MINUTES

CITY COUNCIL HOUSING COMMITTEE

Tuesday, February 13, 2024 – 3:45 PM
City Hall Council Chambers

Members Present:	Pamela Holder, Chair, City Council Member Aaron Baker, City Council Member Victor Foster, Citizen Member Mayor Maureen Copelof, Ex-Officio
Staff Present:	Wilson Hooper, City Manager Dean Luebbe, Finance Director Alex Shepherd, Assistant to the City Manager Emily Brewer, Planner Becky McCann, Communications Coordinator
Guest Present:	City Attorney Mack McKeller; Marjorie Lillard, Martha Carlton

A. Welcome and Call to Order

Aaron Baker welcomed everyone and called the meeting to order at 3:48 PM.

B. Certification of Quorum

Quorum was certified by Assistant to the City Manager Alex Shepherd.

C. Approval of Agenda

Motion by Mr. Baker, seconded by Mr. Foster to approve the agenda as presented. The motion carried unanimously.

D. Approval of Minutes

Motion by Mr. Foster, seconded by Mr. Baker to approve the minutes of the December 12, 2023 meeting as presented. The motion carried unanimously.

E. Model Deed Restriction Introduction/Discussion

Mr. McKeller discussed possible options for deed restrictions concerning local government support for privately owned affordable housing. He stated that the City cannot take any action unless the general assembly has granted us the authority to do so. Mr. McKeller presented a homeowner program that provides assistance directly to homeowners, support through intermediary organizations, and support to renters. He emphasized that if we do provide assistance, strings are attached, and

we must include provisions to establish a control period during which the property remains for a public purpose below market value.

Mr. Hooper clarified that today's discussion is a review, and if we receive the HUD grant for the Azalea Ave project, one of the conditions for property owners who wish to tap into the utility but not annex is to agree to a deed restriction that maintains the affordability of the house. The formula Mr. McKeller is discussing is something that we are considering, and if we receive this grant, we will come back to you and ask which ones you would like to use.

Ms. Brewer informed the committee that based on the current bylaws of the housing trust fund, it has been a requirement that if you receive funding through the housing trust fund, the property must remain affordable for a period of fifteen years. She emphasized that we will need to consider the level of involvement depending on the investment.

Mr. McKeller mentioned that the restrictions in the City of Durham include an affordability period of thirty years. The owner must occupy the unit as their principal residence, and if during the period the home is no longer the principal residence, then it must be sold or transferred to a household earning no more than 80% of the Area Median Income (AMI) at a price at or below the maximum allowable sales price established by the City at the time of sale.

Ms. Holder asked whether we can select and adopt policies similar to those of the City of Durham to suit Brevard's needs.

Mr. McKeller affirmed that yes, we can do so.

Ms. Holder inquired whether these policies would apply to every housing situation or only to specific structures.

Mr. McKeller explained that theoretically, it could be done either way, but if the City chooses to mix and match, there is a risk of being accused of favoritism. He emphasized the need to follow the Fourteenth Amendment to treat everyone equally.

Ms. Brewer suggested establishing a threshold of investment as a way of providing different options, as long as it is clearly outlined in our housing trust fund bylaws.

Mr. Baker asked about the ETJ annexation and how it relates to the discussion. He questioned whether annexation would be triggered if property owners do not follow the affordability rules.

Ms. Brewer explained that annexation can be waived for health and safety reasons, as outlined in the ordinance. She noted that in this case, it applies to the neighborhood due to failing septic tanks, and it being a health and safety issue can bypass the annexation requirement.

Mr. Hooper explained that the enforcement method we would use if someone received our water and sewer without annexing and didn't follow the deed restrictions, they agreed to is cutting off their water and sewer. He clarified that legally, we are only required to provide that service to people within the city limits.

Mr. Baker raised a concern about the scenario where the State eliminates the ETJ, and an area within the ETJ still receives water and sewer services.

Mr. McKeller clarified that the properties do not have to be in the ETJ for us to enforce the restrictive covenants.

Mr. Baker expressed sensitivity to the complexity of these matters, especially for poor and working people who may struggle to navigate them. He emphasized the importance of simplicity, particularly in programs designed to help such individuals.

Mr. Hooper suggested working with intermediaries like Habitat for Humanity to handle the complexities and assist with marketing and homeowner education.

Mr. McKeller mentioned that Durham's program includes ongoing home buyer education.

Ms. Brewer informed the committee about involving Pisgah Legal Services in the grant application process to help navigate these matters.

Ms. Holder inquired about the HUD grant timeline.

Ms. Brewer explained that the City applied for $6 million from HUD through the Pro Housing grant application, with $4.8 million allocated for infrastructure investment and $1.2 million for home repair and preservation expenses. She said we should have heard back about the grant already, but she is checking the website daily.

Ms. Holder questioned the difference between this initiative and what the housing authority is already doing to avoid duplication.

Mr. McKeller explained that the housing authority serves a different demographic due to the federal funding they receive.

Ms. Holder expressed a desire to use terms other than "affordable housing" or "low-income housing" to avoid confusion and to focus on serving a market within the AMI guidelines.

Mr. McKeller suggested the term "workforce housing."

Mr. Baker expressed interest in studying examples of places in North Carolina that are leading in affordable housing initiatives.

Ms. Brewer noted that there are not many comparable examples to Brevard, as it is unique as a small city with a strong focus on affordable housing. She mentioned Carrboro and Davidson as examples, but they are not similar to Brevard in terms of scale and focus on affordable housing.

F. Habitat for Humanity Sewer Extension Report

Mr. Hooper mentioned that during the old committee, an informal request was made from Habitat for Humanity to extend City utility lines to a thirty-unit project they have planned just outside the City limits, with an agreement for annexation. He explained that a contractor quoted around $250,000 for the project, but the City could do it for $150,000. While the committee expressed support for the project, they asked to explore other funding sources. However, if alternative funding sources cannot be found, a formal request will be brought back to the committee.

Mr. Baker inquired whether the units are townhomes.

Ms. Brewer confirmed that they are indeed townhomes.

G. Allocate HTF Dollars for Phase 2 Services

Mr. Hooper requested approval for the distribution of up to $50,000 from the housing trust fund for phase two services on the Presbyterian Church property. He explained that they had reached a phase in the project where they needed to analyze whether the property was buildable. To do so, they required technical experts, surveyors, and environmental specialists to assess the buildability of the land. Mr. Hooper emphasized that this expenditure was an eligible expense and sought the committee's recommendation to approve the spending of these funds.

Mr. Baker inquired about the current balance of the housing trust fund account.

Mr. Luebbe responded that the current balance was approximately $550,000.

At 4:49 p.m., a motion was made by Mr. Baker and seconded by Mr. Foster to allow for the expenditure of $50,000 from the housing trust fund to cover the costs of phase two of the DFI project. The motion passed unanimously.

Mr. Hooper added that they would wait until Council approval and the lease agreement with the church were in place before spending the funds.

Ms. Holder asked about the next steps if the land proved to be undevelopable.

Mr. Hooper stated that in such a scenario, they would not proceed with the project. However, if they hired a developer who failed to develop within a certain timeframe, the property would revert back to the church.

H. Additional Comments

Mr. Baker mentioned he had a brief conversation with Rob Skeen from Bracken Mountain Builders, during which they discussed the importance of organizing roundtable discussions with builders and developers once or twice a year. He emphasized that, in his experience, they are all aware of the affordable housing issue.

Ms. Brewer informed the committee that DFI would conduct a roundtable as part of the project.

Mr. Baker clarified that he intended something more ongoing and not solely tied to this project.

Ms. Holder suggested exploring the idea of developing a builder and developer coalition.

Mayor Copelof reminded everyone about the upcoming Faith and Housing Forum, urging other faith organizations to participate.

I. Set Date for Next Meeting

The next meeting was scheduled for Tuesday, March 12, 2024 at 3:45 pm.

J. Adjourn

There being no further business, the meeting adjourned at 5:02 P.M.

X _____
Pamela Holder
City Council Member

Minutes Approved: April 9, 2024

X _____
Alex Shepherd
Assistant to the City Manager