on Friday, January 8, 2010 from 10:00 to noon to review applications before the first public hearing. Subcommittee members confirmed this date and time.

**2. Rehabilitation Specialist Position**

Board members expressed concern with the length of time this process is taking to hire a new Rehabilitation Specialist. Nancy indicated she would check with Rudy and report back on this matter.

**H. ADJOURN MEETING**

With no further business to come before the Board, the Chairman adjourned the meeting.

Respectfully submitted,

Elsie Duncan, Secretary