

MINUTES

Citizen's District Council Meeting
City of Muskegon CDBG
Muskegon, Michigan
Monday, April 7, 2008

CALL TO ORDER

The meeting was called to order by Patricia Montney at 5:37 p.m.

ROLL CALL

Roll call was taken by Liz Parker.

Present: Patricia Montney, Marcia Hovey-Wright, James A. Dalum, G. Ellouise Hieftje, Dan Rinsema-Sybenga, Addie Sanders-Randall, Virgie Jackson, Michael J. Miller, Ryan McCabe

Excused: Stephen Gawron

Staff Present: Wilmern Griffin, Liz Parker

APPROVAL OF MINUTES

Dan made a motion to approve the minutes from the last meeting (February 4, 2008). Ellouise seconded. Motion passed.

OLD BUSINESS

- **Commission Preliminary Response to Grant Reviews Discussion**

Wil advised the group the City Commission preliminary took \$10,000 each from NIC and Habitat for Humanity and gave it to the HOME program and the final recommendation should be done at the April 8 meeting. The group wanted to know why the Commission would give the HOME program more than what was originally requested. Wil stated both Commission Spataro and Carter said the HOME program got the most use for the City out of the money. Virgie wanted to know about the homes currently for sale since the economy is so bad. Wil said there is one person who is trying to get financing for 214 Myrtle. There have been a lot of inquiries on all the homes and 237 E. Walton has been shown to people. Marcia said after the City Commission meeting, when the preliminary response was done, she saw an article in the paper that an additional

\$900,000 in higher revenue than was projected was in the general fund that they didn't know what to do with. She wanted to know why it couldn't be used for some of the HOME programs or some of the City CDBG requests. Wil said the money can't be used for HOME programs and activities.

NEW BUSINESS

- **Review Action Plan**

Wil stated the Action Plan is how funds this year are allocated and justified. Dan wanted to know if the map was current. Wil said it was from the 2000 Census. He also said any comments from the group tonight and at the public hearing (City Commission Meeting) will also be added to the Action Plan. Marcia wanted to know what the 5% was on the Public Facilities – Assessment. Wil said it was just a percentage of the allocation. Pat wanted to know how many Rental Rehabs have been done this year. Wil said they were currently working on one two-unit project. He said they did four to six in 2006 – 2007. Addie wanted to know why landlords didn't get involved in this program. Wil said many are absentee landlords and others are afraid because of the liability and money out of their pocket. The program is a 50/50 match. We will match funds for repairs up to \$14,999 per unit. Pat wanted to know how far away CNS is from meeting the commitment of rehabbing 16 rental units by the year 2010. Wil said they were only four to five units away from meeting the goal. Marcia wanted to know how the goals are established. Wil said they were from the 2005 – 2010 Consolidated Annual Performance and Evaluation Report (CAPER). They met with neighborhoods, service providers, had surveys and a town hall meeting and looked at the overall conditions in the community. Marcia also wanted to know who was on the HUD Troubled List. Wil said it was Muskegon Heights and the Housing Commission. Muskegon has been off the list for the last three to four years.

- **Lease with Option to Purchase Pilot Program**

Wil wants to start the program with 435 Monroe and 867 Williams, two homes CNS owns. The program is to get people who really want to buy, but can't get a mortgage from the bank, to rent these homes for three years. This gives the lessee three years to get a mortgage and buy our home. If they get a mortgage in the first year, they get approximately a 9% discount. If they get a mortgage in the second year, they get approximately a 5% discount. There is no discount if you get a mortgage in the third year. The benefit of the plan is to get the houses occupied, great advertising, this is a tight market and a good way to get into a home. Wil is hoping the economy will rebound. This program is on the agenda for the City Commission meeting tomorrow (April 8). If this gets approved, Wil wants to start this program ASAP. The tenant will be responsible for upkeep and all utilities, while the City will be responsible for insurance on the structure only. The tenant is responsible for contents. The houses will be inspected twice each year. If the tenant is not able to get a mortgage after three years, they will be evicted. Wil wants the tenants to get together with a bank and get a plan together so they can attain a mortgage within the three years. Wil is looking for people who want to buy and not just rent out the house. Between the first month's rent and

deposit, the tenant must come up with \$1,400 - \$1,500 to move in. Dan wanted to know the benefit of this program for the tenant. Wil said they will have the extra deduction on their taxes if they own the home vs. just renting and they get the discount on the purchase price if they get a mortgage within the first two years. Mike wanted to know the barriers to getting a mortgage. Wil said it was financial issues and bills; credit score bills. Wil wants to send these people to a Home Ownership program that is put on by the bank since the bank will have an established program so issues can be resolved. Marcia wanted to know what banks were involved. Wil stated LaSalle (now Bank of America), Fifth Third and Huntington Bank. Virgie wanted to know if they needed a decent work record and Addie stated it takes time to clean up a credit report. Wil said he's already met with the banks, had met with the CDC and will meeting with the City Commission tomorrow. If the program is approved, Wil's going to meet with the banks again, set an income range and establish guidelines. He thought they were going to use a credit score of 625 – 650. Dan, Marcia and Addie said this seems like a reasonable plan. When asked why they just don't do this with a regular landlord, Wil said many times their house isn't up to code, they can sign a land contract that has many other hands in the pot and the CNS houses are new construction or rehabbed and come with a stove and refrigerator. Wil also said there is an image problem in Muskegon. Wil also said since 2000 the 30 homes sold by CNS that only one has gone into foreclosure. People have to own these homes for five years before they can sell. Dan wanted to know if the garage was done on Monroe. Wil said the garage is done and is also landscaped. Ellouise wanted to know what will prevent these people from buying these homes and then have additional family members move in. Wil said there are City codes people need to abide by, but at the same time there is nothing preventing these people from having family members stay during these trying economic times.

- **Proposed Orchard Project**

Wil said this project is possibly for the 2009 – 2010 fiscal year. CNS has already built 539 Orchard. Surrounding that house are seven houses of which three to four are vacant. Wil wants to acquire those houses, tear them down and built three new homes. The current houses there are small, blighted rentals or vacant. He wants to do this with a bond of \$40,000 a year from the HOME program for ten years. This is not yet in stone, it is just a proposal. Wil will ask people if they want to sell. The SEV on some of these houses is only \$10,000 - \$13,000. The houses can only be purchases for the appraised value since Wil is using government money. Addie stated that if building up downtown that more people would want to buy near that area. Dan said more people are coming downtown everyday and close to the parks. Since the bond would be for 10 years, Pat wanted to know how this would affect the HOME program. Wil said part of the HOME program is administration and Oneata Bailey's salary would now be coming out of the Lead Program. Also CNS wouldn't be doing any new construction because of the inventory currently on hand. Dan said a bond is cheaper but you're still paying something for money. Wil said bonds are about 3 – 4.5% or possibly they could get a bond in house. Mike mentioned investors are now putting their money into municipal bonds. Wil is hoping that with the new administration there will be improvement in the economy. Wil said the properties in questions are at the following locations: From 539

Orchard, go to the next corner going west; Orchard and Scott to Orchard and Williams. He is also adding Walton to the project. There is only one house left on Walton. If they do the same as they did for the rest of Walton then it would be a complete neighborhood. Pat wanted to know if there is a lien on the properties would it be a wall to the project. Wil said yes, any liens would be a problem as would a lot of owners within each property. These problems would stop the project. He said currently four properties are owned by the same two people: Jay Dee and Singleton.

OTHER BUSINESS

Liz handed out the CDC By-laws to anyone who didn't have a copy.

ADJOURNMENT

Patricia Montney adjourned the meeting at 6:36 p.m.