



COMMUNITY DEVELOPMENT ADVISORY BOARD
MONDAY, September 12, 2016, 4:00 P.M.
COMMISSION ROOM, CITY HALL
LEAVENWORTH, KANSAS

Chairman Mike Seufert called the meeting to order at 4:04 pm. Board members present Sister Paula Jauernig, Mike Law, Steve Kempf, Charles Davis, Kathryn Schiller, and Bobbie Snyder. Staff members present were Community Development Coordinator Mary Dwyer and Administrative Assistant Michelle Baragary. Mr. Kempf had to excuse himself from the meeting at 5:20 pm to attend another meeting.

Chairman Seufert called for the first item on the agenda and welcomed Board Member Bobbie Snyder and Administrative Assistant Michelle Baragary.

Chairman Seufert called for the next item on the agenda; approval of the minutes from April 11, 2016. Mr. Law moved to accept the minutes as presented, seconded by Ms. Schiller and approved by a vote of 7-0.

The chairman called for the next item on the agenda: to hold Public Hearing #4, 2015-16 CAPER and opened the public hearing. Finding no one wishing to speak, the chairman called for questions or comments from the board.

Ms. Dwyer stated this is a new format established by the federal government so the CAPERs are uniform from entity to entity.

Mr. Kempf stated he thought things were handled very well this year; however, he showed concern that unexpected issues could arise for which the board would not have the assets or funds to properly deal with the issue. Ms. Dwyer does not foresee that happening as the board controls the CDBG funds and how the funds are utilized. Ms. Dwyer did mention the Affirmative Fair Housing Study, the related actions steps for the study and how it will impact the board will be coming up next year; and at that point the board will discuss whether action steps should be taken with CDBG funds.

With no further questions or comments, Chairman Seufert closed the public hearing and requested a motion for approval of the final plan. Mr. Kempf moved to accept the 2015-2016 CAPER as presented, seconded by Sr. Paula Jauernig and approved by a vote of 7-0.

Ms. Dwyer requested item #5 be moved below item #7, as Debbie Evans from Frontier Community Credit Union is present to help with questions of item #6 and #7.

Chairman Seufert called for the next item on the agenda: Programmatic changes: Home Repair and Home Ownership refinance clause; Home Repair and Home Ownership how to deal with liquid assets; Home Ownership down payment calculation.

Ms. Dwyer stated that one area that came up a few times is people who have gone through the Home Repair Program or the Home Ownership Program want to refinance their home. Currently, the programs are set up by placing a lien against the property and the City of Leavenworth currently does not allow refinancing during the life of this lien. Ms. Dwyer further stated by allowing refinancing of the home, this would cause the city to be lower in the ranking of debt. A positive aspect of allowing property owners to refinance is that it would allow them to do more home repairs or to cover a catastrophic illness or event. The negative aspect is the city would be in a subordinate position in recouping funds should the property owners default or sell the property.

Ms. Evans stated that if someone refinances their first mortgage and it's paid off, then in the eyes of the county, the second mortgage moves into the first position. She continued by stating if the city allows the property owner to refinance, the city would be giving up its first position and would be pushed down to second position.

Mr. Law asked what the probability of the city being repaid if it's in the second position. Ms. Evans stated the first position is paid first then the second position is paid. She further stated it is rare that the first mortgage is ever completely paid off.

Ms. Snyder asked what interest is charged. Ms. Dwyer stated this is a grant with a pro-rated payoff so no interest is charged.

Mr. Law asked what the goal is; what do we want to achieve by allowing or not allowing a property owner to refinance the home when participating in the Home Repair or Home Ownership Program. Ms. Dwyer stated by allowing property owners to refinance, it's allows the property owner more flexibility; however, on the negative side, it allows property owners to be a little more risky with their property. Ms. Schiller stated allowing the property owners to refinance could motivate them to do further repairs on their own.

Ms. Schiller asked how many defaults or foreclosures have occurred. Ms. Dwyer stated there has only been one default in the past year and that was due to the untimely death of the participant. She further stated there are more sales of the property than defaults but with the sale of the property the grant funds would be paid back at a pro-rated rate.

Mr. Seufert stated there are some good reasons to allow refinancing, such as a lower interest rate. He further stated he would like to see some guidelines on allowing refinancing because if the refinance is just to get some equity out and not use it for a good cause, he would like to see the pro-rated portion of the grant paid back. Ms. Dwyer stated she can draw up a policy where she will evaluate if the city should subordinate or not.

Mr. Law moved to vote on a refinance clause, seconded by Mr. Kempf and approved by a vote of 7-0.

Ms. Dwyer asked if all board members feel refinance should be viewed on a case-by-case basis. All board members responded in the affirmative.

Chairman Seufert called for second part of this item, liquid assets.

Ms. Dwyer stated liquid assets are those assets that are readily available to a homeowner, e.g. bank accounts, money market, etc. She further stated she is looking for guidance from the board to determine a threshold before counting liquid assets as income.

Mr. Seufert stated he feels if an applicant has twice the amount of money he's applying for in a bank account that the applicant should use their own money before seeking grant money.

Mr. Davis moves to have a maximum of \$5,000 in liquid assets, seconded by Ms. Schiller and unanimously approved 7-0.

Ms. Dwyer requested clarification the \$5,000 applies to bank accounts, money markets, etc. and does not apply to 401K, annuities or other retirement plans. The board responded in the affirmative.

Ms. Dwyer began discussing the third part of item Programmatic Changes, which is the down payment. She stated bankers are interpreting our requirement for down payment in a variety of ways. She stated we need a standard interpretation to tell all interested parties; however, this will depend on our intent.

Interpretation A: The buyer must provide cash for 50% of the down payment. This would include the earnest money and funds at closing.

Interpretation B: 50% of the down payment from the buyer including credits for taxes, earnest money and cash.

Mr. Davis asked which interpretation is less of a roadblock for the buyer. Ms. Dwyer stated B would be less of a roadblock because it includes any credits the buyer has, e.g. taxes would be counted as funds provided by the buyer toward the down payment. Ms. Dwyer further stated that the buyer is less invested in the property with interpretation B. Mr. Seufert stated when this was originally setup; it was the board's intention was toward the equity of the property. He further asked how the tax credits come into play. Ms. Evans stated your tax credit on your final closing statements would be the proration between the buyer and the seller.

Ms. Dwyer asked if the board would like to take a roll call vote. Mr. Seufert called for a motion on the down payment calculation for interpretation B, seconded by Ms. Schiller and approved unanimously 7-0.

Chairman Seufert called the next item on the agenda: Discussion of 2017-18 Annual Action Plan: Proposal for Target Areas for Home Repair and Home Repair for Renters needing disability improvements.

Ms. Dwyer began discussions by stating the code enforcement staff suggested that we try to set a target area in the Northeast section of the City and work to improve the area block by block. Perhaps this would inspire the rentals and others to improve their properties in the area. She further stated this would only apply to homeowners, not renters. There are a few ways this could be accomplished:

- a. We could set aside part of the Home Repair funds for this area. We would only spend \$5,000 per house but it would perhaps start the process.
- b. We could funnel all the home repair program funds into a target process.
- c. We could continue to do Home Repair in our current mode.

Ms. Schiller stated she likes the idea of focusing on one area, although only a portion of the funds should be allocated to a specific target area. Mr. Seufert also agreed with part of the funds going to a target area. Ms. Dwyer stated a motion is not needed as this is just in the planning stage.

Ms. Dwyer moved to the second portion of the item, home repair for renters needing disability improvements. She stated it has been proposed we broaden our home repair program to include doing home repairs for renters needing disability improvements. The law states landlords need to make reasonable accommodations but some improvements, such as a ramp, are too costly and therefore the disabled person has a hard time renting units in the city.

Sr. Paula Jauernig asked what happens to the improvements when the disabled person moves from the property. Ms. Dwyer stated the improvements would stay with the property.

Mr. Law stated he would like a stipulation stating the property owner would agree to keep the improvement for a stated period of time. Mr. Seufert also mentioned a stipulation on the renter so the renter is not moving every couple years and requesting the same handicap accessible improvements on a different property. Ms. Dwyer suggested a stipulation for the renter to have this once every ten (10) years. She further suggested the rental property owner keep the improvements for three (3) years.

Chairman Seufert called for the next item on the agenda: By-laws update.

Ms. Dwyer updated the by-laws and is looking for approval from the board.

Sr. Paula Jauernig commented she likes how the by-laws are condensed.

Ms. Dwyer is going to renumber and clean up the by-laws and it will be presented at February's meeting.

Mr. Kempf mentioned changing the meeting day/time. Several days were mentioned but it was decided not to change the meeting day/time.

Chairman Seufert called the next item on the agenda: Program Promotion: Rack Cards.

Ms. Dwyer spoke briefly about the rack cards and where she has been distributing them.

Chairman Seufert called for the next item on the agenda: Other Matters and Correspondence and called for comments from staff.

Ms. Dwyer stated the funding for the Home Ownership Program is almost gone. She further stated she has not received applications for the Institutional Rehab Project and requested she be able to move the money over to the Home Ownership Program. The board answered in the affirmative to moving the funds to the Home Ownership Program.

Chairman Seufert called for anything other comments.

Ms. Dwyer asked board members if they prefer the agenda packet mailed or emailed. Board members unanimously agreed to electronic copies via email; however, Mr. Seufert would like a hard copy for the meeting.

Mr. Seufert mentioned that according to the by-laws, the membership shall elect a Chairperson from the appointed members at the annual meeting. Consensus was for Mr. Seufert to carry on as Chairperson.

With no further business, the regular meeting was adjourned at 5:24 pm.

MD:mb