

**HOUSING & COMMUNITY DEVELOPMENT COMMITTEE MEETING**  
**December 10, 2014**  
**5th Floor Conference Room**  
**MINUTES**

**Committee Members Present:** Gordon Smith, Chris Pelly, Cecil Bothwell

**Staff Present:** Jeff Staudinger, Cathy Ball, Allan Glines, Tara Irby, Shannon Capezzali, Jonathon Jones, Roberta Greenspan, Sandra Anderson, Martha McGlohon

1. **Minutes**

The meeting minutes from November 2014 were approved.

2. **Updates**

Gordon Smith announced that the updates section of the agenda would continue to be focused on Committee member questions.

- a. Eagle Market Place Update
- b. Consolidated Plan Update
- c. Affordable Housing Advisory Committee Update
- d. Lee Walker Heights Process
- e. Villas Update

3. **Unfinished Business**

**a. Housing Trust Funds Availability**

Shannon Capezzali presented an update on the HTF. The November available cash balance was \$389,321 and the uncommitted balance was \$-258,785 which included the Villas settlement, recent purchase and maintenance of 30 Rock Hill Place. The staff report included available cash scenarios for funding in the coming fiscal year.

1. High Cash Scenario: \$505,186.73 - Assuming land purchases and sales would proceed as planned through June.
2. Low Cash Scenario: \$70,848.73 - Includes the sale of 30 Rock Hill and the purchase of Skyloft. It does not take into consideration the sale of Skyloft, return of excess funds from 30 Rock Hill, or the sale of The Villas.
3. Strategic Scenario: \$205,186.73 - Conservative projection of funds available to lend based on the most likely scenario for land sales occurring before the end of the fiscal year. This scenario includes the purchase and sale of Skyloft and 30 Rock Hill, but does not include the sale of The Villas.

Jeff explained that a determination will need to be made regarding funding for new HTF applications before the beginning of the new fiscal year, assuming that the commitment to funding the HTF will remain the same. In the current year, there is already a forward commitment to Eagle Market Place, reducing some of the cash available. Discussion with HTF applicants will have to involve a question of when the funding will be needed. If funding is needed prior to the fiscal year, then mid-level cash projections will only allow for \$200,000 in funding. Cash negotiation may be possible on

the Villas sale. Gordon stated that \$200,000 is an awkward number with wide range of previous application amounts and noted that the financial report from the previous night's Council meeting included an unassigned fund balance that is above where it is expected to be. He suggested the possibility of approaching the full Council to release \$100,000 to fully fund HTF at \$1.1 million. Cecil stated that housing is such a priority for Council that it seems like a reasonable idea. Cathy Ball pointed out that there might be other projects, such as Lee Walker Heights, that might also need cash. Jeff expressed confidence that with sewer access resolved at the Villas, the property would be very marketable. Gordon stated that \$205,000 makes sense with the option to add additional cash to the next year or make it available for another round of funding. There was consensus in adopting the conservative scenario and approaching Council for \$100,000 in unassigned funds, if needed. Gordon clarified to Jeff that the \$100,000 would be a commitment increasing the annual allocation to \$600,000.

#### **b. Housing Affordability**

Jeff reported that the Affordable Housing Advisory Committee has taken up the topic of the definition of affordability. The AHAC is awaiting the Housing Market Study to connect the definition of affordability with the greatest needs. Jeff noted that Council, the HCD and HOME Consortium can establish a local standard, but the Federal standard cannot be changed. Gordon suggested having AHAC discuss affordable housing in terms of wages such as fixed income, minimum wage and living wage housing to help avoid the confusing median income concept. Cecil remarked that those earning a living wage cannot afford rent in the community and questioned the validity of the term "living wage".

#### **c. Bostic Place HTF Loan Deferral**

Shannon updated the Committee on the status of the 2008 HTF loan for \$160,000. The funds were originally due in 2010, but received two extensions, with the most recent ending in December. In the original agreement, each closing of the four affordable units would result in a portion of the loan being paid back. A representative from the borrower, JCS Investment, spoke with the Committee. JCS Investment would be pursuing financing on a 1400 square foot house with the goal of financing 4 houses in the next 16 months. Staff offered to work with them to get the outstanding \$2,400 payments by January with an extension proposal to be submitted with the January HCD meeting staff report. This would require that the current deadline be extended by one month. Shannon clarified that the loan was 2% interest only with the full principal due upon completion. Gordon agreed with a one month extension to get things in order. Chris made a motioned to approve the extension and Cecil seconded.

### **4. New Business**

**a. Housing Market Analysis**

The Committee reviewed the preliminary executive summary from Bowen National Research. Jeff noted that it was interesting and helpful, but that some of the information would need clarification.

Gordon recommended that the final report be broken down to the municipal level and then by each county as it would be helpful to the Committee and others using the report in making relevant comparisons when setting targets and guiding initiatives.

The Committee then discussed the process of distributing the report to elected officials, Consortium members, stakeholders and the general public. Jeff reported that review of the final draft would be expected by December 23 with a final report planned for the first week of January. Cecil stated that this would be ready in time for the Council retreat, but that given the volume of data, a summary of the executive summary might be helpful. Jeff responded that Bowen would provide such an overview and is under contract for a full day of presentations. Chris suggested media coverage with Bowen. He also requested a summary of recommendations in addition to the report's findings.

Members scheduled an HCD meeting on Tuesday, January 20<sup>th</sup> at 10:00 a.m. with a 12:00 p.m. - 12:30 p.m. lunch break followed by a joint presentation with the Consortium from 12:30 p.m. - 3:00 p.m. in the 6<sup>th</sup> Floor Training Room.

Gordon asked that a 10 minute presentation and executive summary be added to the Council retreat.

Jeff requested further input from members for staff direction to follow up on the report. Gordon requested clarification on the household increases amongst the senior population and how many would be on a poverty level fixed income. He asked for information on how wage growth was calculated and further analysis of the 18-44 working age demographic to determine what could be done now to address their housing cost burdens. Cecil recommended correlating housing analysis with the job centers. Chris recalled another source stating that rental versus owner occupied rates were about 50% each and asked whether the 70% owner occupied versus 30% rental figures in the report were regional. He also question if the 13-to-1 increase in home ownership versus rental ratio would really bear out given the number of apartment developers at work in the area.

**b. Housing Fee Rebates**

Gordon stated that Housing Fee Rebates was not time sensitive and would be moved to a future agenda.

**c. Givens Housing Trust Fund Commitment Extension**

Jeff stated that the Givens item, although a formality, required action by the Committee. He explained that HTF commitments are for 90 days with a 6 month extension. The project is moving forward, but a formal extension would be required on the HTF commitment which expired November 15<sup>th</sup>. Jeff requested a full one year extension although the closing would probably be done in 3 months. Chris made a motion to approve the request and Cecil seconded.

## **5. Public Comment**

Greg Borom shared interest in a studio presentation of the Bowen Housing Market Study presentation and offered Children First: Communities and Schools as a potential non-profit partner in such an event. He expressed appreciation for the Committee's pursuit of defining "affordable housing" which would help highlight the gap between income and what is perceived as affordable housing in the community. He also recommended the Grow WNC initiative by Land of Sky be made available a resource for the Housing Market Study and thanked the Council members for the previous night's vote on density.

Dee Williams apologized for not being at the workshop. She stated that she saw the requirement for a 501(c)3 determination letter with 2 years of experience for applications to be exclusionary. She raised the question, "What kind of community do we want to see here?" She recognized the need for capable boards, but that in capacity building there is zero investment in making sure that those who have need also have control of the wheel in order to guide their own communities. She voiced concern that the Bowen report shows a considerable wealth gap in this community, stated that peer-to-peer support people are need for work in the community and statistical analysis needs to be done by competent people. Dee offered to have the conversation off line about changing CD requirements because the process has become quite exclusionary.

Chris offered to hear Dee's thoughts on the Bowen report.

### **a. Future Meetings**

Gordon mentioned the possibility of working PED into the Minority Business Development piece in order to take a look at the wealth gap Dee mentioned. He asked for input on the Alternatives to Gentrification piece. Jeff explained that an application has been made to the EPA for a Building Blocks Grant to help provide facilitation for new momentum in the conversation about commercial and residential gentrification. There is also a separate conversation with Ann Keller from EPA on a project regarding economic justice in the community's natural and built environments. She might help plan a workshop on the Alternatives to Gentrification as serious work begins with the TIGER 6 program which will affect both the physical and economic landscape of the City. Jeff

would bring something in the coming months. Cecil noted that the Market Place NPR program just covered gentrification and the challenges residents face in efforts to address it. Jeff pointed out that alternatives like Community Land Trusts are being explored, but that Council has expressed that the City is not the lead on making those initiatives work. Cecil stated that the community would need a good model that works. Gordon pointed out that with the East of River area there are historic neighborhoods where the long term strategies help while the River District is in transition and moving fast is important. Jeff noted that the City has land banked very valuable property that can be leveraged for live-work housing, commercial opportunities, entrepreneurial incubator space or stand alone affordable housing. Gordon suggested further discussion in February.

6. Next Meeting January 20<sup>th</sup>, 2015 at 10:00 a.m.