

MINUTES

Council Subcommittee on Housing

March 11, 2009 8:00 a.m. – Conference Room 2C

Members Present: David Schiavone, Chair	Staff Present: City Manager Gilleland
Tony Marconi	Clerk Parr
Anita Scott Jones	Doug Adkins, Acting Director
Larry Mulligan	Community Revitalization
	Marty Kohler, Planning Director

At 8:05 a.m., Mr. Schiavone called the meeting to order.

Ms. Scott Jones moved to approve the minutes of December 10, 2008. Mr. Schiavone seconded and the motion carried.

Review of Recent Interactions with HUD - Ms. Gilleland gave a review of recent interactions with HUD. She explained that for a few months there have been numerous email messages from a former city employee as well as Consolidated Planning members and council members. She and staff have had conversations with HUD and summarized those in a letter to Jorgelle Lawson, Director, HUD Field Office that was mailed on March 10th. Ms. Gilleland distributed copies of all the email messages. Many received email directly from Mr. Self. Ms. Gilleland sent other emails to Mr. Lawson to make sure they had reviewed all email from the several months. When confirmation from HUD is received, she will forward that to Council. HUD has no known problems with the City of Middletown's implementation of the of NSP and CDBG programs. While HUD has received email, they have reviewed the information submitted and believe that the concerns raised addressed local issues as to how permitted uses of funds were distributed and potential best business practices in managing various approved projects. There are no violations of program, rules or law. The last monitor by HUD was performed in September 2003. HUD does not do audits, they do monitor the program. They'll be coming down in June to monitor and we look forward to that. Also, staff talked to them about the NSP program. Staff asked if the City can do more demolition or 100% demo with NSP Funds. While on one hand it's a great idea, it is not within the NSP guidelines.

Mr. Mulligan asked if HUD gave any indications how soon after that week in June that they would get back with us with a report.

Mr. Kohler said historically there have been several months, there is an exit interview, very consistent with the written report that we get later.

Ms. Scott Jones asked how many times had the City been monitored.

Mr. Kohler answered once since he has been here. They come periodically and review contracts, etc. The last full monitor was 2003.

Ms. Gilleland explained HUD told them they don't have the staff to review every program. They probably review about every five years.

Mr. Kohler advised that in some communities they monitor every year, those are considered high risk communities.

Mr. Schiavone also added that any financial issues would be found every year with our annual audits through the State.

NSP Requirements/Planned Use - Doug Adkins reviewed the following:

Eligible uses which included;

Acquisition & Rehab – purchase vacant/foreclosed properties in NSP areas to rehab to code and sell to households \leq 120% of area median income;

Demolition – demolition and clearance of properties located in NSP areas

Financing Mechanisms – as part of an eligible NSP activity, for example, the City could offer loans or down payment assistance to buyers purchasing properties the City has purchased and repaired.

Redevelopment as Housing Only – Residential Only. Must be used for the redevelopment of demolished or vacant properties as housing.

Establish Land Banks – purchase properties that have been abandoned or foreclosed upon and maintain, assemble, facilitate development of market, and dispose of the land-banked properties. Must operate in a specific defined geographic area and the City must obligate the property for a specific NSP redevelopment use within ten years.

Misc. requirements – Properties must be acquired at a portfolio discount of 15% (verified by appraisal); funds may NOT be used for foreclosure prevention; 25% of the funds must be used for housing for households \leq 50% AMI; demolition and land banking is not to be excessive in the entity's plan; funds must be obligated in 18 months; properties and activities must be in NSP eligible areas.

Middletown's Plan – Grant Amount \$2,144,279 - cannot be used for foreclosure prevention

Acquisition and Rehab – the City will strategically purchase and rehab vacant and foreclosed properties for the purpose of bring dwellings to code and improving overall housing stock. The city will then sell the rehabbed property to households at \leq 120% of median income. This will constitute approximately eleven properties.

Acquisition and Rehab – the City will strategically purchase and rehab vacant and foreclosed properties for the purposes of bringing dwellings to code and improving overall housing stock. The city will then sell the rehabbed property to households at \leq 50% of median income. This will constitute an estimated nine properties.

Demolition of Blighted Properties – the City will strategically demolish blighted properties in order to improve the overall housing stock and reduce neighborhood density. This allocation should allow the city to demolish approximately 54 residential properties.

Mr. Adkins reported that a broad area of the 120% is about 3/4rds of the City.

Ms. Gilleland added the City has 18 months to spend the funds. Clocks start ticking March 19. Staff will come to the Housing Committee with 90 days with a complete plan. They will keep council informed.

Mr. Kohler also explained when the City does an acquisition/rehab, when the property sells, those funds can go back into the program. The City can reprogram some of that money and maybe reallocate to future demo and rehab.

Mr. Adkins said the plan will create a mechanism to recapture those funds and create a bigger pool of money to work from.

Ms. Scott Jones asked about an equal distribution plan for all neighborhoods.

Mr. Adkins answered the plan will be data driven. Staff welcomes everyone's scrutiny. Staff wants to know here is where things are at risk, here is where things are good, or not good. They want the best plan for the City of Middletown.

Ms. Gilleland said staff heard very strongly from HUD that politics need to be kept from the HUD program. Projects need to be data driven; they'll be looking at all the data. Staff cannot do four projects for each ward. The plan will look at how it benefits the entire City and if we can impact a large area.

Mr. Mulligan asked if there would be a list of houses eligible for demolition.

Mr. Adkins said there is a list of targeted properties. It's a start. There are much more than 54 that would be eligible for demolition.

Mr. Schiavone expressed a concern that during the eighteen month time frame, when acquiring properties, the banks are aware that the city is getting money. Are there other ways to acquire properties, through state auctions etc. other than dealing with the bank?

Mr. Adkins responded staff will have a plan for criteria for rehab. If it's an 80 year old house and it's questionable for rehab, there will be a clear plan with criteria. He welcomes everyone to pick apart the plan when presented.

Mr. Schiavone reported on some information received from the conference of mayors. Some cities are using ordinances to put the plan into effect. They work for a lot of cities and maybe staff doesn't have to reinvent the wheel. He would the plan in an ordinance and gives staff the power to go out and see what they can do. A couple of other items for demolition some have brought in the National Guard or firemen for training. Also, some are working with private attorneys to clear titles, etc. for saving money.

Mr. Adkins agreed and would like to see an ordinance and some have already expressed an interest in training on properties slated for demolition. He also touched on code enforcement efforts being community based proactive efforts on crime prevention.

Mr. Schiavone said with the right plan, the City can turn this 18 months worth of money into the five year revitalization plan. He asked about commercial properties?

Mr. Adkins said the plan will include commercial properties. He is currently working with Mike Robinette, the new Economic Development Director.

Mr. Schiavone said the City can turn this as a property reinvestment plan. Make sure the people understand the great implication this will have on the City.

Ms. Scott Jones asked about HUD approval of the plan.

Mr. Adkins said the plan and any substantial amendments have to go back through HUD.

Ms. Gilleland added that any time a new federal program is rolled out it takes the federal government a while to get all guidelines established. They are doing that and staff is refining a firm plan.

Ms. Gilleland explained that a 2009 agenda item was to incentivize employees, teachers, etc. to live in the City. One way is to provide a home at a reduced price, or a free home, a lottery could be given to

teachers, or new teachers coming into the district and would be forgiving the sale price or a portion of the sale price. This could be a very valid use of funds. She threw out the idea for thoughts and consideration.

Mr. Mulligan asked if there were any models out there and/or other ways with mixed income factors included.

Mr. Ed Richter, Middletown Journal replied that Columbus has a model

Mr. Kohler also said a component of the Weed and Seed Program had incentives for Police to live in crime neighborhoods. He also said regarding state auctions, there is legislation that we can adopt that would give us the right of first refusal. If going through a state auction and fails to sale, this would have notice to us that we could accept or reject. He has given some information to the Law Department.

There was some discussion on Sheriff's sales on bank foreclosed properties that are still in the property owner's name. It creates problems for the city with code enforcement. Some properties are in a state of limbo. At the first auction, no one bids and bank doesn't bid and waits for the second auction. There are some challenges.

Ms. Gilleland said while 2.1 million dollars sounds like a large sum, staff's budget included purchase and renovation of 20 homes, and demo of 54 homes and that was the bulk of the budget.

There was some discussion on the restrictions on how much can be spent on commercial demolition.

Section 8 Update – Ms. Gilleland reported the negotiations are going well with CONSOC. They met Friday and are working through a number of issues. The negotiations have been hard work for city staff and CONSOC. A number of meaty issues that had to be discussed. A lot of time is being spent on negotiations and at the end the contract will be a very good contract. They are currently negotiating fees. Staff is trying to make sure the City has enough money to do the things we want to do, whether it's criminal background checks, housing quality inspections, etc. We want to make sure enough of the fees are reserved to perform those functions and pay the contractor fees. Staff is in that level of negotiation right now. She thinks a first reading could be within the next three weeks. If they not able to arrive at suitable fees, staff will know by the end of this week. She doesn't anticipate any issues, but will know by the end of this week. If there is a problem, she will let council know. If council wants to beef up housing quality inspections, you won't be able to do that and pay the current fee structure. She will have an update this week or at Council meeting next week.

Housing Authority Meetings – Ms. Gilleland said it is not too early to begin meetings with council being the housing authority. She will include this under City Manager comments. She discussed an update from CONSOC at each council meeting or once a month, there are ideas for council to discuss. All of council is the authority and doesn't think it appropriate to have those meetings in the subcommittee. She recommended discussion for a few meetings then council can decide if you want it to be a permanent council topic or appoint a citizen committee.

Ms. Scott Jones remembered it being a consensus of council that we want periodic updates at council meetings.

Mr. Mulligan thought it would be good for this committee to bring up topics for those agenda items or specific issues for the Vendor to come before council and discuss.

Ms. Scott Jones thought the report maybe could be given every six months.

Ms. Gilleland said she was tossing around ideas. In a housing authority, they typically have monthly meetings. They will bring cases before the authority and talk about issues.

Mr. Kohler added the authority tends to be more oversight of that administrative plan.

Ms. Gilleland said CONSOC would report how they manage the waiting list, how many evictions, etc. They would bring discussion points to council. Suggestions of plan, policies and procedures could be discussed at those meetings. She doesn't know what the best presentation would be. Part of her would like CONSOC at the meetings, they are the staff. We aren't there on the day to day operations, routine basis working with CONSOC on an information basis. Think about when we want to start having the meetings, etc. Maybe we ask them to come to the council meeting or subcommittee meeting.

Ms. Scott Jones said when the committee discussed and this council discussed keeping CONSOC here, it was determined that they all wanted to participate and spend more time on these housing issues. CONSOC needs to come before council and give us those updates. If they have to take an hour or so out of their schedule, so be it. She said they can discuss how many cases they have each month, their plan through attrition of Section 8 vouchers, etc.

Ms. Gilleland said that is an item included in this contract. Staff had planned to put that in the administrative plan, but there are some policy discussions to work through. When looking at fixed fee prices, they moved to a performance based fee and wanted to make sure CONSOC was aware of the need to reduce vouchers through attrition.

Mr. Mulligan asked for follow up on getting that information together and plan for an update early April. Anything is a starting point.

Discussion ensued about reporting at the next Council meeting and what would Council ask them to report.

Mr. Mulligan said the report could be on the number of current vouchers, the waiting list, tenant issues, landlord issues, background checks, what their workflow looks like, how many units are we dealing with, etc. Does council need to look at these on a quarterly basis?

Mr. Schiavone asked if this committee should sit down with them first and discuss what issues to put in the report, and go through what we think is important.

Ms. Scott Jones asked if there was a caveat in the plan that voucher numbers can't go up.

Ms. Gilleland answered, yes, there is a city ordinance or policy that caps it and that cap is in the contract. On any given day, they are plus and/or minus the limit.

Mr. Schiavone asked about the timing of the contract. If things go as well as planned, could the report be complete by the first meeting in April. The subcommittee could meet with CONSOC at the next subcommittee meeting and report to council as a whole by last meeting in April.

Mr. Mulligan said yes, they'd be looking at the first quarter financials.

Mr. Schiavone asked if staff can get this committee's schedule of meetings to CONSOC. We meet the first Friday's at 8 a.m.

Ms. Gilleland explained CONSOC employees would be coming from Columbus for an 8 a.m. meeting.

Ms. Scott Jones said they work here.

Mr. Schiavone advised the Housing Subcommittee will meet again on April 3rd and will meet the first Friday of each month at 8 a.m.

Mr. Grimes asked prior to adjournment if he could comment regarding the two positions now open, Ginger Smith and Nelson Self's position. He asked if the City would fill those positions as expeditiously as possible. Post the positions, and fill as soon as possible. A great load is being placed on this department.

Mr. Schiavone responded there are a lot of changes going on in that department as well as other departments. The City Manager has a plan and has moved that plan into place. Doug Adkins will be the acting head of this department for a period of time. The City Manager will evaluate how that's working. It's important to get the right persons in the right positions to move the plan that we are addressing at this time. The plan presented to Council as far as this department is concerned is a smart move to implement the plan.

Mr. Grimes said usually when positions are vacant, they are posted.

Ms. Gilleland responded that yes most times. She stated that Doug is a very viable candidate and short of staff, she likes to appoint from within when appropriate and will be looking at that as a permanent appointment.

Mr. Grimes disagreed stating he had nothing against Doug, but thinks it should be looked into further. There are people out there that could get the job done quicker. He doesn't feel the development department is working as efficient as possible.

Ms. Gilleland agreed to an extent. She said this department is over the golf course, the Community Center, transit and there are many factors to take into account. When we had a department head position for the Economic Development Director, we ran an ad and chose the best candidate. She hasn't decided what route to take. The City has a very viable candidate in Doug, and she will review and if it works out Doug will be named the permanent director. There is another position to fill, Nelson Self's position.

Ms. Scott Jones said one of things she is reminded of, is over the past year council took a lot of hits on a lot of things. One of those was appointing from within. One of Ms. Gilleland's promises was restructuring the entire city and putting best talents where they fit. It stays in line with what Council took hits on. She is reminded that Council took hits from bringing from the outside as well as appointing from within. You do as fairly as you can. If you have someone internal that is qualified, it's not fair not to appoint them.

Mr. Grimes said it's nothing personal but Doug doesn't have the experience.

Mr. Adkins said with all due respect, he has over fifteen years experience.

Ms. Gilleland said hiring of personnel is apolitical. She will continue to hire the best qualified person for the job. If she is not doing her job properly, then Council will deal with her.

At 9:22 the meeting adjourned until April 3, 2009 at 8 a.m.

A. **Community Revitalization Department update:**

- 1) Paint and landscaping approved by HUD to refurbish the Community Center.
- 2) 2009 HUD Activities: All in Compliance, CDBG/NSP
- 3) Abatement Fund legislation to Law Department for review.
- 4) Police gathering latest crime data by neighborhood.
- 5) Met with Middletown Board of Realtors – they are gathering latest real estate data by neighborhood.
- 6) Met with Dan Tracy – he is providing data he says is different than the numbers I have found in-house. Will compare and verify data.
- 7) Filing in Community Revitalization not as organized as I would like – Will have all files organized and labeled by end of April to prepare for HUD monitor in mid-June.
- 8) Developing objective criteria for demolition and rehabilitation of homes.
- 9) Updated and reimplemented revolving loan program \$586,000 available to assist qualifying homeowners in rehabilitation.
- 10) Developing master calendar for compliance issues.
- 11) Met with Transit and set goal of having \$100,000 deficit for 2010.
- 12) Met with Weatherwax staff to discuss options and ways to increase the number or rounds played this season.
 - a. Golf Commission reviewing options/gathering information.
 - b. Rate survey of nearby courses.
- 13) Developing plan to have all existing Dollar Homes out of our inventory by year end. Plan is to demolish 4, rehab 2.
- 14) Working the process to demolish additional 12 existing condemned properties. Will demolish as soon as the proper procedures are finished.
- 15) Marie Edwards is working on Diversity training for entire city staff.
- 16) Attended “*Flip This Town*” premier with TV Middletown. Have been invited to speak on TV Middletown about City revitalization activities.
- 17) Attended Place Matters meeting Monday night to observe how their efforts may compliment city activities.
- 18) Met with Russ to review budgets and expenditures year to date.
- 19) Gone next week for formal CDBG training.
- 20) Incentives for Professionals to move to Middletown – have some information gathered. Need to review with HUD guidelines and understand how other cities have funded these programs. Teachers/firefighters/police, etc.
- 21) Have met with our partners to improve relations, maximize leveraging of funding and utilize each program to fullest potential. Met with:
 - a. Transitional Living
 - b. Hope House
 - c. People Working Cooperatively – emergency repairs
 - d. Federal Home Loan Bank
 - e. SELF
 - f. Don Imhoff – real estate attorney who prepares much of our paperwork.
 - g. Still need appointments with HOME, Lifespan, Neighborhood Housing Services.

- 22) Code Enforcement:
- a. 2300 letters sent to properties in violation.
 - b. Phones busy but very little negative feedback.
 - c. List of Middletown partnering businesses on City website by mid-April.
 - d. FAQ being developed to add to Code Enforcement on website.
 - e. Obtaining 2009 IPMC for implementation in Middletown. Currently using 2003 Edition.
 - f. Concentration March to May – residential with minimal commercial. Dealing with 2300 letters and incoming nuisance complaints
 - g. Will take more active role in commercial in May – part time inspector and shift of existing inspectors time to commercial.

2009 Plan – remove all rated 5 residential properties from Middletown housing stock. Develop plan and implement for rehab/demolition of all rated 4 properties in Middletown housing stock. Code Enforcement works on all 1-3 rated properties throughout the year. Improve appearance in commercial districts, downtown through code, sign enforcements. Demolish blighted commercial buildings with available funding in a way that compliments Economic Development goals.

2010 Plan – All 4's and 5's gone, 2300 1,2,3's dealt with in 2009. Work on bringing all remaining 1,2,3 rated residential properties and all commercial properties into compliance.

Detailed NSP plan by June 2009 using gathered data and objective rehab/demolition guidelines.

- B. Need a separate bullet for Section 8 updates (Will get from Sara Mills Thursday).**
- C. Need a separate bullet for old business; Review of City and HUD discussions regarding a former employee's ongoing emails. Review prior discussions with Councilman Marconi.**