

**MINUTES**

**COMMUNITY DEVELOPMENT AUTHORITY**

**PLAN COMMISSION OFFICES**

Regular Meeting  
Wednesday  
January 13, 2016

**I. CALL TO ORDER**

The meeting was called to order by Chairman John Stangel at 4:03 P.M.

**II. ROLL CALL**

Members Present

John Stangel  
Gene Maloney  
Emil Roth  
Chris Able  
Anton Doneff  
Dennis Tienor  
Jill Hennessey

Others Present

Travis Kibler  
Peter Wills

Staff Present

Nic Sparacio  
Lisa Mueller  
Pauline Haelfrisch

**III. APPROVAL OF MINUTES OF THE REGULAR DECEMBER 16, 2015 MEETING**

Chairman Stangel asked if there were any corrections or additions to the minutes of the regular meeting held on December 16, 2015. Hearing none, the following action was taken.

Motion by: Ms. Hennessey

Moved that: the CDA approve the minutes  
of the regular meeting held on December 16, 2015

Seconded by: Mr. Doneff

Upon vote: the motion was carried  
unanimously

**IV. PUBLIC HEARING**

A. City of Manitowoc Community Development Block Grant (CDBG) Housing Program  
And Use of Funds

Nic began by stating that the Public was invited to the hearing through the required postings and notification. The purpose of the hearing is to discuss the Community Development Authority (CDA) of the City of Manitowoc and its use of Community Development Block Grant (CDBG) programs and funds. Nic gave a brief history of the program including how the CDA has used these funds since 1988 and the reasons the program was suspended for a period of time.

Nic detailed the specific purposes of the hearing which included providing public notice of the suspension of the single-family rehabilitation loan program, identifying the community's future housing needs, and laying out the plan for reestablishing the loan program in the months ahead. He stated that the reason for the suspension of the program was due to elimination of the related staff through the City's 2012 budget stabilization process. He displayed the CDBG revolving loan fund trends since 2014. The commitment to provide a loan to the Artist Lofts affordable rental housing project has been fulfilled, and the remaining funds are committed to

repay the regional loan program, which temporarily helped by providing loans to City of Manitowoc residents while the City's program was not operating.

Nic explained that this means there are currently no uncommitted funds available for new loans, and there is an outstanding balance of about \$12,000 that is owed to the regional loan program. The CDA will continue to repay the regional program for all the funded projects as additional funds become available. It is also important to note that the Artist Lofts loan is expected to be fully repaid in May of 2016 which would give the fund a balance of about \$240,000 to relaunch the program. Nic reviewed the updated action plan for reestablishing the single-family rehabilitation loan program. The plan adopted by the CDA and Common Council requires the selection of a consultant to administer the program on a contractual basis.

Nic called for public comments three times. No one present came forward to speak to this matter, so Chairman Stangel closed the public hearing.

## V. MANITOWOC HOUSING AUTHORITY BUSINESS

### A. Financial Report and Approval of Monthly Expenditures

Pauline reviewed the financial statements for January, 2016 with the Board members. She also distributed a list of expenses for January and reviewed these with the Board.

Pauline stated that she drew down Capital Funds of \$18,000 for architect fees for window replacement project. A member requested an attachment to the financial report to show the HA's purchases with the credit card.

Discussion was held in regards to some of the checks written to various vendors.

The following action was taken.

Motion by: Ms. Hennessey

Seconded by: Mr. Roth

Moved that: the CDA approve and authorize payment of the January, 2016 expenses

Upon vote: the motion was carried unanimously

### B. Board Approval on Resolution RE: Fair Market Rents

Pauline informed the Board members that the resolution was attached. One of HUD's regulations was to make sure the HA's flat rents were in line with the County's fair market rents.

Pauline requests the Board approve the resolution to raise the flat rents for the Manitowoc Housing Authority to \$429 for a one bedroom apartment and \$574 for the two bedroom apartment.

The following action was taken.

Motion by: Ms. Hennessey

Seconded by: Mr. Roth

Moved that: the Board approve Res. 2016-1 to change the flat rent amounts for the Manitowoc Housing Authority

Upon vote: the motion was carried unanimously

C. Board Approval on Tenant Hire Request

Pauline began by explaining to the members that HUD is now recommending that housing authorities follow Section 3 requirements. Section 3 requires housing authorities to employ low income residents. Pauline discussed with the HUD field office if she would hire a zero income tenant to do ten hours of work a week that would be paid out to him as an employee would she meet the Section 3 requirements. The field office agreed she would. Pauline outlined the proposal to the Board members. She had approached this tenant who was open to the position. The employee would be considered casual labor and would not receive any benefits.

Some discussion was held in regards to this new employee. Pauline stated she would have a contract for the employee to sign. The tenant would not be going into occupied apartments and he would be covered under the Housing Authority's insurance policy.

The following action was taken.

Motion by: Mr. Maloney	Seconded by: Mr. Roth
Moved that: the Board give approval to hire a zero income resident to fulfill HUD Section 3 requirements	Upon vote: the motion was carried unanimously

D. Board Approval to Change DirecTv Rates to Tenants

Pauline reported to the Board members that DirecTv recently raised the rate charged to Manitou Manor for DirecTv. The tenants are currently paying \$13 a month with 71 tenants on the program. Pauline would like to raise the rate charged to tenants to \$15 per month. This would allow a small cushion to be kept in an account for future expenses with the equipment.

Some discussion was held in regards to adding an extra channel. The Board agreed that Pauline should raise the rate to \$15 a month for the DirecTv package to tenants.

The following action was taken.

Motion by: Ms. Hennessey	Seconded by: Mr. Able
Moved that: The board members approve raising the rate of DirecTv package to \$15 a month per tenant	Upon vote: the motion was carried unanimously

E. Window Replacement Project Report

Pauline informed the Board members that there was a pre-bid opening for the project and she had a good turnout. The bid opening will be January 20<sup>th</sup>. Pauline brought up that there will be an addendum to the bid in regards to the caulking around the windows. A sample had been taken of the caulking with the original caulking testing positive for asbestos.

There was much discussion held on the topic of the asbestos. The Board members request Pauline to speak with her architect and get the full explanation as to how the asbestos issue will be handled with the bid opening.

F. Tenant for Handicapped Unit Report

Pauline informed the Board members that she had a prospective tenant for the unit.

This person had been involved in a serious accident this winter.

G. Summons Report

Pauline reported that she was given a summons in regards to an incident from January of 2015. A home care worker had fallen and injured her wrist outside on Manitou Manor property. Pauline stated that she followed the proper protocol for insurance purposes. The home care worker proceeded to move out of state. Pauline met with legal counsel from the Housing Authority's insurance company. She will advise the Board members of any further proceedings.

**VI. DOWNTOWN REDEVELOPMENT ACTIVITIES**

A. Financial Report – Revolving Loan Program, 1/08/2016

Nic reported that he had collaborated with the City attorney and a consulting attorney on creating new loan forms for the City's various loan programs. Some of that cost was initially charged to the downtown revolving loan program, as the new forms can be used for downtown, commercial loans. However, the related charge of \$1,225 shown in the monthly report will be transferred to the industrial loan program, since that was the first fund to utilize the new forms, and it provided a very significant loan amount in 2015. As a result, the downtown program will be reimbursed for that amount, and the loan balance will return to \$746,912.60. There was one inquiry related to the loan program since our last meeting. The stringent State and Federal requirements continue to be a barrier for downtown businesses.

The following action was taken.

Motion by: Ms. Hennessey  
Moved that: the CDA accept the commercial and housing monthly reports and place on file

Seconded by: Mr. Tienor  
Upon vote: the motion was carried unanimously

Design Reviews

B. 935 South Eighth St. – IQ Resource Group

Nic provided a photo of the proposed sign on the subject property. Nic provided his analysis and staff report. The building façade is already significantly altered from its historic qualities, so staff recommends approval with the condition of compliance with all related components of the Manitowoc Municipal Code including sign permit review and approval.

Discussion ensued regarding the aesthetics and design of the proposed sign. The members stated that while the façade is already altered, the proposed sign further detracts from the visual quality of the building. The members asked Nic to work with the business to explore other alternatives including adding the new business sign to the existing sign area to the north of the building entrance, or keeping the sign in the proposed location but modifying the design to look more like the existing sign. If one of these options can be utilized, then the members would be comfortable with staff approving the sign.

Motion by: Ms. Hennessey  
Moved that: the CDA gives Nic authority to work with business owner to develop a reasonable plan for sign modification

Seconded by: Mr. Tienor  
Upon vote: the motion was carried unanimously

## VI. HOUSING REHABILITATION BUSINESS

### A. Financial Report Presentation

The following housing loan fund program monthly reports were approved by the Board members with the motion under Downtown Redevelopment Activities financial report – revolving loan program: RLF - \$77,951.59; HOME - \$49,166.93; HCRI - \$42,150.54.

### B. Loan Activities

Discussion and Possible Action on Short Sale Request for Loan #37-94 and Loan #09-96, 950 MacArthur Drive

Nic brought this item to the CDA as he could not find any history of participation in another short sale. The members could not recall another short sale either, but expressed a willingness to explore the option as a better alternative to foreclosure. Nic explained the current state of the negotiations and that the goal is to pay the various lenders in an equitable fashion at least a portion of what they are owed. At this time, some requested information has not yet been provided, so no action is needed. Nic will come back to the CDA with a specific proposal if a tentative agreement can be reached.

### C. Subordination Requests

Discussion and Possible Action on Subordination Request for Project Loan #281-98

Nic provided the history on the loan for this property. A previous subordination request was granted by the CDA but was never implemented, so this would be considered a first time request. Nic provided an overview of the collateral and equity analysis and the comparison of the existing and proposed loan terms. The loan funds in excess of the existing balance are for the purpose of funding additional improvements to the home. Contractor estimates for the work have been provided as documentation, and the work is necessary to meet minimum housing standards. All elements of the request are acceptable, and staff recommends approval with the following conditions:

1. Lender/Borrower to pay all City recording and title letter fees, and to provide Title report or equivalent after all lending/ mortgage documents recorded.
2. Mortgage subordination limited to a new first mortgage of \$55,000.00.
3. United One Credit Union or assignee of mortgage to require establishment of escrows for taxes and insurance at inception of new loan.
4. This is final subordination. City to be repaid in full at time of next refinance.

Discussion ensued regarding the merits of the proposed subordination and home improvements, and the following action was taken.

Motion by: Ms. Hennessey

Moved that: the CDA approve subordination request for Project Loan #281-98 in accordance with City recommendations

Seconded by: Mr. Tienor

Upon vote: the motion was carried unanimously

### D. Other Business

Discussion and Possible Action on City of Manitowoc Community Development Block Grant (CDBG) Housing Program and Use of Funds

Nic had this item on the agenda in case of comments from the public hearing, but there were none. No action needed.

## **VII. ADJOURNMENT**

The meeting was adjourned at 5:03 P.M.

Respectfully submitted:

Nicolas Sparacio,  
Executive Director

NS/pmh