MINUTES

CITY COUNCIL HOUSING COMMITTEE

Tuesday, November 14, 2023 – 3:30 PM
City Hall Council Chambers

Members Present:	Gary Daniel, City Council Member Maurice Jones, City Council Member Victor Foster, Citizen Member
Staff Present:	Wilson Hooper, City Manager Alex Shepherd, Assistant to the City Manager Emily Brewer, Planner Becky McCann, Communications Coordinator
Guest Present:	Mayor Copelof

A. Welcome and Call to Order

Gary Daniel welcomed everyone and called the meeting to order at 3:28 PM.

B. Certification of Quorum

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

C. Approval of Agenda

Mr. Hooper requested we add an item to the agenda regarding the Presbyterian Church. Motion by Mr. Jones, seconded by Mr. Daniel to approve the agenda as amended. The motion carried unanimously.

D. Approval of Minutes

Motion by Mr. Jones, seconded by Mr. Foster to approve the minutes of the October 10, 2023 meeting as presented. The motion carried unanimously.

E. Habitat Utility Extension

Ms. Brewer informed the committee that Habitat for Humanity has purchased a property on Woodland Terrace. They would like to build thirty-three townhomes on the property, and these homes will be for sale, not for rent. They aim to attract long-term buyers. The owners will start accruing equity after the sixth year of ownership, at which point they begin earning four percent per year of the difference between the market-appraised rate at purchase and the current market rate at selling, creating opportunities for wealth building. Habitat is interested in receiving City utilities and is willing to annex into the City limits for that purpose. However, they

propose that the City install the utility lines, and they are seeking City funding for that extension. Mr. Ray received a cost estimate from Summit Engineering to provide a ballpark figure. The estimate indicates that if City employees install the line, it would cost $138,500, and if a contractor is hired, it would cost $245,000. If the City were to pay for the utility line extension, it would consume a significant portion of the funds in the Housing Trust Fund. This expense would be eligible because it involves paying for an extension of public utilities to facilitate affordable housing in a predominantly low-income neighborhood. The question for the committee today is whether you want to see a full proposal for this project or discuss the next steps, taking into consideration future projects or expenses that may need funding from the Housing Trust Fund. It is likely that this project will not be completed until the next fiscal year, but it is worth considering.

Mr. Jones expressed his appreciation for evaluating the extension of utility lines. However, he is concerned about the expectation that the City would cover the expense. He suggests that if the City covers the cost initially and Habitat reimburses us over time, he would be more inclined to agree. His preference is to utilize the funds for the home repair program.

Ms. Brewer responded that they could discuss the possibility of pursuing a loan with Habitat. She also mentioned that they are still awaiting information about the Azalea Avenue sewer extension and the preservation home repair grant program.

Mr. Hooper inquired with Mr. Jones about whether his opinion on covering the cost of the utility line extension for Habitat for Humanity would change if they secure the grant for the home repair program.

Mr. Jones responded, stating that it would depend on the amount of grant money available. He emphasized the importance of being good stewards of the funds and spending them wisely.

Mr. Foster suggested that a loan might be the best option, as Habitat would eventually repay the funds once they start receiving revenue from the homes.

Mr. Daniel asked if the Habitat units are restricted to affordable housing by deed, ensuring they remain affordable.

Ms. Brewer confirmed that the deed includes restrictions on the accrual of interest and resale pricing, maintaining affordability.

Mr. Jones inquired if the contract specifies that Habitat has the first right to repurchase the home when the homeowner decides to sell.

Ms. Brewer clarified that, indeed, Habitat has the first right to purchase, but homeowners are not obligated to sell the home to Habitat.

Mr. Daniel asked if the City has the employees and capacity to install the utility lines ourselves.

Mr. Hooper responded, stating that the City has the capacity, though completing the project with City labor might not align precisely with Habitat's desired schedule, as using a contractor tends to be quicker, albeit more expensive.

Mr. Daniel said that he is curious about how much money we currently have and that he is interested in shovel-ready projects that will happen. He emphasized that we shouldn't hold out on spending money on projects that might only have the possibility of happening.

Ms. Brewer informed the committee that as of now, they have around $300,000 in the Housing Trust Fund. If the two-cent property tax rate allocated to the Housing Trust Fund is approved for the next fiscal year, it would add around $275,000, bringing the total to close to $600,000.

Mr. Jones asked how to make this fund self-sustainable so that there is cash flow, and the City is not just giving money away.

Mr. Daniel responded, saying that considering the current needs, they should go above and beyond, but it doesn't have to be a permanent approach. While discussing two Habitat projects today, he noted that Habitat is not the only organization they will be talking to. Mr. Daniel expressed that he does not object to giving Habitat a loan but would suggest letting them reimburse the city at no interest.

Mr. Jones and Mr. Foster both agreed with the idea of providing a no-interest loan for the cost of extending the utility lines.

Mr. Foster added that, at the end of the day, it is about helping as many people as possible.

Ms. Brewer said, "We can definitely consult with Habitat regarding the type of loan that will work for them. The other thing that I wanted to say is that it's a different way for the City to invest in affordable housing. By taking out the idea that it's a utility extension project, it would be equivalent to Habitat saying we need a certain amount of dollars to make our development work." Additionally, Habitat expressed a desire to annex into the City limits. Ms. Brewer mentioned that they would bring this back to the committee with updates regarding loaning the funds for the extension of the utility lines for the Habitat project.

F. James St. Property Disposition

Mr. Hooper informed the committee that in previous meetings, we seemed to come to a consensus, but we were always missing a member of the committee. Now that all the committee members are here, he said that if the committee is split on the

James St. property, then staff can perform additional research and follow up with other options.

Mr. Daniel said the questions that he raised questioned the Habitat model. However, that doesn't mean that I don't favor selecting them because the property will always remain affordable. Mr. Daniel mentioned that he still does not like the fact that it requires people to leave their homes after eight years because that doesn't build communities.

Ms. Brewer asked if the committee is going to gift the property instead of selling the property to Habitat.

Mr. Hooper said the committee agreed that they wanted to gift the property from the very beginning. However, it sounds like the committee is in favor of selecting the Habitat model, but you all would like to see the homeowner stay in the home longer than eight years. Does the committee want staff to inquire with Habitat to see if they would consider more protection for the tenant, due to economic uncertainties if they need an extension.

At 4:15 pm, a motion was made by Mr. Foster, seconded by Mr. Jones, to transmit the property to Habitat for Humanity with a message to use a financing model that gives someone the opportunity to live there permanently. The motion carried unanimously.

G. Presbyterian Church

Mr. Hooper provided an update that he and Sara Vanlear from UNC DFI met with an ad hoc committee from the Presbyterian Church.

H. Set Date for Next Meeting

The next meeting was scheduled for Tuesday, December 12, 2023 at 3:30 pm.

I. Adjourn

There being no further business, the meeting adjourned at 4:26 P.M.

X Pamela Holder

Pamela Holder
City Council Member

Minutes Approved: ~~Novem~~ December 12, 2023

X

Alex Shepherd
Assistant to the City Manager