

REDEVELOPMENT COMMISSION MEETING

July 26, 2010

The regular meeting of the City of Mishawaka Redevelopment Commission was called to order at 6:30 p.m., Monday, July 26, 2010 in Room 205, City Hall, 600 East Third Street, Mishawaka, Indiana. Commissioners Eberhart, O'Dell, Mammolenti, Gebo, and Stillson were present. Commissioner Troiola was absent. Also in attendance: Lory Timmer, Community Development Director; Kari Myers, Administrative Planner; John Gourley, Legal Counsel.

Commissioner Gebo moved to approve the minutes of the June 28, 2010 meeting. Commissioner O'Dell seconded; motion carried.

Lory Timmer presented the Resolutions listed below for the Commissioners consideration:

**RESOLUTION 2010-22: APPROVING THE ACQUISITION OF THE PROPERTY
LOCATED AT 614-618 EAST BATTELL STREET**

Mrs. Timmer said this property is part of the City's NSP strategy area. It is a foreclosed-upon, vacant property that is in extremely substandard condition. The average of two appraisals, less 1% as required by NSP guidelines, is \$25,987.50. Bank of America has accepted our offer, and we're in the process of scheduling the closing. Demolition is expected to take place in September 2010. The cleared lot will be donated to Habitat for Humanity. Commissioner O'Dell moved to approve Resolution 2010-22. Commissioner Gebo seconded; motion carried.

**RESOLUTION 2010-23: APPROVING THE ACQUISITION OF THE PROPERTY
LOCATED AT 718 WEST SEVENTH STREET**

Mrs. Timmer said this property is also part of the NSP strategy area. It is a foreclosure, and was offered for sale through HUD. It is a brick four-square style home that is in fairly good condition, and is therefore suitable for rehabilitation. The average of two appraisals, less 1% as required by NSP guidelines, is \$47,025.00. The Department placed an on-line bid for the property and acquired it for \$38,000.00. HUD is also giving us a discount since we're a municipality, so the final purchase price is \$36,100.00. We will close on the property within 30 days, and then proceed with rehabilitation. The house will be used for the City's Lease-to-Own Self-Sufficiency Program. Commissioner Mammolenti moved to approve Resolution 2010-23. Commissioner O'Dell seconded; motion carried.

RESOLUTION 2010-24: ADOPTING A SECTION 3 PLAN TO COMPLY WITH 24 CFR, PART 135 OF HUD'S SECTION 3

Mrs. Timmer informed the Commission that HUD has recently increased efforts to ensure that Section 3 of the Housing and Urban Development (HUD) Act of 1968 is being properly administered by entities that receive federal funds. Section 3 is HUD's directive for giving hiring preference to low- or very-low income residents of the local community, as well as the businesses that substantially employ these persons. It basically states that when the City awards a federally-funded contract that exceeds \$100,000.00, and receipt of that contract necessitates that the contractor hire new employees, the contractor will first attempt to hire a low-moderate income person to fill the position.

Mrs. Timmer said that as a recipient of federal monies, the City needs to show HUD that we are promoting Section 3 compliance. Past practice has been to hold pre-construction meetings with contractors where we explain Section 3 requirements. We encourage the contractors to hire low-income workers if they need to fill positions, and we also suggest that they contract with subcontractors who employ low-income persons.

Because stronger enforcement of Section 3 is imminent, it's important that the City establish a plan to follow. Failure to do so could trigger a Fair Housing or Civil Rights audit by HUD. If the plan is approved as presented, I will provide a formal policy to adopt at the next meeting, and the plan will be posted on the website. In addition, we will post an application for businesses who want to be recognized as Section 3 employers.

Commissioner Gebo moved to approve Resolution 2010-24. Commissioner O'Dell seconded; motion carried.

Mrs. Timmer updated the Commissioners on the projects listed below:

TIF PROJECTS UPDATE

Main Street Improvements - Mishawaka Avenue to Battell Street

This project involves widening the east side of Main Street north of Mishawaka Avenue. It was awarded to Rieth-Riley Construction and includes reconstruction of Grove, Lawrence and Battell Streets between Main and Sarah Streets. Curbs and sidewalks are also part of this contract. The first phase involves Grove Street from Sarah to Main. The contractor has removed pavement on Grove Street for the installation of new storm sewer.

Main Street Improvements Ph. IV - Donaldson to McKinley

The new storm sewer and water main on the east side of Main Street are complete. Storm sewer work on the south side of McKinley, east of Main, has also been finished with new drives and curbs constructed for the businesses east of Main Street. Walsh and Kelly has completed the concrete pavement for the new northbound lanes on Main. They continue to work on tying in the side streets on the east side of Main. Storm sewer work north of McKinley has begun. Within the next few weeks restricted traffic should be shifted onto the new northbound lanes so crews can construct the center turn lane and new southbound lanes.

Church/Union Street - Lincolnway East to Dragoon Trail

Survey work is complete. Preliminary plans and the environmental report are in progress. Final plans will include modernizing existing traffic signals on Church/Union from Lincolnway to Dragoon, adding two new surveillance cameras, sidewalk on east side of Church/Union that are missing between Twelfth & Dragoon, as well as channelization at Twelfth and Thirteenth Streets.

Traffic Speed Studies

First Group Engineering will provide traffic speed studies for 24 areas; 17 on the north side and seven on the south side. Work is anticipated to be completed within three weeks, followed by a report to the Engineering Department.

Douglas Road Medical Park Road Phase I

Sanitary Sewer and water main installations are complete. Concrete pavement is complete. The remaining work consists of concrete curb, asphalt paving of Creekpoint Road, electric and Metronet conduit installation, concrete sidewalk, pavement markings, grading and seeding. Substantial completion is anticipated for July 31, weather permitting.

Holy Cross Parkway Lift Station Forcemain - Ph. IIE

This project was awarded to HRP Construction on June 15 for a base bid amount of \$2,270,238.00. Notice to proceed will be issued late July.

River Crossing 2

The following work has been completed in Central Park: new sidewalk, handicap access to the baseball field, new baseball field fence, sand volleyball court, paving and striping of the

parking lot, drinking fountain, sod and seed. All three river crossing barrels are installed under the river. Construction has begun on the headworks and tailworks structure. Remaining work includes the associated piping and an odor control unit. The completion date has been moved to the end of September.

Mrs. Timmer updated the Commissioners on the projects listed below:

NEIGHBORHOOD PROGRAMS

Neighborhood Stabilization Program (NSP) Grant

River Center Apartments: Marvin Windows has installed a replacement window on the west side of the building. One rehabbed window is on site and should be installed this week. The other rehabbed window should be complete and installed within two weeks. Christman Custom Painting has been scraping, painting and staining the frames for the three windows. As soon as everything is complete, an informational meeting will be held on site to assist the Commissioners in deciding which type of window to use in the project.

Mrs. Timmer said the attempts to acquire the property located at 414 Lincolnway West have been unsuccessful. The average of two appraisals was \$107,000.00, and an offer of that amount was rejected by the owner. He countered with a price of \$190,000.00, which we are unable to accommodate. The conversion of Mishawaka Furniture into senior housing apartments will move forward without this parcel.

NSP Target Area: With our acquisition consultant, we have investigated almost 90 properties. To date, we have purchased 13 of the 20 properties we proposed to acquire:

- 530 W. Sixth Street / 531 W. Fifth Street (future Habitat site)
- 548 W. Sixth Street (future Habitat site)
- 550-552 W. Sixth Street (future Habitat site)
- 407 W. Sixth Street (future First Time Homebuyer site)
- 501 W. Sixth Street (future First Time Homebuyer site)
- 519 W. Sixth Street (future First Time Homebuyer site)
- 513 S. Taylor Street (future Habitat site)
- 327 Milburn Court (future Habitat site)
- 313 W. Eighth Street (rehab - future Self-Sufficiency house)
- 311 Cleveland Street (future First Time Homebuyer site)
- 311 S. Laurel Street (future Habitat site)
- 510 S. Tenth Street (future First Time Homebuyer site)

- 717 W. Seventh Street (rehab - future Self-Sufficiency house)

Purchase agreements have been signed for an additional two properties:

- 614-618 E. Battell Street (future Habitat site)
- 718 W. Seventh Street (rehab - future Self-Sufficiency house)

Mrs. Timmer said in her proposal for the NSP funds, she stated that we would acquire a total of 20 foreclosed/abandoned/vacant properties for use in our various neighborhood programs. All contracts associated with the \$2,000,000.00 must be signed by September 21, 2010. To date, contracts have been signed in the amount of approximately \$750,000.00. As previously mentioned, 13 properties have been acquired; two more properties are being scheduled for closing; offers have been made on another two properties; and, another eight properties are in various stages of the contact/appraisal/offer stage. That's a total of 25 sites. We are allowed to exceed the proposed 20 properties if time and funds allow it.

Habitat for Humanity has started its build at 530 W. Sixth Street. The foundation has been poured and first floor decking is in place. The demolition of 548-550-552 W. Sixth Street is complete. The demolition contracts for 407, 501 and 519 W. Sixth Street and 327 Milburn Court and 513 S. Taylor Street will be awarded at the July 27 Board of Public Works meeting. Our First-Time Homebuyer Program builders will begin work on the Sixth Street lots as soon as those three sites are cleared.

CDBG SUBRECIPIENTS

Mrs. Timmer said several agencies who normally apply for funding did not apply this year despite proper notification. She did indicate this year's filing deadline was earlier than in past years. She asked the Commissioners if they wanted to extend the deadline to allow the agencies to get their applications submitted. Commissioner O'Dell moved to not extend the deadline for sub-recipients to apply for funding. Commissioner Gebo seconded; motion carried.

FIRST TIME HOMEBUYER PROGRAM

We started the year with 13 applicants on our waiting list. Unfortunately, due to a variety of circumstances such as unemployment, relocation and purchasing homes to get the tax credit, we are now down to two applicants. We plan to place an article in the Communicator to attract more applicants. If we end up with only two participants this year, we will

rollover the HOME funds into next year's program, and hopefully be able to build four homes in 2011.

Construction contracts between the City of Mishawaka's Department of Community Development and Place Builders, Jeff Moser Homes and the McCollester Group are ready for your approval. The City will provide cleared, buildable lots, and each builder will construct a home for the First Time Homebuyer Program for a not to exceed amount of \$125,000.00. Commissioner Mammolenti moved to approve the contracts with Place Builders, Jeff Moser Homes, and the McCollester Group. Commissioner Gebo seconded; motion carried.

LEASE RENEWAL: 817 CHRISTYANN STREET

Client #867 heads a household of four. His annual salary of \$26,028.00 is at approximately 28% AMI for St. Joseph County, therefore the family is considered Very Low Income. They currently rent their home from the Department for \$210.00 per month. The Department pays taxes and insurance on the property; the family pays utilities and maintains the home. The client works full-time at Martin's and part-time at Hacienda. Martin's recently trained the client to be a meat-cutter, and when an opening becomes available, he will be put in that position and his annual income will increase by approximately \$8,000.00. The client's wife will start taking classes full-time at IUSB in August. Tuition is paid with a deferred student loan; a \$5,500.00 Pell Grant will cover child care and other school-related expenses.

When the lease agreement was reviewed in 2009, the Commission recommended that the client seek better employment and start a Credit Savers account at 1st Source Bank. The client has increased his income by approximately \$6,000.00 and is waiting for the opportunity to advance further when a meat-cutter's position becomes available in a Martin's store. He established an account with 1st Source Bank and has saved \$755.00 to date.

Due to the increase in annual income, the recommendation is to increase the client's rent from \$210.00 to \$250.00 per month. The client has made steady progress in improving his family's financial situation, so it is reasonable to increase his rent accordingly. Their Housing to Income Ratio, if monthly rent was increased, would be 21.7%. Their Expense to Income Ratio, if monthly rent was increased, would be 36.5%. Commissioner Gebo moved to increase their monthly rent payment from \$210.00 per month to \$230.00 starting August

1, 2010, and approve the lease for another year. Commissioner Mammolenti seconded; motion carried.

ROLLOVER DEFERRED PAYMENT LOAN REVIEW

Client #797 heads a household of two. This is her sixth Rollover Deferred Payment review. Her annual income of \$30,798.45 places her at 65% AMI. Her Housing to Income Ratio, if she was required to repay her Redevelopment Department loan, would be 48.9%.

While her AMI is above 50%, her housing expenses exceed 30% of her gross annual income. Since the client only meets one of the two established guidelines for loan payback, the recommendation is to defer payments and review the file again in 12 months. Commissioner Gebo moved to defer payments and review the file again in 12 months. Commissioner O'Dell seconded; motion carried.

RELEASE OF MORTGAGE

The owners of 532 W. 10th were issued a 10-year forgivable loan in August 2000. All terms and conditions of that loan have been satisfied, so the Department will release the mortgage.

The owners of 218 Towle Avenue were issued a 5-year retention agreement in July 2005. All terms and conditions of that agreement have been satisfied, so the Department will release the agreement.

OTHER BUSINESS

Commissioner Eberhart asked Mr. Gourley if there was a limit in the code as to how long gas stations can leave their tanks in the ground; more specifically, the vacant gas station at the corner of Union and Dragoon. Mr. Gourley said it is an issue for the Indiana Department of Environmental Management (IDEM). Commissioner Eberhart asked if we can report them. Mr. Gourley said yes we can and said he would contact IDEM about it. Commissioner O'Dell moved for Mr. Gourley to contact IDEM regarding the vacant gas station at the corner of Union and Dragoon. Commissioner Mammolenti seconded; motion carried.

The Commissioners also discussed ways to allow bikers and walks to co-exist on the Riverwalk. Commissioner O'Dell indicated there was an ordinance requiring bicycles to have bells to warn walkers of their approach.

NEXT MEETING

The next regular meeting of the Redevelopment Commission will be August 23, 2010 at 6:30 p.m. in room 205.

The meeting was adjourned at 7:50 p.m.

(Signature on file)

Kari Myers, Administrative Planner

(Signature on file)

M. Gilbert Eberhart, President

(Signature on file)

Lory L. Timmer, Community Development Director