

Report of the Community Development Authority of the City of Stevens Point

Date: November 5, 2013, 6:00 PM

Location: County/City Building, Conference Room D, 1516 Church Street, Stevens Point, WI 54481

PRESENT: Chairperson Halverson, Commissioner Molski, Commissioner Schlice, and Commissioner Onstad. Commissioner Adamski and Commissioner Cooper were excused.

ALSO PRESENT: Executive Director Michael Ostrowski, City Attorney Logan Beveridge, Bruce Rashke, Patt Cornwell, Kris Pethick, Jim Hamilton, Chris Jones.

---

INDEX:

1. Roll call.

Discussion and possible action on the following:

2. Acceptance of the recommendation by the Plan Commission on November 4, 2013 relating to subleasing the property located at 1101 Centerpoint Drive (Parcel ID 2408-32-2029-61) and the adjacent property (portions of Parcel IDs 2408-32-2029-65 and 2408-32-2029-66) from the Community Development Authority of the City of Stevens Point to Great Lakes Education Loan Services, Inc.
3. Acceptance of \$500,000 from the City of Stevens Point to be used towards the tenant improvements for 1101 Centerpoint Drive.
4. Approval of the sublease and developer's agreement for 1101 Centerpoint Drive with Great Lakes Educational Loan Services, Inc.
5. Use of housing trust fund interest revenue.
6. Adjourn.

- 
1. Roll call.

**Present: Halverson, Molski, Schlice, and Onstad.**

Discussion and possible action on the following:

2. Acceptance of the recommendation by the Plan Commission on November 4, 2013 relating to subleasing the property located at 1101 Centerpoint Drive (Parcel ID 2408-32-2029-61) and the adjacent property (portions of Parcel IDs 2408-32-2029-65 and 2408-32-2029-66) from the Community Development Authority of the City of Stevens Point to Great Lakes Education Loan Services, Inc.

Director Ostrowski said before the CDA can sublease the property, it must first review the recommendation by the City Plan Commission. They had recommended approval of the request at their meeting on November 4, 2013.

**Motion by Commissioner Schlice to accept the Plan Commission recommendation; seconded by Commissioner Onstad.**

**Roll call:**

- **Ayes – Halverson, Molski, Schlice, and Onstad.**
- **Nays – None.**

**Motion carried 4-0.**

3. Acceptance of \$500,000 from the City of Stevens Point to be used towards the tenant improvements for 1101 Centerpoint Drive.

**Motion by Chairperson Halverson to accept the \$500,000, with the stipulation that any rent income derived by the CDA off of the sublease flows back to the City of Stevens Point and any recoup of the leasehold improvement payments, plus interest, also flows back to the City; seconded by Commissioner Molski.**

**Roll call:**

- **Ayes – Halverson, Molski, Schlice, and Onstad.**
- **Nays – None.**

**Motion carried 4-0.**

4. Approval of the sublease and developer's agreement for 1101 Centerpoint Drive with Great Lakes Educational Loan Services, Inc.

Commissioner Molski asked if it will remain tax exempt. Chairperson Halverson indicated that is correct. Commissioner Molski asked even if the situation changed with the current owner. Chairperson Halverson said that it could become taxable if we are not the owner.

Commissioner Molski asked if they were getting any particular parking. Director Ostrowski said that they would be allowed to use the public parking areas. If there would be a fee charged for parking in the public parking areas, we would allow them the use of 71 spaces for no charge.

**Motion by Commissioner Schlice to approve the sublease and developer's agreement for 1101 Centerpoint Drive with Great Lakes Educational Loan Services, Inc.; seconded by Commissioner Molski.**

**Roll call:**

- **Ayes – Halverson, Molski, Schlice, and Onstad.**
- **Nays – None.**

**Motion carried 4-0.**

5. Use of housing trust fund interest revenue.

Director Ostrowski said that we receive interest revenue off of the housing trust funds that we use for housing rehabilitation, as well as homeownership opportunities. He indicated that CAP Services is our administrator of both the CDBG program as well as the housing trust funds. He indicated that concerns were raised about some of the foreclosures taking place, specifically related to the homeownership portion of the program. He said this item is before you to discuss whether or not the Board wishes to proceed with the homeownership portion of the program or just focus on the rehab. He indicated that within the staff report, he listed benefits of homeownership for communities.

Commissioner Schlice asked what the default rate was. Kris Pethick said on the HTF and HOORA it is 3.1%. It is just over \$100,000 in the entire history of both programs.

Ms. Pethick handed out maps of projects by district. She said that CAP Services uses this program as a really important source of match with their funds. She said they have blended over \$400,000 with the city funds.

Chairperson Halverson said he is less supportive of the homeownership than the housing rehabilitation. He would rather see exclusivity of the investment be towards housing rehab. He said we have not seen a crisis relating to default, but he does not know if it is our role to be a stop gap on homeownership. He thinks it is more of a role on the rehabilitation side, which increases property value, preservation, and appreciation.

Ms. Pethick said that whenever we have a person using HOORA funds, the house is also rehabbed up to HUD quality standards, so you are getting the benefits of that appreciation as well. She said they have rarely, maybe two or three times, provided funds for homeownership without doing rehab.

Jim Hamilton said the money is restricted. It was derived from the sale of public housing units under the Turn Key Three program. He said they would do a lease purchase type agreement. He said that if the CDA sold one of these properties, the money was supposed to go back to HUD. He said about 1990 that changed. The municipality could keep the proceeds if they used them for another homeownership purpose, and HUD has approved this plan.

Chairperson Halverson said we would need to find out what restrictions still may exist, and what requirements still remain. He thinks the greater need is for income eligible rehab of already owned properties. If we cannot get out from underneath the program, then it is a moot point. He said we are still providing a social justice with the program, but he thinks there is a greater amplification on the other side of the investment.

Commissioner Molski asked where the CDBG funds go when they get repaid. Director Ostrowski said they get revolved. They are separate funds.

Commissioner Molski said when she was in charge of the program they did a lot of housing and they only had one default, on both owner occupied and rental rehab. She thinks that rehabbing is very good for the community and people already own the properties. They have a real interest in the properties. She supports the rehab.

Chairperson Halverson said we have to determine if we can even do it.

Commissioner Molski said it is a way to help a lot more people.

Chairperson Halverson said that Ms. Pethick has a valid point in that when you do go through a HOORA process there is normally rehab that goes along with it. He just thinks that the amount of money that they could amplify with the existing dollars is probably greater.

Ms. Pethick warned against contacting HUD just because you have a lot of flexibility with these funds. If you let them know you have these funds, they may want to stick all of their requirements on them, like with the CDBG. She is not saying don't do it, just be wary of it.

Ms. Pethick said maybe you would like to set up a project management fee with these funds, so they keep coming back. You are paying CAP, and then they are gone.

Mr. Hamilton said that he would remind HUD, as there are many benefits with this program and it has done a lot of good.

Ms. Pethick said that because of the HOORA they have been able to open up homeownership opportunities to a lot of people. She said this program is far reaching with other professions, and not just tax base.

6. Adjourn.

**Meeting adjourned at 6:20 PM.**

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date