

**HOUSING SUBCOMMITTEE
MINUTES
October 2, 2009**

Members Present: David Schiavone
Tony Marconi
Anita Scott Jones

Staff Present: Larry Mulligan, Mayor
Doug Adkins, Director of Community Revitalization
Teresa Jones, Secretary

David Schiavone called the meeting to order.

Tony Marconi moved to approve the June 5 and August 14, 2009 minutes. David Schiavone seconded. Motion passed.

Monthly Housing Report

Doug Adkins reviewed the Revolving Loan Fund. A summary was distributed showing the month to date, year to date, number of applications received, approved and denied along with loans in default and what we're doing with each one.

On the second page, the VIP program helps families bring their home into compliance. The program has spent \$6,200 so far. To date with this program, painting has been the main focus. With the weather changing, we are now shifting our focus to gutters, downspouts and other repairs not impacted by warm weather. Whatever is not spent by the end of the year will roll over to 2010.

People Working Cooperatively (PWC) helped 76 families at \$139,000 YTD.
The Down Payment Assistance Program helped 29 families with \$136,000 remaining for the program year.
First Time Homebuyer classes had 120 people attending YTD.

We are now moving into the acquisition and rehab phase of the NSP1 funding.

Mr. Marconi asked if the rehab program through the Revolving Loan Fund (RLF) is still shut down. Mr. Adkins responded that some are still being done but there have been many changes to the process. This is one area we've had complaints in the past. Some work was not supervised to Mr. Adkins' satisfaction and many times residents were set up for failure. A new application process is in place and for each draw a Release of Lien has been put in place. This had been done previously with the contractor but had never been done for the homeowner. Now each homeowner must sign off that the work to date was completed to their satisfaction before payment is released.

There have been 38 applications year-to-date and only two approved. Ms. Scott-Jones asked if there was something offered to those who do not qualify. Is there a way to help those people who are denied?

Mr. Adkins responded that those denied are referred to other agencies or programs such as PWC or our VIP program which do not charge the homeowner a fee of any kind. However, there will be a group of people who still are not going to qualify for assistance. Many times in the past loans have been set up as life time deferred. Those loans would only come due and payable if the recipient died or sold the property. Many times when the recipient died, the house would be in terrible condition and would then need to be demolished. In addition, 0% interest loans were sometimes granted to those who were not financially able to make the payments. By granting these loans, we were setting people up for failure.

Mr. Schiavone asked if the money from deferred loans that ended up in demolition had already been pulled out of the numbers presented or if there was any way to recover that money. Mr. Adkins replied that the demolition houses had already been pulled out and the properties were deeded over to the City as payment in full.

The question then moved to how can we protect ourselves moving forward? Is there anyway we can stay on top of these houses. Mr. Adkins stated that the answer is that we should have done a better job of code enforcement over the last 30 years. The City will be working on bringing "all" houses into compliance over the next few years.

Mr. Adkins explained that the program was set up years ago to help those residents who were able to perform routine maintenance on their properties but who couldn't afford the big ticket repairs like a new HVAC system or a new roof. The revolving loan fund would provide assistance in getting that new roof. The program has changed through the years, and now residents who are unable to maintain their properties and have deferred maintenance for years, apply to the program for total renovations instead of particular maintenance items.

Currently there are 58 deferred loans in the revolving loan fund and that number will not grow. That phase of the program has been stopped.

The third page of the report shows the NSP demolitions that have been done or are in process. Mr. Mulligan questioned those properties without end uses. Mr. Adkins explained that we are working on those. As these properties are demolished, some neighbors have been approaching us about the lots.

Ms. Scott-Jones asked for clarification on appeals. Currently, to file an appeal, a property owner requests it through the Chief Building Official and there is a process in place. The demolitions to date have gone very smoothly and there have been no change orders. We usually have four to five bids on each demolition. This is one of those areas where we've worked extensively to clean up the process.

Mrs. Scott-Jones asked if the wards could be listed on the table as well. Mr. Adkins explained he had no problem with getting that information. Obviously, wards one and two have the oldest

housing stock. We have worked hard to keep politics out of this process. The process is driven by complaints, code enforcement, and designation by the Chief Building Official and not by how many demolitions are done in this ward or that ward. For that reason, we purposely do not track wards.

Mr. Mulligan questioned how the owner demolished properties were funded, such as Omaha. Those properties are demolished by the property owner at their expense. They can either bring the property up to code or they can demolish. The property owner pulls the permit, gets the inspections and is required to meet code.

Fire escrow is one item we have not been efficient in using in the past. Fire escrow is designed to provide funding to tear down buildings that have been damaged by fire. We target that money for demolition and if there is any money left over it goes back to the property owner.

Mr. Schiavone asked if there were any demolition benchmarks set up. The target was 50 properties to be demolished by the end of the year. We will be close to that depending on the costs of the demolitions.

Mr. Adkins reviewed the number of permits pulled and fees brought in. This report shows the activity going on within the city. Mr. Schiavone requested a comparison to last year as well which we will try to adapt the report to.

Code Enforcement Update

Police and Fire are using structures scheduled for demolition for training purposes. They canvass the neighborhood beforehand and let the neighbors know what they will be doing and when so the neighbors will be aware of what's going on. A lot of the time neighbors will get their chairs out and watch. Each property presents different challenges for them and is very useful for their training. Fire used 115 Crawford for search and rescue training and Police used 2011 Linden.

The Butler County Workforce 1 ended in August. We still have church groups that are doing some volunteer work. However, we are moving into Phase 2 which is our materials program. When a property requires little work, and the property owner cannot afford the materials but may have the manpower to do the work, the city will, upon the property owner qualifying, purchase the materials for them and deliver it. They do have to agree to complete the work within 30 days or pay us back for the materials.

The latest on the NSP2 funds is that notification will begin around October 17. Mr. Adkins speculates that we have a strong application and has high hopes in us receiving some funding through this program. The consortium requested \$25 million which \$19 million was for the City of Middletown.

Revolving Loan Fund

There is a revolving loan fund issue that needs to be addressed. Four to five years ago a rehab loan was taken out for about \$25,000. The person is an older lady with two disabled daughters in

the 40s and 50s. All the paperwork was signed and the loan was deferred which means the \$25,000 would not be paid back until the homeowner died or sold the property. This person had set up an estate plan to take care of her two daughters upon her death so the house would go to them. She says she did not understand the terms of the deferred loan, otherwise, she would not have done it. Mr. Adkins had extensive conversations with the property owner, her attorney and Skip Batten. He does not believe there was any wrongdoing, she just did not understand the full terms. She signed everything; legally we have done what we need to do. However, knowing what her plans were, knowing she didn't fully understand the terms of the loan, we could offer to move the deferred loan to the daughters with the understanding the house must stay within maintenance code.

Ms. Scott-Jones also met with the property owners and agrees she just didn't understand and she thought her children were protected.

With the board's permission, Mr. Adkins requests to make the adjustment to the deferred loan to extend the deferment of the loan to include the daughters. All board members agreed. This doesn't need to go to Council if something that can be done through the department.

Fairmount & Woodlawn – this is a small parcel of land previously owned by a landlord who sold it to another gentleman who defaulted and the property reverted back to the state. We pay about \$500 per year to mow this small parcel of ground. This is mowing we will have to continue forever unless we do something with this property. After meeting with other department heads, we have determined we would vacate the alley, extend the current lots, add a pad to their driveways and do away with having to maintain this piece of property. We have not yet met with abutting property owners, but plan to move forward with this.

14th – Apparently when 14th was widened or changed there were several small parcels created. We started looking at the possibility of giving these small parcels to the abutting properties. Mr. Schiavone asked if there is anyway to transfer these parcels without affecting property taxes. The tax rate on these parcels should be very small.

Discussion was held on when the meeting should occur. Since the Public Housing Board will be meeting at Council meetings, should this subcommittee continue to meet or should we incorporate this meeting with housing board meeting? There will be a housing board meeting in November. Ms. Scott-Jones mentioned that Section 8 is a separate issue. Mr. Schiavone suggested this discussion be held with the new Council the first of the year. It was suggested if the Housing Subcommittee continues to meet, quarterly may be more appropriate.

Meeting adjourned at 9:26 AM until Friday, December 4 at 8:30 AM.

CDBG VIP Fund	
# families assisted:	22
PY 2009 Allocation =	\$60,000.00
YTD Expenditures =	\$6,293.73
Remaining Balance =	\$53,706.27

as of 9/29

People Working Cooperatively	
# Families Assisted =	76
YTD Expenditures =	\$139,219.47
Remaining Balance =	\$109,427.42

Downpayment/Closing Cost Assistance:				
YTD Applications	# Families Assisted	Completed	Denied	Pending
46	29	29	7	10
Remaining Balance = \$136,550.00				

LifeSpan Home Buyer Class	
Total YTD Attendance =	120
Dates of Classes YTD =	1/22 & 1/29, 2/19 & 2/26, 3/19 & 3/26, 4/23 & 4/30, 5/21 & 5/28, 6/18 & 6/25, 7/23 & 7/30, 8/20 & 8/27

NSP info as of 9/29/2009:

NSP Snapshot				
Activity	Budgeted	Committed	Spent	Balance Available
Acq/Rehab <120% AMI	\$960,000.00	\$0.00	\$0.00	\$960,000.00
Demolition	\$433,847.00	\$100,755.47	\$92,391.47	\$333,091.53
Acq/Rehab <50% AMI	\$536,095.00	\$0.00	\$0.00	\$536,095.00
Administration	\$214,437.00	\$16,055.82	\$16,055.82	\$198,381.18

