



MINUTES

REDEVELOPMENT AUTHORITY OF THE CITY OF STEVENS POINT

Date and Time:	November 19, 2015 3:30 PM	Location:	City/County Building Conference Room D 1516 Strongs Avenue Stevens Point, WI 54481
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Present: Chairperson Schlice, Alderperson Phillips, Commissioner Cooper, Commissioner Gardner, and Commissioner Dugan.

Excused: Commissioner Molski and Commissioner Sawyer

Also Present: Executive Director Ostrowski

Index

1. Roll call.
 2. Persons who wish to address the Board on specific agenda items other than a "Public Hearing" must register their request at this time. Those who wish to address the Board during a "Public Hearing" are not required to identify themselves until the "Public Hearing" is declared open by the Chairperson.
 3. Public comment for pre-registered individuals for matters appearing on the agenda.
- Discussion and possible action on the following:
4. Minutes from the September 15, 2015 Redevelopment Authority meeting.
 5. Financial reports, claims, and statements from August and September 2015.
 6. Authorization to allow Habitat for Humanity to utilize Housing Trust Fund loan proceeds from current loan(s) on a new project(s).
 7. Authorization a short sale or loan write-off for 2924 Oak Street.
 8. Subordination request for 1608 Reserve Street.
 9. Housing Trust Fund loan policy for write-offs, short sales, and subordinations.
 10. Future redevelopment plan/project areas.
 11. Use of Housing Trust Fund interest revenue.
 12. Public Hearing - 2016 Budget.
 13. Resolution – Adopting 2016 Budget.
 14. Executive Director's update (this item is for informational purposes only).
 15. Adjourn.
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1. Roll call.

Present: Schlice, Phillips, Cooper, Gardner, Dugan

2. Persons who wish to address the Board on specific agenda items other than a "Public Hearing" must register their request at this time. Those who wish to address the Board during a "Public Hearing" are not required to identify themselves until the "Public Hearing" is declared open by the Chairperson.
3. Public comment for pre-registered individuals for matters appearing on the agenda.

No one wished to address the Boar.

Discussion and possible action on the following:

4. Approval of the minutes from the September 15, 2015 Redevelopment Authority meeting.

Motion by Commissioner Cooper to approve the September 15, 2015 Redevelopment Authority meeting minutes; seconded by Commissioner Gardner.

Motion carried 5-0.

5. Financial reports, claims, and statements from August and September 2015.

Motion by Commissioner Gardner to approve the financial reports, claims, and statements from August and September 2015, seconded by Alderperson Phillips.

Motion carried 5-0.

6. Authorization to allow Habitat for Humanity to utilize Housing Trust Fund loan proceeds from current loan(s) on a new project(s).

Executive Director Ostrowski stated Habitat is looking to put in a bid on a property that they have a loan on. They have indicated that they would put in a bid to cover the RA's loan, if the RA would reserve the funds for a new family. Director Ostrowski said we have done this in the past, and he would recommend approval with this instance. He would also request that the Board grant the Chairperson and Executive Director the approval to grant similar requests without coming back to the Board, as time could be of the essence.

Commissioner Gardner asked for clarification regarding similar requests meaning other Habitat homes, to which Executive Director Ostrowski explained yes other Habitat homes if they are willing to cover our interest in the property. Commissioner Gardner continued that when Habitat forecloses on a home, they are really foreclosing on their own loan to obtain the home themselves so they can sell it to a new buyer.

Motion by Commissioner Gardner to authorize Habitat for Humanity to utilize Housing Trust Fund loan proceeds from a current loan on a new project, as long as they cover the RA's interest in the foreclosure, and to allow the Chairperson and Executive Director to approve similar request in the future; seconded by Commissioner Dugan.

Alderperson Phillips asked if Habitat gets an overload of foreclosure properties, to which Executive Director Ostrowski answered they get the home back, so they have the loan out on the property and can resell the property to another property.

Roll Call: Yeas- Schlice, Phillips, Cooper, Gardner, Dugan.

Nays- None

Motion carried 5-0.

7. Authorization a short sale or loan write-off for 2924 Oak Street.

Executive Director Ostrowski stated this was brought to our attention; however, the short sale agreement did not go through in time, so it is a moot point. This property has a loan by the City in the amount of \$10,000 and a loan with the RA in the amount of \$15,376. The RA has been served with the foreclosure proceedings on this property. However, even if the property goes into foreclosure, it does not preclude us in going after the individuals if they have any other assets that the RA might be able to obtain to secure our interest.

Executive Director Ostrowski asked the Board if there is another opportunity for a short sale, would the Board grant the approval for the Chairperson and Executive Director to agree to the short sale, if time is of the essence. He continued stating that the City has signed off on their loan.

Commissioner Gardner stated the house was listed on June 15, 2015 for \$115,000. The price dropped in July to \$109,000, and again in August to \$98,000, and then to \$90,000. He was worried that a low offer was made, but it looks like the owner has made an attempt to try to sell it for more money. He is concerned that the owner remains liable for the debt even though they cannot pay it back without the house. He asked if we should be looking at doing a financial check on the property owners before we agree to a short sale.

Executive Director Ostrowski stated we would have to look at that at the time of the short sale or foreclosure to see what assets they may have. Commissioner Gardner then raised the concern of how much should we be lending, as an example this home was purchased with 100% borrowed funds, so the owners have no equity in it.

Commissioner Gardner asked how long the foreclosure takes to which Commissioner Cooper stated approximately 120 days. Executive Director Ostrowski added that the city had agreed to the short sale and they would have lost their \$10,000. He continued stating that we will look at assets, but if there are none, there is nothing we can go after. Commissioner Cooper added that if there are no assets then the RA would be better off doing the short sale, as we are not going to get anything on the deficiency judgement once it is foreclosed on.

Motion by Commissioner Gardner that the Redevelopment Authority would approve the short sale as proposed for 2924 Oak Street so that we would obtain \$4,500 net after short sale with the condition that the Redevelopment Authority would do an evaluation of the borrower's assets to determine whether there would be other means of recovering the balance of the Redevelopment Authority's loan; seconded by Commissioner Dugan.

Roll Call: Yeas- Schlice, Cooper, Gardner, Dugan.

Nays- None

Motion carried 4-0. (Phillips abstaining)

8. Subordination request for 1608 Reserve Street.

Executive Director Ostrowski stated that the RA is currently in first position for payback; however the owners are looking to make some improvements, such as a new roof, gutters, and downspouts in the amount of \$12,515. They are looking to get a loan through the credit union and the credit union would like us to subordinate to their position. Typically, the chairperson and the executive director would sign off on subordinations, however since we are not doing any new lending out of this fund and this decreases our position with this property, we felt it was appropriate to bring it back to the Board for consideration.

Commissioner Schlice asked if we really want to take ourselves out of first position. Commissioner Gardner asked what the value of the house is and how many loans are against it. Executive Director Ostrowski stated the appraised value of the home is \$68,100, with \$38,200 in loans. Sometimes in the

past, owners have taken out larger loans to take out the RA or Housing Authority loans if we do not want to subordinate.

Commissioner Cooper ask if the last loan of the \$7,450 has payments on it, to which Executive Director Ostrowski stated no, none of these have payments on them.

Aldersperson Phillips asked what our total was existing, to which Executive Director Ostrowski stated we have about \$12,000 almost \$13,000 for the Redevelopment Authority. He did point out we are adding more equity in the home and improving it, but do we want to take ourselves out of first position. Aldersperson Phillips asked what if these people get divorced like the last agenda item, are we stuck again. Commissioner Gardner answered with this home there is \$38,000 in equity in this home, and the other one had loans exceeding the value of the home.

Commissioner Cooper asked if \$68,000 was the true value of the home, to which Executive Director Ostrowski stated the assessed value may be slightly less.

Motion by Commissioner Cooper to approve the subordination request for 1608 Reserve Street; seconded by Commissioner Gardner.

Aldersperson Phillips asked when the money goes out, to which Executive Director Ostrowski explained a check is written to the contractor, not the homeowner. Commissioner Gardner added and that is controlled by the credit union. Commissioner Schlice stated his concern is taking ourselves out of a better position and feels it is a bad precedence.

Roll Call: Yeas- Cooper, Gardner, Dugan.

Nays- Schlice, Phillips

Motion carried 3-2.

9. Housing Trust Fund loan policy for write-offs, short sales, and subordinations.

Executive Director Ostrowski explained he would like to develop a written policy for loans out of the HTF account.

Commissioner Cooper stated regarding subordinations, if there is no new money, and they are refinancing and it is benefiting them, and it isn't affecting us at all then he feels that does not need to come before the board. Commissioner Gardner stated if there is a subordination and there is new money going toward the house, how you feel about that, to which Commissioner Cooper stated that is a loan to value issue and it depends on what that is.

Executive Director Ostrowski asked the board what loan to value they are comfortable with He stated that he would like to see at least 80% and if it goes higher, we can address them a case-by-case basis to determine what improvements they are doing to the home.

Commissioner Gardner asked Commissioner Cooper if 90% was too much, to which Commissioner Cooper answered he would prefer 80%. Executive Director Ostrowski added that we could set 80% as the limit and if something comes up that is higher we can review it. Commissioner Cooper clarified that this is regarding subordinations without reviews and the funds have to be going into the home.

Executive Director Ostrowski asked if we are going to continue loans, do we want to continue that with 80% as well. He stated he will draft a policy and bring it back before the board for action.

Aldersperson Phillips asked what happens if a different chairperson is elected and if they would be qualified to make these types of decisions. Commissioner Gardner pointed out if you give them specific numbers, there really isn't much judgement. Commissioner Schlice pointed out that both the chairperson and the executive director have to agree.

Commissioner Gardner asked what value we would use to determine it. Would we require an appraisal, or go by the assessed value. Executive Director Ostrowski stated you will typically have an appraisal and what the loan will appraise out at after the work is completed.

10. Future redevelopment plan/project areas.

Executive Director Ostrowski stated we have talked about this item in the past, as to what new projects the RA would look at doing. As of right now we are in the process of redoing our comprehensive plan update and as we go through that process, it is likely we are going to identify redevelopment areas within the city. Included in the packet is the 2006 Comprehensive Plan redevelopment areas. We would likely do redevelopment plans within them, but as we update our plan, we will likely have additional areas, or take some of these out. One of the things he felt was most needed was for us to complete our comprehensive plan update to identify these areas. The department is looking to hire a consultant to pull data and draft specific portions of the plan. If we want the consultant to work on certain areas of the City, he asked if the RA would like to participate financially.

Commissioner Dugan stated in the last comprehensive plan, there were three project planners that came into help from the county. Commissioner Gardner stated they are basically extra people that do the drafting and the editing is done by city staff.

Alderman Phillips asked regarding the property on Patch Street, to which Executive Director Ostrowski stated he does not see that area as a redevelopment area, but more as an infill area since it has not been developed in the past. He defined redevelopment as an area that had been developed in the past and has dilapidated buildings and such, where infill does not have any development on it currently.

Commissioner Gardner stated he has mixed feelings about the Redevelopment Authority putting some of their funds toward the comprehensive plan drafting. If we do, there is one or two less loans that could be made to fix up houses in the city and this is a city issue.

Executive Director Ostrowski stated it is a valid point.

Commissioner Schlice asked even if we did put funds into the contracted work, what would be our input and influence on what is drafted, to which Executive Director Ostrowski stated the redevelopment areas that we have been discussing are where the RA's input would come in.

Alderman Phillips stated that being a member of the finance committee, he does not know how they are going to arrange for the funds. Executive Director Ostrowski stated this was made known to him just before the budget was adopted, but there are other avenues that the city could take.

Commissioner Gardner asked what the timeframe would be to take this before the council, to which Executive Director Ostrowski stated he would have to develop a scope to get a more refined number.

11. Use of Housing Trust Fund interest revenue.

Executive Director Ostrowski stated as we have agreed in the past, no additional funds were going to go out in terms of loans until we have decided how to move forward with other projects. This item is put on the agenda for the board's consideration. We are currently sitting at about \$222,000 in the fund, with half of the salary and benefits yet to come out.

Commissioner Schlice stated he would like to get the plan done first then sit down and consider our budget for any new requests.

Commissioner Gardner asked how much demand is there for housing rehab loans, to which Executive Director Ostrowski stated rehab loans could take everything.

Commissioner Dugan asked about the RA being involved in the rejuvenating and replacing some of the housing inside the city. Executive Director Ostrowski stated it goes back to what Commissioner Gardner has

brought up in terms of foreclosures. He stated he did speak with Habitat regarding rehabilitation of homes, and they may be interested in a program in the future, but not at this time.

Commissioner Dugan then asked what would be the populations that would be interested in living in the older parts of the city. Executive Director Ostrowski stated it depends on what the style of housing would be.

Commissioner Schlice suggested that the board does not take any action on this agenda item until we bring back the HTF policy.

Aldersperson Phillips asked if there was a demand for condos, why didn't Ludwig go ahead with the other six he had available at the HH and Coon location. Executive Director Ostrowski answered it just isn't the right location. With young professional housing and condominiums that location is in the downtown area where there is density and entertainment.

Commissioner Gardner stated we are sitting on money and there is a demand for housing rehabilitation now and if we are going to get engaged in larger projects, this \$200,000 will not go very far. He would like to work on a project where people would flip houses, and there are several people out there that are currently doing a good job fixing up old houses and we could use our funds as seed money for that. Public Hearing – 2016 Budget.

Commissioner Schlice declared the public hearing open. No one wished to speak.

Commissioner Schlice declared the public hearing closed.

12. Resolution – Adopting 2016 Budget.

Executive Director Ostrowski pointed out the differences of revenue for the 2016 Budget. He stated the amount of revenue we receive is really dependent on the number of loans that are repaid. This year we have had approximately \$86,000 paid back already. Interest revenue will be remaining somewhat similar. Under expenses, the biggest change is the reduction in the salary and benefits line. Last year, the RA funded half of the Executive Director's salary and benefits out of the HTF. This year it is one-quarter, with the plan for next year to eliminate the funding and put the expense back on the city levy.

Motion by Commissioner Gardner to approve the resolution adopting the 2016 budget; seconded by Commissioner Cooper.

Roll Call: Yeas- Schlice, Phillips, Cooper, Gardner, Dugan.

Nays- None

Motion carried 5-0.

13. Executive Director's update (this item is for informational purposes only).

Executive Director Ostrowski stated there is nothing further than what has already been discussed.

14. Adjourn.

Meeting adjourned at 4:25 PM.

Approved: _____
John Schlice, Chairperson Date

Attest: _____
Michael Ostrowski, Executive Director Date