

May 31, 2016

The Wayne Community Redevelopment Authority (CRA) met in regular session at City Hall on Tuesday, May 31, 2016, at 4:00 o'clock p.m. Chair Ken Chamberlain called the meeting to order with the following in attendance: Members Jon Meyer, Mark Lenihan, Corby Schweers, Nick Muir and Randy Larson; City Attorney Amy Miller; City Administrator Lowell Johnson, and City Clerk Betty McGuire. Absent: Member Cale Giese.

Notice of the convening meeting was given in advance by advertising in the Wayne Herald on May 19, 2016, and a copy of the meeting notice and agenda were simultaneously given to the Chair and all members of the Community Redevelopment Authority. All proceedings hereafter shown were taken while the Authority convened in open session.

Chair Chamberlain advised the public that a copy of the Open Meetings Act was located on the south wall of the Council Chambers and was available for public inspection. In addition, he advised the public that the Community Redevelopment Authority may go into closed session to discuss certain agenda items to protect the public interest or to prevent the needless injury to the reputation of an individual and if such individual has not requested a public hearing.

Member Meyer made a motion, which was seconded by Member Larson, to approve the minutes of the April 26, 2016, meeting. Chair Chamberlain stated the motion, and the result of roll call being all Yeas, with the exception of Member Giese who was absent, the Chair declared the motion carried.

Member Schweers made a motion, which was seconded by Member Meyer, to approve the following CRA Claims:

➤ City of Wayne: Attorney's Fees	\$800.00
Notice	29.32

Chair Chamberlain stated the motion, and the result of roll call being all Yeas, with the exception of Member Giese who was absent, the Chair declared the motion carried.

Administrator Johnson stated he had received only one proposal to remove the underground tank on the former Pacific Coast Feather property, and that was from Stanley Petroleum Maintenance, Inc., for a sum of \$4,008.00.

Member Schweers made a motion, which was seconded by Member Larson, accepting and approving the proposal of Stanley Petroleum Maintenance, Inc., for \$4,008.00, to remove the underground tank on the former Pacific Coast Feather property. Chair Chamberlain stated the motion, and the result of roll call being all Yeas, with the exception of Councilmember Giese who was absent, the Chair declared the motion carried.

Lou Bencoter was present regarding a new Redevelopment Plan for what is now known as the “Angel Village Housing Project – 2016.” This would replace or amend the former Plan, which was targeted towards low-income senior retirees.

Administrator Johnson explained that since Mr. Bencoter did not receive the CDBG funding for this project, his original plan was not feasible to pursue. Mr. Bencoter is now proposing to build 17 single-family workforce housing spec homes. All are to be built for \$145,000 and then rented or sold for \$125,000 to established working families that are in that household income gap (incomes too high for low income assistance, but not high enough to qualify for a regular mortgage). This project will still need tax increment financing, plus the \$240,000 LB840 performance based loan to be financially feasible and to allow him to sell the homes for \$125,000. The new construction in the Angel Village project is estimated to generate around \$700,000 in TIF incentives. The amended TIF agreement for the workforce housing is still a work in progress. He and staff suggest the following changes after working with the City’s TIF attorney, Mike Bacon, and with Bencoter Construction:

- Make the total TIF incentive more conservative at \$600,000;
- Allow \$580,000 of the TIF incentive to go to the Angel Village project for eligible development costs, which is the purchase of the Angel Village property by a different and larger Bencoter Development Corporation with more investors to develop the project and spread the risk of the spec housing. We have done this twice with the Kelby Herman housing projects. It is legal if the sale value is fair and equitable, and the sale is an arm’s length

transaction. This would reduce the amount of TIF available for the City's share of 4th Street, but in all of the previous 18 TIF projects, we have allowed the developers to use all of the TIF for their own project costs and have not taken any of it for City costs. In the end, all of the street and infrastructure costs paid for by the developers' TIF become the property of the City of Wayne anyway. We could pave less of 4th Street now and use future TIF funding from new projects on the two remaining lots on the north and south sides of the Cobblestone Hotel to help cover the City's costs of paving the rest of 4th Street and Rugby Road.

- Have the City purchase the \$600,000 in TIF bonds as an investment of cash reserve funds at a rate of interest of 4-5% and have them guaranteed by a bank letter of credit or assessments on the lots. We would get an interest increase over what we are currently receiving on our funds, which is .6%, plus the community gets the workforce housing, plus we still have the \$240,000 in LB840 funds available for future business development.
- This project will still need additional State, revolving loan funds, or other investor incentive funding to be able to write down the sale price of the homes to catch that workforce income level. The Finance Director and the City Administrator will continue to work on funding sources for a financial incentive package that gets the housing sale price down to \$125,000 and meets the Council's approval.

Member Schweers had concerns regarding workforce housing vs. low-to-moderate. He stated this price range does not work for low-to-moderate income people. He wanted to know what kind of salaries or wages Administrator Johnson was talking about to qualify for a \$125,000 house. Mr. Johnson responded above median income.

In addition, Member Schweers had concerns about the City purchasing the TIF bonds. Administrator Johnson stated the City can legally do this if you want to take some risk that the houses do not all get built. He noted Mr. Benscoter will not be buying the bonds.

Mr. Schweers noted for the record that he has always had concerns about TIF and housing. TIF is really there to incent the builders, whatever the project is, because it gives them a better cash flow. It doesn't fund anything unless you have a third party purchase them, which doesn't happen very often. He does have a concern with public funds being used to purchase the TIF bonds.

Chair Chamberlain stated the incentive for the City to do this is that half of the street will get paid for by public funds. We would be using the TIF to pay for at least a portion of the street costs. There is benefit, but there is risk.

When asked how the price of the homes would go from \$145,000 to \$125,000, Mr. Bencoter responded that he will be seeking grant funds from the USDA. In addition, he will be asking the homebuyers to come up with a down payment.

Member Meyer stated he wanted to see the numbers on this. He was of the opinion that it would be an extreme conflict to approve funding to bankroll a construction company, with the City taking on all of the risk.

Member Schweers again stated he had a concern of how much government is going into this formula. If the City was not buying the TIF bonds and it was privately funded, it would be totally different. He questioned if it's not feasible for private enterprise to do this, then is that where the City should be putting its money?

Mr. Bencoter said he has 40 lots of his own available to build on. He stated if this goes through, he will build 7 houses immediately

Member Schweers stated the CRA has 18 lots in Western Ridge and Mr. Bencoter has 40. Sitting in this room, there is 58 lots, throughout the spectrum of housing, to build on in Wayne, and this does not include the Vintage Hill or the Southview Addition lots.

Member Lenihan stated this price home is attractive to people, but they are hard to find in Wayne.

Member Schweers stated he would not have as much concern with this if Mr. Bencoter was the one purchasing the TIF bond. Chair Chamberlain thought this would also be a tough pill for the Council to swallow.

Because this is ultimately the Council's call if the CRA approves it, Member Larson made a motion, which was seconded by Member Lenihan, approving the Redevelopment Plan for the Angel Village Housing Project – 2016, with \$580,000 going to the Developer and \$20,000 going to the City of Wayne. Chair Chamberlain stated the motion, and the result of roll call being all Yeas, with the exception of Members Meyer and Schweers who voted Nay, and Member Giese who was absent, the Chair declared the motion carried.

Discussion took place regarding other potential properties of interest.

Member Schweers made a motion, which was seconded by Member Meyer, to adjourn the meeting. Chair Chamberlain stated the motion, and the result of roll call being all Yeas, with the exception of Member Giese who was absent, the Chair declared the motion carried, and the meeting adjourned at 5:05 p.m.