

## **REDEVELOPMENT COMMISSION MEETING**

**September 27, 2010**

The regular meeting of the City of Mishawaka Redevelopment Commission was called to order at 6:30 p.m., Monday, September 27, 2010, in Room 205, City Hall, 600 East Third Street, Mishawaka, Indiana. Commissioners Eberhart, O'Dell, Mammolenti, and Gebo were present. Commissioners Troiola and Stillson were absent. Also in attendance: Lory Timmer, Community Development Director; Kari Myers, Administrative Planner; John Gourley, Legal Counsel, Ken Prince City Planner; and Gary West, Engineering Director.

Commissioner O'Dell moved to approve the minutes of the August 23, 2010 meeting. Commissioner Mammolenti seconded; motion carried.

### **MISHAWAKA RIVER CENTER APARTMENTS**

The Commissioners reviewed the results of the window infiltration test and discussed same. Commissioner O'Dell moved to choose the new Marvin replacement windows for Mishawaka River Center Apartments. Commissioner Mammolenti seconded; motion carried with a vote of 2-1 (Commissioner Gebo opposed).

### **TIF PROJECTS UPDATE**

City Engineer Gary West updated the Commission on the following projects:

- Mill Street and Mill Street parking is complete and most utility poles are now underground.
- The contractor drilled and placed 3 pipes under the river with 75% of the headworks and tailworks being complete.
- A consultant has been hired and is working on a master plan for the south gateway.
- Holy Cross Parkway – Lift station is not yet active. There are six phases of the force main project; 5 are complete. The piece on Russ is still under construction.
- Work is being completed on signal modernization on McKinley including sidewalks; work funded 100% through stimulus funds.

- Lynn Street Improvements – all underground work and curbs are in. A small tree lawn has yet to be complete with a new sidewalk on the west side. The project is due to be complete by late October.
- Plans are being finalized for Douglas Road Medical Park Phase II.
- Main Street Improvements – Phase II calls for adding a center turn lane at 1<sup>st</sup> Street, but that will probably be next year. Phase III (from north end of bridge to Battell Street) is approximately 35% complete. The going is slow due to all of the utilities.

Lory Timmer presented the following Resolutions for consideration:

**RESOLUTION 2010-27: APPROVING THE ACQUISITION OF THE PROPERTY LOCATED AT 715 EAST SIXTH STREET**

Mrs. Timmer said this property is part of our NSP strategy area. It is a vacant property that is in extremely substandard condition. The average of two appraisals is \$22,250. The structure will be demolished in October 2010, and the cleared lot will be donated to Habitat for Humanity.

Commissioner Gebo moved to approve Resolution 2010-27. Commissioner Mammolenti seconded; motion carried.

**RESOLUTION 2010-28: APPROVING THE ACQUISITION OF THE PROPERTY LOCATED AT 715 EAST LAWRENCE STREET**

This property has been vacant for several years, and the Code Enforcement Department regularly receives complaints about the substandard condition of the structure. The City was originally pursuing acquisition of the property for the NSP program, but the owners didn't agree to sell to us until after the deadline for committing NSP funds had passed. We feel it is important to acquire this problem site so we will purchase it using Community Development Block Grant - Recovery funds. The average of two appraisals is \$13,750. We will close on the property in October, and then proceed with plans for demolition. The cleared lot will be used for the First Time Homebuyer Program. Commissioner O'Dell moved to approve Resolution 2010-28.

Commissioner Mammolenti seconded; motion carried.

**RESOLUTION 2010-29: APPROVING THE ACQUISITION OF THE PROPERTIES AT 416 AND 422 SOUTH WELLS STREET**

The commercial structure at 422 South Wells Street has been boarded up for several years. The owner has been using it for storage. It appraised for \$40,750. The parcel across the alley to the north had two Quonset huts that were also used for storage. It appraised for \$15,500. The owner agreed to sell both lots to the City for \$56,250. The Quonset huts have already been moved to a new location, and the commercial building will be demolished by the end of 2010. This acquisition will allow us to square up the parcels at Sixth and Wells Streets in preparation for turning the sites over to Habitat for Humanity. Commissioner Mammolenti moved to approve Resolution 2010-29. Commissioner Gebo seconded; motion carried.

**RESOLUTION 2010-30: APPROVING THE ACQUISITION OF THE PROPERTY AT 203 WEST ELEVENTH STREET**

This vacant, foreclosed property is held by HUD. We placed an online bid of \$25,000 and we were the high bidder. HUD gave us a 10% discount off the acquisition price because we are a municipality, so the final purchase price is \$22,500. The funds will come from the CDBG-R monies we received from HUD. The property will be cleared and used for the First Time Homebuyer Program or for Habitat for Humanity. Because this is a HUD acquisition, there is different documentation, and the Commission does not need to sign a buy-sell agreement. Commissioner Gebo moved to approve Resolution 2010-30. Commissioner Mammolenti seconded; motion carried.

**RESOLUTION 2010-31: DISPOSING OF THE PROPERTY AT 402 LINCOLNWAY WEST**

Mrs. Timmer said the Department is applying to the Indiana Housing and Community Development Authority for Low Income Housing Tax Credits to finance the rehabilitation of the Mishawaka Furniture building. One of the requirements of the application is that we demonstrate that the ultimate owner of the project have site control by November 1, 2010. Therefore, it is necessary for the Commission to transfer ownership of 402 Lincolnway West to the Community Development Corporation of Mishawaka (CDC), the non-profit entity established by the Mishawaka Housing Authority. The CDC will own and operate the Mishawaka River Center Apartments.

The application for tax credits also requires that we name a developer and form a Limited Partnership. The Redevelopment Commission will act as developer, and will oversee all rehabilitation activity. There is also the possibility of the Commission receiving a developer fee. A limited partnership, Mishawaka River Center Apartments, LP will be formed and will be the general partner. Commissioner Gebo moved to approve Resolution 2010-31. Commissioner Mammolenti seconded; motion carried.

**RESOLUTION 2010-34: APPROVING A LINE OF CREDIT FOR THE FIRST TIME HOMEBUYER PROGRAM**

The line of credit this year will be in the amount of \$400,000.00 to cover construction costs for three new homes. The interest rate is National Prime Floating, set according to the Wall Street Journal Prime Rate, which is currently 3.25%. There is no term or expiration date. The amount drawn from the line of credit for each home will be paid off at closing. Any interest that accrues will be paid through our HOME grant funding. As a point of reference, last year's line of credit was at 4.25%, and we paid \$2,828 in interest. Commissioner O'Dell moved to approve Resolution 2010-34. Commissioner Mammolenti seconded; motion carried.

Mrs. Timmer provided updates on the following:

**NEIGHBORHOOD PROGRAMS**

**Neighborhood Stabilization Program (NSP) Grant**

*River Center Apartments:* We are working with our consultant, Neighborhood Development Associates, to complete our Low Income Housing Tax Credit application by November 1. As part of the application process, aside from transferring title to the final owner, we also have to have appraisals, title work and environmental reviews updated. A market study of the area has been commissioned. The Planning Department is working on a plan that will be presented to the Common Council for approval. Also a map is being created that details amenities within a quarter-mile and half-mile radius.

*NSP Target Area:* The deadline for committing NSP funds has passed, and we were able to obtain 17 vacant, abandoned, foreclosed properties. Three of the properties will be rehabbed: 313 W. Eighth Street; 717 W. Seventh Street; and, 718 W. Seventh Street.

At the September 7<sup>th</sup> meeting of the Board of Public Works and Safety, rehabilitation contracts were awarded for the rehab projects. Northern Construction, Inc. of North Liberty was awarded the contract for 718 W. Seventh Street. It is \$49,394.05 for hard costs and \$19,227.00 for lead work, for a total contract amount of \$68,621.05. Mrs. Timmer asked for the Commission's approval of the award. The Commission approved and signed contracts.

The McColleston Group of Mishawaka was awarded the contract for 717 W. Seventh Street. It is \$82,551.60 for hard costs and \$59,515.00 for lead work, for a total contract amount of \$142,026.60. Mrs. Timmer asked for the Commission's approval of the award. The Commission approved and signed contracts.

Northern Construction, Inc. of North Liberty was awarded the contract for 313 W. Eighth Street. It is \$66,525.00 for hard costs and \$33,877.00 for lead work, for a total contract amount of \$100,402.00. Mrs. Timmer asked for the Commission's approval of the award. The Commission approved and signed contracts.

The remaining 14 properties acquired with the NSP funding have been or will be demolished, and the following cleared lots will be used for the City's First Time Homebuyer Program:

- 501 W. Sixth Street
- 407 W. Sixth Street
- 519 W. Sixth Street
- 311 Cleveland Street
- 510 W. Tenth Street

The following cleared lots have been or will be donated to Habitat for Humanity:

- 530 W. Sixth Street
- 327 Milburn Court
- 513 S. Taylor Street
- 548 W. Sixth Street
- 550-552 W. Sixth Street

614-618 E. Battell Street  
715 E. Sixth Street  
311 S. Laurel Street  
116 E. Seventh Street

### **FIRST TIME HOMEBUYER PROGRAM**

Mrs. Timmer indicated we started the year with 13 applicants for the program and at this point we only have one that is qualified. We have found that the banks are not as willing to make loans as they previously were. Applicants who meet our qualifications and would have easily qualified for private mortgages through 1<sup>st</sup> Source Bank and Mutual Bank in past years are now being rejected.

As such, at this point it looks as though we will only build one First Time Homebuyer house in Program Year 2010. Jeff Moser will break ground at 501 W. Sixth Street later this week.

Mrs. Timmer presented the following subordination request to the Commissioners:

### **LOAN SUBORDINATION REQUEST**

Client #1088 is a 2008 First-Time Homebuyer. She would like to refinance her primary mortgage, and will remain with Mutual Bank to do so. The present 30-year mortgage has a balance of \$88,694.33. at 6.375% interest, with monthly payments of \$592.43 (taxes and insurance are escrowed). She has 338 payments remaining.

The new 30-year mortgage will be for \$92,400 with an interest rate of 5.125%. Monthly payments will be \$503.11 (taxes and insurance will be escrowed). There is no cash out. The client will save \$89.32 per month, and approximately \$30,000 over the life of the loan.

Commissioner Gebo moved to approve the subordination request. Commissioner Mammolenti seconded; motion carried.

### **ANYTHING BROUGHT BEFORE THE COMMISSION**

**RESOLUTION 2010-35: APPROVING THE ACQUISITION OF THE PROPERTY  
LOCATED AT 802 WEST SEVENTH STREET**

Mrs. Timmer said this property is part of our NSP strategy area, but will be acquired with CDBG Spot Blight funds. The average of two appraisals came in at \$46,500. It is adjacent to a substandard property that we acquired with NSP. That structure was demolished. Both lots are too small to build upon, but if replatted they would equal one buildable lot. We are undecided at this point as to what we will do with the property. It could be suitable for rehab or further inspection may deem it better for demolition. At any rate, since it's in our target area we would like to take this opportunity to acquire it. Commissioner O'Dell moved to approve Resolution 2010-35. Commissioner Mammolenti seconded; motion carried.

**RESOLUTION 2010-32: APPROVING THE HIRING OF AN NSP GRANT  
COORDINATOR**

As mentioned at the August Commission meeting, Mayor Rea gave the Department permission to hire a staff person to assist with NSP-related activities. The position will be for the duration of 12 months only, and will begin October 1<sup>st</sup>, 2010. The salary range is \$42,000 - \$45,000 plus benefits, which is comparable to other NSP Coordinator positions in the Midwest. It will be funded with our NSP grant. The position was advertised, many applications were received, and five people were interviewed. Only one applicant had the qualifications requested, and the Human Resources Director recommended that we offer the position to Andrew West. Because Mr. West will also train the person that fills his current position, the recommendation was made that we offer him \$45,000. Commissioner Gebo moved to approve Resolution 2010-32. Commissioner Mammolenti seconded; motion carried.

**RESOLUTION 2010-33: RESOLUTION APPOINTING 2011 COMMUNITY  
DEVELOPMENT DEPARTMENT STAFF**

This is the annual resolution submitted to the Controller for appointing Community Development Department staff. Commissioner Gebo moved to approve Resolution 2010-33. Commissioner O'Dell seconded; motion carried.

**RESOLUTION 2010-36: FIXING THE 2011 SALARIES OF COMMUNITY DEVELOPMENT DEPARTMENT STAFF**

This annual resolution is submitted to the Controller fixing Community Development Department staff salaries. There will be a two and one half percent (2.5%) raise for City staff in 2011, and that is reflected in the figures on the resolution. Commissioner O'Dell moved to approve Resolution 2010-36. Commissioner Gebo seconded; motion carried.

**SUPPLEMENT TO AGREEMENT WITH PHM SCHOOL CORPORATION**

City Planner Ken Prince presented a supplement regarding the Redevelopment Commission Agreement with Penn-Harris-Madison School Corporation with regard to final payment attributable to the assessed valuation captured in tax year 2009, payable 2010, which would be \$65,878.00. Mr. Prince said the Redevelopment Commission had previously provided payment to PHM with the understanding that once the 2009 payable 2010 tax distributions were made, the Commission would follow up with a final payment to settle all of the assessed valuation issues through tax year 2009. Commissioner Gebo moved to approve the supplement to the agreement with Penn-Harris Madison School Corporation and \$65,878.00 payment. Commissioner O'Dell seconded; motion carried.

**HILLIS HANS NEIGHBORHOOD DEVELOPMENT AGREEMENT**

Mr. Prince discussed the Hillis Hans Park Neighborhood Development and Stabilization Plan. Mr. Prince said the area has experienced an increase of criminal and gang related in the past several years and much of the activity is due to many of the properties deteriorating. Significant improvements or investments have not been made to either Hillis Hans Park or Parkview Terrace Apartments in several decades. Mr. Prince indicated on-street parking problems relative to guests visiting the apartments and do not park in the appropriate lots. This causes expenditure of City resources with respect to enforcement, adjudication, collection, and write-off of related traffic infractions and fines.

Mr. Prince said the City has completed multiple plans for stabilizing and redeveloping this neighborhood including improvements to Hillis Hans park. He also said the owner of Parkview Terrace, Evergreen Real Estate Services, LLC, plans to extensively rehabilitate the apartments

conditioned on the award of federal tax credits. Evergreen currently has budgeted \$3,200,000.00 for the renovations. Upgrades to the park include installation of new playground equipment, construction of a pavilion for use by local residents, the addition of walking trails, sidewalks within the park. In addition, the City plans to improve both on-site and off-site access to the park by paving selected streets with the neighborhood and constructing and renovating existing curbs and sidewalks in the neighborhood.

In addition to the above, the City plans to construct four single family homes on property that is currently owned by Parkview Terrace. Mr. Prince said the property is essentially vacant and currently serves as overflow parking for the apartment complex, but is not necessary to meet the needs of the complex and adds to the parking problems mentioned earlier. Habitat for Humanity of St. Joseph County has been tentatively selected to build the homes.

Mr. Prince said the source of funding the Hillis Hans Park improvement project will come from the South Side TIF and has estimated to be approximately \$500,000.00. Commissioner O'Dell moved to approve the Hillis Hans Neighborhood Development Agreement. Commissioner Gebo seconded; motion carried.

### **NEXT MEETING**

The next regular meeting of the Redevelopment Commission will be October 25, 2010 at 6:30 p.m. in room 205.

The meeting was adjourned at 8:27 p.m.

Respectfully submitted:

*(Signature on file)*

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Kari Myers, Administrative Planner

*(Signature on file)*

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Lory L. Timmer, Community Development Director

Approved:

*(Signature on file)*

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M. Gilbert Eberhart, President