



**CITY OF SCOTTSDALE HOUSING BOARD
SPECIAL MEETING
ONE CIVIC CENTER, 3rd FLOOR CONFERENCE ROOM
7447 E. INDIAN SCHOOL ROAD
SCOTTSDALE, ARIZONA
JULY 23, 2009**

PRESENT: Joe Campodall'Orto, Chair
Nancy Cantor, Vice-Chair
Denise Carroll, Board Member (left at 6:32 p.m.)
Daniel Gottlieb, Board Member
Kathleen Puchek, Board Member
Nick Thomas, Board Member

ABSENT: Gary Morgan, Board Member

STAFF: Raun Keagy, Citizen & Neighborhood Resources General Manager
Paul Ludwick, Human Services Commission Director

CALL TO ORDER/ROLL CALL:

Chair Campodall'Orto called the special meeting of the Scottsdale Housing Board to order at 5:36 p.m. A formal roll call confirmed the members present as stated above.

1. **DISCUSSION AND POSSIBLE CHANGES/AMENDMENTS TO THE ADOPTED BYLAWS (Action)**
2. **DISCUSSION AND POSSIBLE UPDATES TO THE COUNCIL ADOPTED STRATEGY FOR THE CREATION AND PRESERVATION OF HIGH QUALITY, SAFE AND AFFORDABLE HOUSING (Discussion Only)**
3. **APPROVE UPDATES TO THE COUNCIL ADOPTED STRATEGY FOR THE**

CREATION AND PRESERVATION OF HIGH QUALITY, SAFE AND AFFORDABLE HOUSING (Action)

4. REVIEW AND APPROVAL OF MINUTES OF JUNE 4, 2009 (Action)

BOARD MEMBER CANTOR MOVED TO APPROVE THE JUNE 4, 2009 HOUSING BOARD SPECIAL MEETING MINUTES, BOARD MEMBER GOTTLIEB SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY BY A VOTE OF SIX (6) TO ZERO (0).

5. DISCUSSION AND STATUS OF PROPOSED CSA PROJECT (SKY VISTA) ON BELLEVIEW STREET (Discussion/Possible Action)

Mr. Ludwick reported that Community Services of Arizona, Inc. (CSA) has been acquiring properties on Belleview Street for several years and originally proposed to complete the acquisition and assemblage as well as development of new attached single family homes.

He explained that they had acquired all but one of the properties necessary to complete the project and were halted a year ago when they were unable to obtain mortgage financing.

Mr. Ludwick stated that the best option for completing the CSA project is to secure low income housing tax credits and to switch to the development of multi-family housing.

Last year on the recommendation of the Human Services Commission, City Council approved a couple of applications for this project which reflected that they were going to use tax credits as a priming funding source to move the project forward.

Mr. Ludwick elaborated that in 15 years the tax credit affordability requirements would be met and they planned to convert the units to ownership.

He reported that CSA approached Human Services a couple of months ago with a request for support of a low income housing tax credit application for a project development collaboration they arranged with Brian Swanton and Gorman Company.

Mr. Ludwick opined that their application was up against 25 other applications applying for \$6.5 million worth of tax credits and suggested that they resubmit the application in the fall if denied during this approval cycle.

In response to Board Member Thomas' inquiry regarding who approves the applications, Mr. Ludwick responded that the State Housing Finance Agency publishes an allocation plan each year that explains what types of projects and proposals they are looking for that year, and the State evaluates the applications before making the final allocations.

In response to Board Member Thomas' comment that there must be a lot of lobbying going on, Mr. Ludwick explained that Human Services indicated in the letter signed by the City Manager that they considered this to be a rather unique opportunity for the

City of Scottsdale pointing out that the City had never received a 9% low income housing tax credit.

Mr. Ludwick explained that Gorman Company as the applicant, was still not the owner of the property and would either buy out or arrange a 99% partnership with CSA. He pointed out that there was a good chance that should their application be approved for the low income tax credit, Gorman Company would buy out CSA in order to become the owner of the development.

Mr. Ludwick stated that it was Human Services' intention to encourage whatever vehicle would allow CSA to develop the Belleview property as affordable housing in a design that allows the eventual conversion to home ownership.

He noted that anything that would change lien positions on the property requires an action by City Council, even though CSA does have the option to be bought out with the agreement that CSA would pay the City back as well as paying off any outstanding notes on the property.

In response to Chair Campodall'Orto's inquiry regarding the total City liens on the property and other funds slated for the project, Mr. Ludwick responded that the funding authorized by City Council has not yet been allocated and the lien figures were listed on the document emailed to the Board members. In discussion, Board Members noted that the total City liens equal \$1.2 million with another \$700,000 being allocated this year.

In response to Board Member Thomas' inquiry regarding whether CSA would be bringing another application to the Human Services Commission, Mr. Ludwick said he told CSA that it would not be wise to bring forth another application for funding without a very specific development process in place based on the information received from City Council.

In response to Board Member Puchek's inquiry regarding whether the City would get another opportunity for stimulus funding, Mr. Ludwick reported that the County is planning to apply for funding. As a bigger agency the County owns many more property units and can more easily meet the threshold qualifications for stimulus funds.

Chair Campodall'Orto asked whether Gorman Company's chances for approval would be hindered due to the lack of a signed agreement between them and CSA, Mr. Ludwick replied that they prepared a contingent agreement before applying.

A lengthy discussion ensued regarding backup options should the Belleview project stall in the future, what blight issues would arise should this occur, and how HUD might respond. Mr. Ludwick invited suggestions for an alternative project should it be necessary to reallocate the funding and stated that the City has the right to recall the note and deed of trust if CSA continues to drag out the process.

Board Member Puchek asked about of the coalition addressing low income housing for veterans, and Vice-Chair Cantor undertook to bring a copy of the February 2009 newspaper article about this for the Board's review.

Resident Displacement:

In response to Vice-Chair Cantor's inquiry regarding whether the City had a relocation program that could help the residents of Belleview Street, Mr. Ludwick responded that whenever CDBG grant funding was used the Uniform Relocation Act applies. There were some instances where occupants had to prove that they were documented residents of the United States in order to receive relocation benefits.

In response to Vice-Chair Cantor's inquiry about the Minnesota Section 8 residents, Mr. Ludwick explained that anyone who has Section 8 vouchers is provided with a portable voucher allowing them to locate another unit in the private market if their unit lease is severed.

Vice-Chair Cantor pointed out that when Orchid Tree closed many senior citizens had difficulty relocating due to their fixed income and the short notice provided.

In discussion it was noted that the only option for addressing such private transactions would be to request a court injunction. Vice-Chair Cantor stated that the state legislature could require developers to pay a specific amount to each tenant for relocation should they plan to demolish a building.

In response to Board Member Carroll's inquiry regarding whether there is an educational seminar about relocation options, Mr. Ludwick said the City presents a couple of seminars yearly on the Landlord and Tenant Act.

Housing Board's Role:

Mr. Ludwick summarized that the Section 8 Program presents information to the Board a couple of times a year and noted that Human Services Commission brings all housing related issues to the Board before presentation to City Council.

Board Member Thomas recommended that the Board be provided the funding proposals immediately after they are submitted to the Commission for review in advance of the approval process to allow for suggestions and recommendations by the Board. He pointed out that currently the Board representatives are given the proposals a few days before the public hearing.

Chair Campodall'Orto expressed his interest in the Board staying in close contact with the Human Services Commission. Board Member Thomas argued that even though the Commission states that they regularly seek recommendation from the Housing Board, to date the Board has only had the opportunity to attend Commission meetings as observers rather than participants able to make recommendations.

Vice-Chair Cantor recalled that the Board has requested work study sessions with the Planning Commission and other Boards and Commissions to discuss housing issues. The General Plan assigns the Housing Board much responsibility relating to housing issues even though it has not been invited to the table to discuss these issues.

6. **DISCUSSION OF A PROPOSED MARICOPA COUNTY HOUSING AUTHORITY GRANT PROPOSAL TO HUD FOR STIMULUS MONEY TO PURCHASE AND REDEVELOP MULTI-FAMILY PROPERTY EAST OF THE PAIUTE NEIGHBORHOOD CENTER INCLUDING BUT NOT LIMITED TO THE BUILDINGS THAT ARE CURRENTLY VACANT AND IN VARIOUS STAGES OF FORECLOSURE** (Discussion Only)

Mr. Ludwick reported that Holiday Park was originally two fourplexes located by the Paiute Neighborhood Center on Osborn Road between 64th and 68th Street. It was intended as apartments for winter visitors.

The complex transitioned into entry level multi-family housing for citizens who moved to the area to work in the hospitality industry. Although each unit had one assigned parking space, due to overcrowding there were at least three or four cars per unit.

Four years ago a developer from California tried to acquire the properties for a clearance and redevelopment project on the property. He was able to acquire a large number of properties while retaining the same unit tenants.

Many of the tenants relocated to other states two years ago due to a change in Arizona employment law, which in turn affected the developer's cash flow. He pointed out that there were dozens of lenders involved in the property and up to four units were foreclosed at one time.

Mr. Ludwick reported that the director of the Maricopa County Housing Authority recently met with the Mayor to present the County's application for the Neighborhood Stabilization Program funding in the amount of \$12 million due on July 17, 2009. He stated the City was interested in maintaining as much of the property's taxable ownership as possible.

Mr. Ludwick explained that the neighborhood is very active. Many agencies and advocating on behalf of the residents. The Housing Authority director indicated that they were willing to hold as many meetings as necessary to address the redevelopment issues. Mr. Ludwick suggested holding eight to twelve such meetings. A meeting regarding Holiday Park is being held by Connectiones, City Staff, SPI, and the Boys & Girls Club next week. Vice-Chair Cantor suggested that the Board find out more about the Holiday Park redevelopment.

In response to Board Member Puchek's inquiry, Mr. Ludwick said to two to three hundred units are planned for the site, of which 20% of the units will be senior citizen units owned and managed by the Housing Authority.

The project would have a component of mixed income owner-occupied attached housing and a rental housing component. He noted that the City requested a consideration of the boundary development as it relates to the surrounding older neighborhoods.

In response to Board Member Puchek's inquiry regarding whether the City could use CSA funding to buy into the Holiday Park project as a partner in order to show HUD that the City is active, Mr. Ludwick stated that they could only gather approximately \$2 million and this project requires six times that amount of funding.

The Housing Authority has made it clear that if the Neighborhood Stabilization Program funding application was approved they would not require any additional funding from the City.

Board Member Gottlieb suggested using the \$2 million CSA funding to fix up the surrounding properties the Housing Authority would not be taking over.

Vice-Chair Cantor expressed her concerns regarding plans for the maintenance and operation of the senior citizen units.

In response to Board Member Thomas' inquiry regarding how much tax would be generated for the City should this project move forward, Mr. Ludwick explained that it would depend upon how much of the parcel continues to be owned by the County and therefore untaxable.

In response to Vice-Chair Cantor's inquiry regarding the status of the Scottsdale New Ventura project located at Roosevelt and Granite Reef, Mr. Ludwick reported that there are ongoing air conditioning issues and noted that the Police Department and Code Enforcement were working with the state to address its property management issues.

7. **DISCUSSION AND OF THE HOUSING BOARD'S STATEMENT OF PURPOSE AND ITS RELATIONSHIP WITH THE HUMAN SERVICES COMMISSION, INCLUDING THE BOARD'S ROLE IN THE ALLOCATION OF FUNDS. SEE ATTACHED DRAFT STATEMENT SUBMITTED BY BOARD MEMBER THOMAS (Discussion/Possible Action)**

Mr. Ludwick presented the Human Services calendar of events for the next 12 months, reporting that the City is in the initial stages of the planning process for the Five-Year Consolidated Plan. He noted that the plan includes housing and community development of public services and facilities benefiting low and moderate income citizens.

Mr. Ludwick invited the Board to participate in the planning process of the Five-Year Consolidated Plan, which is scheduled to go before City Council in April 2010. The Board could assist most with needs assessment, prioritization, and resource identification.

Mr. Ludwick elaborated that the Board could participate in the survey process, assist with the identification of needs, and propose priorities for the different types of affordable needs. He pointed out that the Board could request that documents such as the Housing Element of the General Plan be incorporated into the Five-Year Consolidated Plan.

Mr. Ludwick suggested that the Board review the Human Services Commission's calendar of events in order to participate in public hearings or provide recommendations and/or resource documentation pertaining to a specific topic.

In response to Vice-Chair Cantor's inquiry regarding whether there were any constraints to all Housing Board members attending a Human Services Commission meeting, Mr. Keagy confirmed that it would not be necessary to post the event as a meeting if the Board Members only attended as part of the audience. He suggested

that the Chairman of both the Housing Board and the Human Services Commission discuss whether it would benefit the community to arrange a joint meeting of both groups to discuss the Consolidated Plan.

In response to Vice-Chair Cantor's inquiry, Mr. Ludwick stated that no one from the Commission attended the November 2008 Arizona Town Hall meeting due to budget constraints.

Vice-Chair Cantor argued that the Plan could be a useful tool to create awareness in the community about the need for affordable housing for senior citizens, single parents, and low to moderate income citizens. She voiced her interest in participating in future Human Services Commission meetings.

Mr. Ludwick suggested that the Board develop a four-page housing strategy outlining important strategic issues that should be addressed over the next year that could be used during the citizen participation process and possibly incorporated into the Consolidated Plan.

Discussion ensued regarding Scottsdale's participation in the East Valley housing discussions with Mesa, Tempe, and Chandler. Vice-Chair Cantor clarified that the discussions may have moved away from the core topic because the head of the State Housing Department is not yet in place.

Vice-Chair Cantor pointed out that preparing goals and objections for the Board's Bylaws was just the beginning and the next step would be to review the implementation of the General Plan.

Discussion ensued regarding the Board members receiving copies of the fall Human Services Commission funding applications as well as being involved in the complete funding approval process.

Mr. Keagy recalled that back in 1975 staff tried to get the entire Housing Board involved in the Human Services Commission funding approval process. This eventually became the involvement of just two members because other Board Members did not attend.

Mr. Ludwick proposed that the Human Services Commission supply the Board with copies of all of the applications related to housing activities for their review and formal recommendations to the Commission. Depending on the needs of other applications, the amount of funding available for housing activities might be adjusted if necessary.

Chair Campodall'Orto invited the Board to review and make motions on agenda items 2 and 3 discussed earlier today. Mr. Keagy presented the Board's draft Statement of Purpose and summarized the four elements resulting from the discussion and presented an alternative to page 2 that reflects that the second element was integrated into the first element.

In response to Chair Campodall'Orto's inquiry regarding when the formal approval of the Five-Year Consolidated Plan was scheduled to occur, Mr. Ludwick stated that it is scheduled for City Council action on April 20, 2010.

Vice-Chair Cantor explained that the Board's Statement of Purpose and Bylaws would only be used as a reference tool for Human Services to refer to and Board Member Puchek argued that the Statement of Purpose should be included in the Five-Year Plan when submitted to City Council.

Mr. Ludwick recommended incorporating the Statement of Purpose by reference in the Five-Year Plan.

VICE-CHAIR CANTOR MOVED TO APPROVE THE HOUSING BOARD'S STATEMENT OF PURPOSE TO THE BYLAWS. BOARD MEMBER THOMAS SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY BY A VOTE OF FIVE (5) TO ZERO (0). BOARD MEMBER CARROLL NOT PRESENT.

BOARD MEMBER PUCHEK MOVED TO SUBMIT THE STATEMENT OF PURPOSE TO HUMAN SERVICES TO BE REFERENCED IN THEIR FIVE-YEAR PLAN. VICE-CHAIR CANTOR SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY BY A VOTE OF FIVE (5) TO ZERO (0). BOARD MEMBER CARROLL NOT PRESENT.

8. STAFF AND COMMISSION UPDATES (A.R.S. § 38-431.02(K))

Mr. Keagy reported that due to the reorganization the new Planning, Neighborhood and Transportation Department would be relocating to the Design Studio after September 17, 2009.

In response to Board Member Puchek's inquiry regarding whether Board Member Morgan was on extended leave, Mr. Keagy reported that it was up to Board Member Morgan to decide whether to continue as a member of the Housing Board after he has had time to rehabilitate. He pointed out that his term expires in January 2010.

Mr. Keagy announced that Melanie would no longer be handling the quorum calls and Kristy King would be contacting the Board about future Board meetings.

9. PUBLIC COMMENT (A.R.S. § 38-431.02(K))

No members of the public wished to address the Board.

10. FUTURE AGENDA ITEMS

Chair Campodall'Orto suggested agendizing the scheduling and approval of a joint meeting with the Human Services Commission.

Mr. Keagy announced that he would be unable to attend the August 13, 2009 Board meeting and suggested moving the meeting to August 20, 2009 if the Board would like him present during the continued Consolidated Plan discussion.

It was the consensus of the Board to retain August 13, 2009 as the next monthly meeting and to continue the strategy discussion.

ADJOURNMENT:

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 7:24 p.m.

Respectfully submitted,
A/V Tronics, Inc. DBA AVTranz