

**THE AFFORDABLE HOUSING LOAN COMMITTEE MEETING
MINUTES
Wednesday, May 11, 2011
Greenville, North Carolina**

Present:

Alice Brewington
 Howard Conner
 John Martin

Karalee Coughlin
 Lovella Perkins
 Melissa Grimes

R. J. Hemby
 Sterling Reid

Absent:

Alice Brewington
 Howard Conner
 John Martin

Karalee Coughlin
 Lovella Perkins
 Melissa Grimes

R. J. Hemby
 Sterling Reid

Staff:

Merrill Flood
 Sandra Anderson
 Gloria Kesler

Karen Gilkey
 Sylvia Brown
 Betty Moseley

Thom Moton
 Kandie Smith (City Council Liaison)

A. Roll Call

B. Approval of meeting minutes from March 9, 2011

Motion was made by Mr. Howard Conner and seconded by Ms. Alice Brewington to approve the meeting minutes from March 9, 2011 as presented. Motion carried unanimously.

C. Old Business

None

D. New Business

1. Set Just Compensation

a. 1304 Battle Street

Ms. Sandra Anderson stated that the owner of 1304 Battle Street has waived their rights to an appraisal. The tax value is \$20,903.00. The city would like to obtain this property. Staff is asking the committee to set just compensation.

b. 1009 West 5th Street

Ms. Sandra Anderson stated that the owner of 1009 West 5th Street has waived their rights to an appraisal. The tax value is \$32,867.00. The city would like to obtain this property. Staff is asking the committee to set just compensation.

Motion was made by Mr. Conner and seconded by Mr. Sterling Reid to set just compensation for 1304 Battle Street at \$20,903.00 and for 1009 West 5th Street at \$32,867.00. Motion carried unanimously.

Ms. Karalee Coughlin asked why an owner would waive their rights to an appraisal and if it was because they presumed the appraisal would be less than the tax value.

Ms. Anderson replied yes, usually that is the case.

2. Down Payment Assistance

I. 410 Cadillac Street

Ms. Anderson stated that a downpayment assistance request for the 20% HOME Grant program has been received for 410 Cadillac Street. The sell price is \$87,000.00. The grant requested is \$17,400.00 for downpayment assistance, \$1,500.00 for closing cost, and \$500.00 for completion of the Homeownership Education class.

Motion was made by Ms. Brewington and seconded by Mr. John Martin to award assistance in the amount of \$17,400.00 for downpayment assistance, \$1,500.00 for closing cost, and \$500.00 for completion of the Homeownership Education class for 410 Cadillac Street. Motion carried unanimously.

E. Housing Administrator's Report

Ms. Anderson gave an update on the transitional homes being constructed by Streets to Home. 408 Cadillac Street is 66% complete and 906 Bancroft Avenue is 33% complete. The Center for Family Violence Prevention is currently qualifying occupants for these two homes.

Ms. Brewington asked who the contractor was for the transitional homes on Bancroft Avenue.

Ms. Anderson replied that Unshakable Builders was the contractor.

Mr. Hemby asked if the first CDBG Week event was held in front of one of the transitional homes.

Ms. Anderson replied yes, 408 Cadillac Street was open for viewing. Contractors and Lead workers were on hand to answer any questions. Overall, there was a good turnout for the CDBG Week Opening Ceremony.

Ms. Anderson stated that staff was preparing to request permission of City Council to submit a new Lead Based Paint Hazard Control Grant. The due date for the grant is June 10, 2011. The current LHC grant ends April 2012. The new grant would begin October 1, 2011, if awarded.

Ms. Brewington asked how far along staff was with current grant.

Ms. Anderson replied that the current grant was 75% complete. 86 units have been cleared and 102 have been tested, which is well above minimum requirements.

Ms. Anderson stated that the CDBG 2011 Funds were cut 16% and HOME 2011 Funds were cut 12% in the FY2011 budget. Once awards are received, the Public Service proposals will need to be adjusted. Nonprofit funding cannot exceed 15% of the total grant.

Mr. Hemby asked if the nonprofits would need to return to the AHLC after staff has received notification of award.

Ms. Anderson replied that City Council gave the City Manager approval to adjust the budget when they received the Annual Action Plan.

Mr. Hemby asked if the criteria based on needs had been done.

Ms. Anderson replied no, at this time a recommendation for award is not needed.

Mr. Conner asked when the allocations for funds would be done.

Ms. Anderson replied that the committee had already approved the nonprofits that were eligible for funding.

Ms. Brewington stated that on page 3 of the March 9, 2011 minutes, the decision was made to table allocating funds.

Mr. Hemby made a recommendation that once the notification of award is received then the groups come before the committee to be approved.

Ms. Anderson stated that the City Council had already approved the seven eligible agencies that were recommended and the information has been submitted to HUD.

Mr. Conner asked if the amount of the awards was left open.

Ms. Anderson replied yes, the award amount is open.

Ms. Brewington asked if the committee members would be notified when staff receives the notification of award and has determined the amount available for nonprofits.

Ms. Anderson replied yes, committee members will be notified.

F. Other

Mr. Reid asked if the city should do an appraisal on all properties prior to asking the committee to set just compensation.

Ms. Anderson replied that the decision to give homeowners a choice between tax value and having an appraisal done was made by City Council. Staff cannot make that decision. To date, there have been no complaints concerning the process.

Mr. Reid stated that there was a huge difference in the prices that the properties would sell for and what the city was paying. Many of the properties the city is buying would sell for thousands less. The tax value and actual market value are two different numbers. It is in the

best interest to have an up to date appraisal done prior to purchasing a property. The same precaution that a bank uses when purchasing property needs to be used here.

Ms. Coughlin stated that she shared the same concern. The committee needs to be good stewards over the money and should treat it as they would their own. Tax value is determined once every four years, while an appraised value would reflect the current market.

Ms. Brewington stated that this option is given to the homeowners and they make their choice.

Mr. Reid stated that as a homeowner, he would also waive his rights to an appraisal based on current market conditions.

Ms. Brewington stated that the policy was set up to allow the homeowner an option. To change that, then policy will need to be changed.

Mr. Martin asked if the homeowner is offered the higher of the two (appraisal or tax value) or stuck with choice.

Ms. Anderson replied that once the homeowner chooses an appraisal then they cannot go back to the tax value.

Ms. Coughlin asked who incurs the cost for appraisal.

Ms. Anderson replied that the City of Greenville incurs the cost.

Mr. Martin asked if the appraiser was an outside appraiser or a city employee.

Ms. Anderson replied that the appraiser was an outside appraiser. In addition, there is a review appraisal.

Mr. Reid asked where this situation needed to be tackled.

Ms. Anderson replied at this level.

Ms. Coughlin asked if the committee could change policy.

Ms. Anderson replied no. If there is a problem with the policy, the committee needed to make a recommendation and that would go to The Redevelopment Commission or City Council.

Mr. Hemby stated that this concern has been mentioned before; therefore he would welcome a motion.

Ms. Anderson stated that staff feels it has been a good steward of the money. This is a nationally accepted practice. This is a critical part to the revitalization efforts of West Greenville. Appraisers have a difficult time matching conditions of the current housing stock in that area due to the age and condition of the houses. If the owner gets an appraisal, then the city will have to get a review appraisal. In the end the city can end up paying \$2,000.00 – \$3,000.00 for a property worth \$30,000.00.

Mr. Conner stated that a slum lord would buy it since it was in the city limits, and probably even offer a little more than tax value, therefore he feels the city is being fair.

Mr. Martin stated that it was a legitimate issue, but not one he would want to vote on without a study or presentation by staff.

Mr. Hemby stated that since there was a motion on the floor that will need to be handled first and then have the committee request what they need from staff. He stated that he understands what Mr. Reid is saying. We have the 45 Block Revitalization area, we have transparency, and we want to be fair. Also, members of the committee want to feel they are working with a process that is fair and just.

Motion was made by Mr. Reid to have all homes that the city desires to purchase, appraised prior to the award of funds.

Mr. Martin asked if the motion was to have a study performed.

Mr. Hemby replied that the motion was to have both sides of the process presented to the committee for clarification.

Ms. Anderson asked what kind of study and by whom.

Mr. Hemby replied that some of the members were new and did not understand the process as well as those who had been with the committee for a longer period of time. Some of the information was in the notebooks.

Ms. Coughlin stated that there was a motion to have the process looked at.

Ms. Anderson asked by whom. Staff does not have the expertise to do a study.

Mr. Hemby stated that they needed to get a second on the motion first and then they would do discussion.

Mr. Martin seconded the motion.

Ms. Coughlin stated that she wants to see facts concerning the pros and cons on having an appraisal and a review appraisal done on the properties. The process may be an accepted practice nationally, however, that does not mean that is the way it should be done in light of today's economy.

Mr. Hemby stated that by the time just compensation gets to the AHLC, the decision has been made to purchase the property. However, the committee would like more input in the process. Each property should be appraised rather than giving the homeowner the option of appraisal or tax value. Then use the appraisal to make an offer.

Mr. Reid stated that he doesn't want to cripple staff, but he does want funds to go as far as possible. He would like more clarity on the best possible solution. As a new member on the committee, this process may be the best route to take, however, he begrudgingly votes when he knows property could go for less. This is a point of contention for himself. He does not want a

50 page study. He is willing to come in and have someone sit down with him to explain the process. He would like clarity.

Mr. Hemby asked for a vote on the motion. Opposing were Ms. Lovella Perkins, Mr. Howard Conner, Ms. Karalee Coughlin, Mr. John Martin, and Ms. Alice Brewington.

Mr. Hemby stated that the motion did not pass.

Mr. Martin stated that as the newest member, he is not sure of the policy and would not know how to word a motion. He understands that staff is not experts. He stated that just because the current policy is nationally accepted does not mean it should remain the same. If we are using Federal Funds then we should not be paying above fair market value. We need a policy that takes into consideration the best interest of all that it concerns. He stated that he did not fully understand the last motion, and maybe he needed to sit down with Ms. Anderson or staff and get educated so he could understand where we are and whether there needed to be reconsideration by this committee.

Mr. Hemby stated that he understands that some training has been scheduled.

Ms. Perkins asked if the members could speak with staff privately as not to take up so much of their time.

Mr. Hemby stated that some members have requested training with Councilmember Kandie Smith. There are instances such as this one, where members need clarity. He stated that given the state of the economy, the process may not be feasible. Individual members may need to contact staff to arrange for training. In addition, members may contact the City Attorney with questions.

Mr. Conner stated that City Council trusts this committee and their opinions but he doesn't want be a rubber stamp process.

Mr. Hemby stated that they should make a request with Councilmember Smith to arrange training.

G. Adjournment

Motion was made by Mr. Conner and seconded by Ms. Brewington to adjourn the meeting.
Motion carried unanimously.

Signature on file
R.J. Hemby, Chair

Signature on file
Sandra W. Anderson, Staff Liaison