



MINUTES

REGULAR MEETING OF THE HEMET HOUSING AUTHORITY

September 22, 2009

1:00 p.m.

www.cityofhemet.org

City of Hemet Council Chambers

450 E. Latham Avenue

Please silence all cell phones

Call to Order

Chairperson Lowe called the meeting to order at 1:32 p.m.

Roll Call

PRESENT: Board Members Foreman, McBride, Youssef, Vice Chairperson Franchville and Chairperson Lowe

ABSENT: None

Work Study Session

1. Process for forming a Community Land Trust - Housing Manager Trabing
Discussion regarding this item, with possible direction to staff

Mark Trabing, Housing Manager, gave the Board a powerpoint presentation outlining the pros and cons of a Community Land Trust. The Board has made it clear that the following land ownership issues are important: ensure maintenance of affordable housing and monitor screening of tenants and homebuyers. The Board can consider forming a new City sponsored non-profit Community Land Trust/Community Housing Development Organization (CLT/CHDO) or work with an existing regional non-profit. CLT's were incorporated into Federal Law in 1992. They are separate 501c3 organizations. There are currently 144 in the United States. The CLT functions by controlling the use of the land through ground lease contracts. This allows permanent affordability of the homes. The CLT manages the ownership side while non-profits typically manage the multi-family piece and use local capacity. The stewardship responsibilities are to monitor owner occupancy and property maintenance, prevent predatory lending/foreclosure and managing the resales. The CLT is a membership organization. The Board is composed of 33 percent public official appointees, 33 percent residents of the community and 33 percent residents of CLT properties. A good deed restriction can also accomplish enforceable monitoring and performance standards. A non-profit could be required to report to the Housing Task Force (+3 person citizen advisory panel). It would take approximately 2 weeks to draft an agreement. Forming a new non-profit would require cost and time. It would take administrative staff to run the CLT. A business plan and legal documents would need to

be prepared for new non-profit. As well as setting up the new Board of Directors. It would take approximately 6 months to set up a CLT.

The Board discussed their options.

Mr. Trabing, explained the next step is to assemble a Board of Directors.

The Board directed staff to assemble names of possible Board Members for the Housing Authority's consideration.

2. Options for Acquisition/Rehabilitation of Multi-Family Units with Neighborhood Stabilization funds - Housing Manager Trabing

Discussion regarding this item, with possible direction to staff

Steve Harding, Interim Assistant Executive Director, gave the Board a powerpoint presentation regarding alternatives for Mobley Lane. There are 16 fourplexes most of which are either in the process of or have completed the foreclosure process. At this time most of these properties are vacant. However, there are investors buying the units that the banks have put on the market. Mr. Harding presented 4 plans to the Board for consideration.

Plan A: Purchase some of the properties. Riverside Housing Development Corporation (RHDC) has 1 in escrow and are currently in negotiations for 2 additional properties. The City of Hemet would own the land and the buildings through the Community Land Trust (CLT). RHDC would renovate the units and manage the CLT owned properties. The CLT may buy more properties as they become available. Estimated cost for Plan A is \$1,574,265. Estimated time frame is 2 to 4 years.

Plan B: Purchase all over time. The City could start with 3 properties and plan a concerted, long term, effort to buy the balance of the units. The City of Hemet would own the land and buildings through the CLT and RHDC would manage the properties. All of the units will be upgraded as acquired. Over time some of the units may be demolished for open space and/or amenities. The City can charge below market rents through restrictive covenants. This plan might provide strong competition in the neighborhood, squeezing out the less committed competition. The goal would be a master plan neighborhood, with management, amenities, security, landscape maintenance and privatized streets. Estimated cost for Plan B is \$11,743,200. Estimated time frame is 7 to 10 years.

Plan C: Demolish some or all properties. Purchase all of the properties through voluntary transactions and demolish all properties. Build a new higher density project from the ground up. The project can be financed with tax credits, conventional debt, HOME, CDBG, and AHP. The master plan project would include amenities, security, management, privatized streets and gates. All units would be restrictive, with a higher proportion of very low units for tax credits. Estimated cost for Plan C is \$28,513,115. Estimated time frame is 4 to 7 years.

Plan D: If the City of Hemet does nothing, investors will buy the units from the banks. The project will end up with multiple owners. Management will most likely be substandard and there will be a possibility of a slip in tenant quality.

Staff recommends that the Housing Authority consider Plan B. This plan will allow tenancy screening in the mean time and the ability to upgrade the neighborhood over time. The Authority will work with cooperative investors. RHDC would be a resource to the Police

Department. This plan will allow a sustained effort and will reduce the burden on the Police compared to Plan D. It is recommended that the Housing Authority consider directing staff to buy all properties over time, first 3 with NSP and housing setaside funds in the name of the Housing Authority. The properties will ultimately be assigned to the CLT and managed by RHDC. Funds provided to RHDC to upgrade and possibly make neighborhood wide improvements.

The Board and staff discussed the pros and cons regarding using eminent domain to purchase the properties.

Mr. Harding, the Redevelopment merger will allow the Agency to maximize their bonding rate, until then funds are limited.

Bruce Kulpa, Exectuive Director of Riverside Housing Development Corporation (RHDC), explained the potential relationship between the CLT and RHDC. Mr. Kulpa showed the Board examples of completed and ongoing projects managed by RHDC. RHDC is currently working with the County of Riverside on Marine Drive off of Meridian. RHDC has purchased 11 of the 20 properties. The three properties that RHDC is trying to purchase on Mobley Lane are currently vacant.

Vice Mayor Franchville, the price per unit still seems high given the market, can a lower rate be negotiated.

Mr. Harding, the numbers given are estimates. RHDC is in escrow on a fourplex for \$194,000.

The Board discussed the possibility of acquisition and demolition of the properties.

The Board directed staff to purchase the available properties and look into purchasing additional properties upon availability.

The Housing Authority recessed to the City Council meeting at 2:39 p.m.

REGULAR SESSION

7:00 p.m.

**City of Hemet Council Chambers
450 E. Latham Avenue**

Call to Order

Chairperson Lowe called the meeting to order at 7:59 p.m.

Roll Call

PRESENT: Board Members Foreman, McBride, Youssef, Vice Chairperson Franchville and Chairperson Lowe

ABSENT: None

Consent Calendar

3. Approval of Minutes - September 8, 2009

Board Member Youssef moved and Board Member Foreman seconded a motion to approve the Consent Calendar as presented. Motion carried 5-0.

Communications From the Public

There were no communications from the public.

Future Agenda Items

There were no future agenda items requested.

Adjournment

Adjourned at 8:00 p.m. to Tuesday, October 13, 2009 at 10:00 a.m.