



MINUTES
Committee on Development and Planning
Tuesday, March 3, 2020 @ 3:30 p.m.
Council Conference Room, City Hall 10th Floor

CALL TO ORDER

Council Member Spitzley called the meeting to order at 3:30 p.m.

PRESENT

Council Member Spitzley, Chair-
Council Member Garza, Vice-Chair- excused
Council Member Betz, Member
Council Member Hussain, Member

OTHERS PRESENT

Sherrie Boak, Council Staff
Jim Smiertka, City Attorney
Lisa Hagen, Assistant City Attorney, Council Research Assistant
Amanda O'Boyle, Assistant City Attorney
Greg Venker, Assistant City Attorney
Doug Fleming, LHC Executive Director

PUBLIC COMMENT

No public comment at this time.

MINUTES

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE MINUTES FROM FEBRUARY 18, 2020 AS AMENDED TO CHANGE PAGE 4 2ND PARAGRAPH 16TH SENTENCE FROM "2019" TO "2018". MOTION CARRIED 3-0.

DISCUSSION/ACTION

RESOLUTION – Introduction/Set Public Hearing; Ordinance Amendment to Chapter 260- Housing Commission

Council Member Spitzley stated to the Committee that she was asked to introduce the document at this Committee and has spoken to Council President Spadafore. The documents include the proposed amendments, but at this time she was also including the complete ordinance for Chapter 260 for a complete review and update.

Council Member Hussain asked who wrote the proposed amendments to 260.05, and Mr. Venker acknowledged the Office of the City Attorney.

Mr. Fleming presented to the Committee, beginning by stating he has spoken to Committee Members Hussain and Spitzley in the past on the long term plans for the Lansing Housing Commission (LHC) and are currently in the middle of that plan. Currently HUD has a mission to request LHC voluntarily convert all housing to Residential Assistance Demonstration (RAD); taking rentals to Section 8 housing. The primary reason, under the Act that created public housing, does not let LHC to take on debt. So even if there are maintenance items such as a bad boiler, they have no funds to fix and have to use the capital appropriations. By using the RAD program, LHC can convert units into Section 8, and use the low income program to use capital to convert those units, and then under that HUD Section 8 program they can have debt. From the perspective of the residents, nothing will change. Council Member Betz asked how many residents have "fixed rental". Mr. Fleming first confirmed that "fixed rental" is a flat rate under \$0, and if they are under that program, and currently there only 8 out of the total 1,000 units, only those 8 would be impacted. In regards to the process, in order to go through the RAD process, they have to go through the low income tax program, and to do that LHC has to have a clear title. The LHC will see asset management for LaRoy Froh, S. Washington, Mt. Vernon and Hildabrant. To move into the Section 8 program, they have to sell to an entity that is fully owned and managed by LHC but because of the tax credit law, it has to be a different entity. As part of the sale, they will be selling those to themselves in order to obtain a clear title. When they did the research on the titles for those four (4) properties they found the titles are only with the LHC, however the scattered 230 homes are titled with the City of Lansing. Fifteen years ago, HUD told cities they needed to separate the housing properties, but the scattered homes were not done. To do the proposed legal transition now, they need to have a clear title on those. To do that the City needs to update their ordinance; currently in front of the Committee, then do a quit claim deed. Once the LHC owns them they will sell to themselves to begin the renovations of the 4 complexes. Regarding the scattered homes, HUD through public housing states they should own scattered housing to move people through-out the City. Mr. Fleming admitted it is hard to manage, and the city does get most complaints and code compliance violations on scattered 230 sites. As part of this LHC plan, LHC will sell those sites, with the only requirement by HUD is that the funds raised from the sale has to go back into LHC. So they will take those funds and invest into Mt. Vernon, S. Washington, Hildebrandt and LaRoy Froh. LHC will also hope to invest into other properties in the City. Mr. Fleming acknowledged his agreement in looking at the complete Chapter 260.

Council Member Betz asked what will happen to the 230 families currently living in the scattered sites. Mr. Fleming assured the Committee they will be given tenant protection vouchers to be used at other properties in the City, if accepted by those property owners/landlords. If they sell the scatter site or sites to an entity that entity will need to agree to keep the site affordable house and then the residents can stay there. Council Member Spitzley asked if the LHC has considered approaching the current residents in those sites to purchase and Mr. Fleming confirmed they have considered that and once the City process is complete, and they get through the HUD process, environmental reports, they will offer to the tenants. If they have the financing, they will be given a time frame from MSHDA on when they have to purchase the home. He added that everyone will get the right of first purchase. Council Member Spitzley recommended working with Capital Area Housing who have a program their resident have to go through on budgeting, small home repairs, and successful ownership. Mr. Fleming was also encouraged to speak to the Financial Empowerment Center for assistance to the tenants.

Council Member Hussain voiced a concern on the “entities” purchasing multiple scattered sites, because those groups tend to have continual issues. He asked Mr. Fleming how the LHC planned to combat that. Mr. Fleming informed the Committee that he has already spoken to the Mayor, and they do not want to 230 into the market as “market rent” because then that lowers the number of affordable housing. Even with the voucher, they will still have to find a landlord who will accept the voucher. The entities Mr. Fleming has spoken to already plan to keep them affordable. He added that his discussions with the Mayor have also included addressing the units in certain neighborhoods. They plan on putting together a spreadsheet on houses, locations and a market study on them. Council Member Spitzley asked what the vetting process was on the interested entities, and who will keep them affordable. Mr. Fleming stating that when vetting they will look at what their history is, do they do affordable housing regularly, where else do they have homes like these, do they operate those in the area, and are they keeping the current homes they own up to date. Under Section 18, if LHC sells to someone who will sign contact with HUD, they can sell it below the appraised value. If LHC sells to another group, they cannot sell below appraised value.

Council Member Spitzley referred to the complete Chapter 260, highlighting 260.07 (b), which states “The City shall be named on the Commission’s insurance policies as an additional insured..” and asked if the City has been. Mr. Fleming stated they were not, so she asked that the OCA remove that statement. In 260.07 (d), Council Member Spitzley pointed out “Council shall be responsible for the selection of the independent certified public accountant.”, and Mr. Fleming stated the City is not, and the OCA was asked to remove that statement as well.

Council Member Spitzley noted the discussion will continue on the ordinance amendments at the March 17th meeting, and Mr. Venker stated the OCA would have the draft ordinance prepared by then with all the updates. Mr. Fleming was informed that the Committee would introduce and set the hearing at the March 23rd Council meeting. Council Member Hussain stated that he would speak to Council Member Spadafore about having Mr. Fleming at the March 23rd Committee of the Whole meeting to provide an overview and answer questions on the recently submitted 2019 Annual Report. Council Member Spitzley invited him to the Council April 13th meeting when the public hearing will be held on the ordinance amendments to speak on those and the RAD program.

It was confirmed on the agenda for the March 17, 2020 meeting, the OCA will present on any and all amendments to Chapter 260; draft 2.

Adjourn

Adjourned at 3:57 p.m.

Submitted by, Sherrie Boak,

Recording Secretary,

Lansing City Council

Approved by the Committee June 16, 2020