

**MEETING SUMMARY OF THE
COMMUNITY DEVELOPMENT COMMITTEE (CDC)
TUESDAY, AUGUST 24, 2010 – 6:00 P.M.
CITY COUNCIL CHAMBERS – THIRD FLOOR CITY HALL**

Present: Scott Wallschlaeger (Chairperson), Bill Kimbler, Patricia Tyler, Debra Branley, Daryl Yankee, Michael Ramsey, and Ron Boshey.

Absent: Jennifer Baumann, DeAnne Westermann, Theresa Bobula, and Jim Gaylord

Staff: Keith Hamre, Karen Olesen, Char McClennan, Ben VanTassel, and Steven Robertson

Others Present: See attached list

Roll Call:

1 Introductions

Finding a quorum was present Chairperson Wallschlaeger called the meeting to order at 6:05 p.m.

2 Minutes

Motion by Daryl Yankee, seconded by Scott Wallschlaeger to approve the minutes of the June 22, 2010, meeting. Motion unanimously approved.

3 Public Hearing on Substantial Amendment to 2009 and 2010 Action Plans

CD Manager Keith Hamre discussed the Substantial Amendment changes. The City had allocated \$99,240 to the Gateway Towers Allocation in the 2009 program year and \$105,868 to the East Side Allocation in the 2010 program year. These amounts, when coupled with an additional \$150,000 for WCDO Properties Allocation in the 2010 program year, would total \$355,108. Center City Housing Corporation (CCHC) would like to use that total amount to rehabilitate 21 units of transitional housing.

Nancy Cashman of CCHC addressed the committee and stated that this plan will be a better fit for the agency. CCHC does not believe that Gateway or Eastside will cash flow, and it would be better to use the funds for this purpose.

Chairperson Wallschlaeger opened the public hearing and asked for comments. There were none.

Bill Kimber asked if these units are currently occupied. Nancy Cashman responded that yes they are currently in use, and they typically have a very low vacancy rate.

Motion by Scott Wallschlaeger, seconded by Bill Kimber to recommend approval of the Amendments to the 2009 and 2010 Action Plans. Motion unanimously approved.

4 Review Pre-Applications for FY 2011 Funding Round

CD Manager Keith Hamre briefly reviewed the purpose of the pre-applications. He added that any agency that wanted to present a new project, or if their existing project was to exceed 5% or \$10,000 over last year's allocation, they needed to submit a pre-application. Tonight the members of the Committee are going to review the pre-applications, ask questions, and then give "up or down" votes on the pre-applications. Those that are not approved to submit an application will not be funded during this next program year.

NCLT, Multi-Family Development. Jeff Corey presenting.

Darryl Yankee asked if the management company will be identified in their final application. Jeff Corey responded that they are currently looking at several different options, and it is possible that they will have made a decision by the time the application is submitted. Darryl Yankee asked if the income cap will be at 50% of the Area Median Income (AMI). Jeff Corey responded by stating that it depends, it could be a mix of homeless and families up to 60% AMI; they are still working on what the final project will look like. Debra Bradley asked where the property would be. Jeff Corey declined to answer, stating that it would share with the group once he had a signed purchase agreement.

AEOA, Weatherization. Martin Lepak presenting.

Chairperson Wallschlaeger asked why they were asking for more funds but plan on doing fewer homes next year. Martin Lepak responded by stating that with the stimulus funds ending, they need more assistance to continue with the program. In addition, they plan on spending more per home than they have in the past to maximize energy savings. Chairperson Wallschlaeger asked if a 20% energy savings was realistic. Martin Lepak responded that it is more than realistic, and in fact they are shooting for 30% energy savings per home. Bill Kimber asked about the number of jobs created through this program. Martin Lepak stated that about 27 jobs were created through additional stimulus funding in this program. Debra Bradley stated that their crews do an excellent job.

NHS, Affordability Gap. Cliff Knettel presenting.

Michael Ramsey asked how many people this would help. Cliff Knettel stated that this year NHS will help 50 households; assistance varies by household income level. Michael Ramsey asked if operating costs will be addressed by this request. Cliff Knettel replied yes. Darryl Yankee asked about the screening process to make sure people were qualified and they were buying quality homes (such as those that did not have lead problems). Cliff Knettel replied that applicants must attend Home Stretch class that gives guidance on the process. Cliff Knettel added that they use a similar process that lenders use, but instead of basing it off of 35% of an applicant's gross income, they use a lower, more conservative number of 30%.

SVCNDA, Home Improvement/Information Program. Chris Ridgewell presenting.

Chairperson Wallschlaeger asked if they were planning on doing their own rehab program, or if they were going to partner with other agencies. Chris Ridgewell stated that SVCNDA will partner with AEOA and HRA for rehab work, and that they will focus this project on the target areas. She added that SVCNDA was responsible for over 300 rehabs.

Motion by Bill Kimber, seconded by Michael Ramsey, to approve that NCLT submit a full application for future consideration of FY 2011 funding. Motion unanimously approved.

Motion by Darryl Yankee, seconded by Ron Boshey to approve that AEOA submit a full application for future consideration of FY 2011 funding. Motion unanimously approved.

Darryl Yankee asked if home ownership, as it relates to the proposed HNS project for assistance to home ownership, is still a priority for the department. Karen Olesen responded that while with the changing economy that may be an important discussion for the future, but for now it is still a priority in our Consolidated Plan.

Motion by Bill Kimber, seconded by Chairperson Wallschlaeger, to approve that NHS submit a full application for future consideration of FY 2011 funding. Motion unanimously approved.

Motion by Chairperson Wallschlaeger, seconded by Debra Branley, to approve that SVCNDA submit a full application for future consideration of FY 2011 funding. Motion unanimously approved.

Lifehouse, Futures Program, Jeff Woolverton presenting

Michael Ramsey asked about the standards referenced in the pre-application. Jeff Woolverton responded that this program would provide advocacy to youth ages 16 to 20, but not just those youth that are still in high school. Chairperson Wallschlaeger how would they employment positions be determined. Jeff Woolverton responded that they the six persons would be put in positions that met their appropriate skill level.

Community Action Duluth, Circles of Support, Sarah Priest presenting.

Deb Branley asked if there would be any preference based on race. Sarah Priest replied no, but that their agency as a whole as a mission statement to reduce disparities in under-served minority populations. Chairperson Wallschlaeger as who where their partners in job training/placement. Sarah Priest replied that they already have some resources, but that they would add to their list in the future. Deb Branley asked where their funds for their programs come from. Sarah Priest responded by listing some of their programs (such as tax sites, job start, matched savings, circles of support, etc.) most of which focus on asset building.

Lincoln Park Business Park, Business Loan Fund, Bob MacLean presenting.

Chairperson Wallschlaeger stated that we needed benchmarks/milestones to be completed, per the planning grant, and nothing has happened. Bob MacLean responded that they have let their executive director go. He added that while he doesn't know what was or was not submitted to the City, he would like this pre-application to move forward especially since there is a lot of interest from local businesses. CD Manager Keith Hamre stated that there is still a lot of unknowns, such as how loan loss would be handled, who would be their collaborative partners, etc.

Motion by Bill Kimber, seconded by Darryl Yankee to approve that Lifehouse submit a full application for future consideration of FY 2011 funding. Motion unanimously approved.

Deb Branley thanked Sarah Priest for all her great information. Darryl Yankee agreed, but stated that there needs to be a lot more concrete information on the application.

Motion by Chairperson Wallschlaeger, seconded by Debra Branley, to approve that Community Action Duluth submit a full application for future consideration of FY 2011 funding. Motion unanimously approved.

Chairperson Wallschlaeger stated that he has concerns with the Lincoln Park pre-application, and that he could not support it at this time. Bill Kimber asked who will handle the paperwork now that their executive director has been let go. Bob MacLean responded that they will probably contract with someone, but not have a full time employee.

Motion by Chairperson Wallschlaeger, seconded by Ron Boshey, to deny the pre-application from Lincoln Park Business Park. Motion unanimously approved.

City of Duluth Engineering, Sidewalks, No person attending to present

Darryl Yankee asked about the curb cuts that had been done in the past. Char McClennan responded by stating that the City had been using CDBG funds since 2004 under the priority of improving accessibility. Darryl Yankee asked if they would do more sidewalks than last year.

CD Manager Keith Hamre stated that these sidewalks will not be as wide, so they will be able to do more than in the past.

Lifeline, LIFELINE Youth Shelter, Kim Crawford presenting

Michael Ramsey asked the Continuum of Care Point in Time study and how numbers are determined. Kim Crawford replied that the Wilder Foundation does homeless counts every three years and HUD does it every year. She added that she believes that every night in Duluth there are between 75 and 125 homeless youth. She also stated that there are 16 beds for homeless youth in Duluth: 6 with LSS, 6 with Lifeline, and 5 with Bethany. Michael Ramsey asked who looked at their property. Kim Crawford replied Gordon Johnson Construction. Ron Boshey asked who they work with as far as landlords. Kim Crawford responded by stating Bowman, Theis Talley, and others. She also added that they give housing classes to reinforce what landlords expect from tenants. Michael Ramsey asked about reunification of families. Kim Crawford said that it is a priority whenever possible, but some youth do come from abusive or unsustainable home environments. Michael Ramsey asked about their funding sources. Kim Crawford stated that about 45% comes from government sources, 45% from private foundations, and 10% from donations.

Sacred Heart, Roof Restoration, Eric Swanson presenting

Chairperson Wallschlaeger asked about match for funding. Eric Swanson replied that they have past raised enough donations for match, and that they expect they can do the same this time. Darryl Yankee asked about current fundraising efforts. Eric Swanson stated that they have been holding many events as a way to increase usage and revenue. Michael Ramsey asked if this project would keep the steeple. Eric Swanson replied yes, and CD Manager Keith Hamre added that it is a historic building and the steeple must be preserved.

Motion by Michael Ramsey, seconded by Chairperson Wallschlaeger, to approve that City of Duluth Engineering submit a full application for future consideration of FY 2011 funding. Motion unanimously approved.

Motion by Bill Kimber, seconded by Michael Ramsey, to approve that Lifeline submit a full application for future consideration of FY 2011 funding. Motion unanimously approved.

Darryl Yankee stated that the structure is great, but they need to charge more for usage. He would like to see better information on how they plan on becoming self sufficient so they would not need funding for structural maintenance/repair in the future.

Motion by Chairperson Wallschlaeger, seconded by Patricia Tyler, to approve that CAD submit a full application for future consideration of FY 2011 funding. Motion unanimously approved.

Salvation Army/CHUM, Housing Support Program, Kira Kallberg presenting

Darryl Yankee asked about numbers. Kira Kallberg said about 300. She added that ever since the Housing Access Program closed, they are seeing a lot more need for this type of program. She also stated that the landlord counseling will be at CHUM, and the tenant information will be at the Salvation Army. Ron Boshey asked how many landlords are working with them. Kira Kallberg responded about 50, but they plan to add more.

Community Action Duluth, Jump Start, Heidi Jaros presenting

Bill Kimber asked about other funding sources they have sought. Heidi Jaros responded that the currently are getting and seeking foundation funds. Darryl Yankee asked if this program is sustainable. Heidi Jaros replied yes, all they need help with is the staff, administrative, and down

payment help; the actual funds come from a credit union. Darryl Yankee asked how they protect the investment. Heidi Jaros responded by stating that they have an extended ownership agreement, and that the vehicle owner can not legally sell the vehicle until they have completed their obligations. She added that so far they have 37 persons that have purchased vehicles through this program, and none have failed to make their payments. She concluded by stating that they would like to fund 22 vehicles a year. Debra Branley asked about the price range. Heidi Jaros responded that the vehicles average between \$8,000 and \$10,000, get at least 32 miles per gallon, are usually 2004 to 2007 models, and that the average monthly payment (including maintenance set aside) is between \$150 and \$200 a month. Chairperson Wallschlaeger suggested that it would be an idea to have enough funds so that they would operate the revolving loan fund themselves, and use part of the interest to pay staff costs. Debra Branley asked about the income levels of applicants. Heidi Jaros responded that this program is not for everyone, it is for people who already have jobs and are emerging from poverty. She added that it would be a disservice to enroll people who could not afford to make the payments in the first place.

Motion by Bill Kimber, seconded by Darryl Yankee, to approve that Salvation Army submit a full application for future consideration of FY 2011 funding. Motion unanimously approved.

Motion by Chairperson Wallschlaeger, seconded by Michael Ramsey, to approve that Community Action Duluth submit a full application for future consideration of FY 2011 funding. Motion unanimously approved.

NHS and SVCNDA, At Home In Duluth Targeting, Cliff Knettel and Chris Ridgewell presenting
Darryl Yankee asked if we have done enough targeted targeting of the target areas yet. Cliff Knettel stated that we would like to narrow down on the real specific needs of the target area. Darryl Yankee asked if demolition was being considered as one of the tools. Cliff Knettel replied yes, it is one of the things they are looking at. Michael Ramsey asked if the City should be more responsible for enforcement. Cliff Knettel replied that yes, but that we want to work more with them in the target areas. Chris Ridgewell added that this area is at a tipping point, and with some focused areas, this area could be improved. She also added that there will be a lot of measurable outcomes, but we need the planning funds to move forward.

Housing for Inmates, Richard Howell presenting
CD Manager Keith stated that this project needs a 501c3 established by April 1, 2011. Darryl Yankee asked if this was patterned after a national model. Richard Howell said no, this is based off of his ideas and plans. Chairperson Wallschlaeger asked if he plans on collaborating with SOAR and governmental intuitions. Richard Howell replied yes.

NYS, Skills2Success, Kelly Looby presenting
Chairperson Wallschlaeger asked who was involved in the planning of this project. Kelly Looby stated that right now they are in the very basic stages, and that if approved they would do a Request for Proposal (RFP) for a consultant.

Motion by Chairperson Wallschlaeger, seconded by Bill Kimber, to approve that all three of the planning pre-applications submit a full application for future consideration of FY 2011 funding. Motion unanimously approved.

HRA, Tenant Based Rental Assistance, No person attending to present
Chairperson Wallschlaeger asked if administrative costs seem really high for this program. Steven Robertson stated that in the past administrative costs had run about 8% give or take, but that the submitted pre-application had a formula that resulted in admin costs being about 14%.

CD Manager Keith stated that this is something that should be better clarified on the final application.

CCHC, CHDO Operating, Nancy Cashman presenting

CD Manager Keith stated that this pre-application is required because it is technically a new project.

NCLT, CHDO Operating, Jeff Corey presenting

Darryl Yankee asked if it was reasonable to ask for more specific information when it comes to CHDO operating costs on the final applications.

Motion by Darryl Yankee, seconded by Bill Kimber, to approve that all three of the HOME pre-applications submit a full application for future consideration of FY 2011 funding. Motion unanimously approved.

Lifehouse, Housing Support, Eric Lutz presenting

Chairperson Wallschlaeger asked who this program serves. Eric Lutz replied youth ages 16 to 20. Darryl Yankee asked where the new units would be. Eric Lutz replied the new 6 units would most likely be in the same building nearby the other sites in order to minimize staff travel time.

Motion by Chairperson Wallschlaeger, seconded by Michael Ramsey, to approve that Lifehouse submit a full application for future consideration of FY 2011 funding. Motion unanimously approved.

5 Discussion on Reconsideration of 2010 Action Plan

CD Manager Keith Hamre stated that since the end of Housing Access Partnership, the City has approximately \$34,000 that it can either save for the next funding cycle, or use all or a portion of it to supplement either Jump Start (that was not funded) or the Youth Collaborative (which was funded, but at a lower level). CD Manager Keith Hamre added that the public comment period ended in July, and they received 3 comments. In addition, CD Manager Keith Hamre stated that it is sometimes easier to fund existing programs at higher levels than to give funds to a project that is not active yet when the program year is almost half done. Darryl Yankee stated that the comments from public forums seem to indicate that youth is important to many citizens. Darryl Yankee added that his gut feeling is to roll it into next year's funding. Bill Kimber stated that if we have the money available now, we should use it now. Chairperson Wallschlaeger stated that he was thinking about funding the youth back up to their proposed amount before it was cut.

Motion by Chairperson Wallschlaeger, seconded by Michael Ramsey, to transfer a portion of the unused funds from the 2010 Housing Access Partnership and increase the 2010 Youth Collaborative up to \$90,000. The remaining funds to added to the 2011 program year public service pot. Motion unanimously approved.

6 Adjournment

CD Manager Keith Hamre stated that final applications are due on September 9, 2010.

There being no further business, there was a motion by Chairperson Wallschlaeger, seconded by Bill Kimber, to adjourn the meeting. The motion was unanimously approved and the meeting was adjourned at 8:03 p.m.

Next meeting of the CDC is Tuesday, September 28, 2010.