

CITY OF MERRILL
COMMUNITY DEVELOPMENT COMMITTEE
Tuesday, April 28, 2015 at 8:00 A.M.
City Hall Basement Conference Room
1004 E. First Street

Voting members: Ronald Peterson, Chairman, Alderman Ryan Schwartzman, Pete Koblitz, Nancy Kwiesielewicz, Adam Rekau, Daniel Schneider and Betsy Wiesneski.

AGENDA

1. Call to order
2. Public Comment
3. November 5, 2014 meeting minutes
4. Informed the committee of changes made by Department of Administration for Community Development Block Grant Program.
5. Consider homeowner loan application requested for File#9759 and verify consideration of applicable of conflict of interest requirements.
6. Consider homeowner loan application requested for File#9760 and verify consideration of applicable of conflict of interest requirements.
7. Community Development Growth in 2014.
8. Update on CWED administration and rulings from DOA
9. Facade loan discussion.
10. Adjourn

Ronald Peterson, Chairman

The Merrill City Hall is accessible to the physically disadvantaged. If special accommodations are needed, please contact Merrill City Hall at (715) 536-4880.

COMMUNITY DEVELOPMENT COMMITTEE MINUTES
Wednesday, November 5, 2014, City Hall, Merrill, WI

Present: Ron Peterson, Ryan Schwartzman, Pete Koblitz, Daniel Schneider and Betsy Wiesneski.

Present: Ken Maule, Lincoln County Economic Development Director and Shari Wicke, Community Development Program Administrator

No Public comment.

The meeting was called to order at 8:00 a.m. Mr. Schwartzman made a motion to approve the minutes of the previous meeting; seconded by Mr. Schneider. The motion carried.

Shari Wicke presented the following upgrade homeowner loan application:
File#9757 – (A female head of household with two children with an income of \$40,019.)
– The limit is \$45,300. The tax statement shows a Fair Market Value (FMV) of 50,700.
The original Community Development Block Grant loan was for \$17,000. An appraisal has been completed recently with a value of \$62,000. Homeowner owes approximately \$56,500 against the property. Requesting an upgrade loan to \$3,500.

Mr. Schwartzman made a motion to approve the above upgrade homeowner loan with paying back this loan with monthly payments starting December 1, 2014; seconded by Mr. Schneider, motion carried.

Ken Maule discussed our economic development interest rate. Committee had discussions of changing this rate and still being affordable for business's to expand and grow in our community. No action at this time.

There being no further business to discuss, Mr. Schwartzman made a motion to adjourn; seconded by Mr. Koblitz. The motion carried. Adjournment was at 8:15a.m.

Respectfully submitted,
Shari Wicke



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

**SCOTT WALKER
GOVERNOR
MIKE HUEBSCH
SECRETARY**

Division of Housing
101 E. Wilson Street, Floor 5
P.O. Box 7970
Madison, WI 53707-7970

POLICY: CDBG HSG 05-2014

TITLE: EMERGENCY SITUATIONS

EFFECTIVE DATE: OCTOBER 1, 2014

OVERVIEW:

Description: This policy replaces the Emergency Situations for CDBG Housing

Purpose:

The purpose of this bulletin is to update the policies and procedures of the CDBG Loan Program as it relates to Emergency Situations. The general requirements of Emergency projects are outlined in Chapter IV of the *2012 CDBG Housing Implementation Handbook*.

Policy:

Current Policy – The emergency situations may be treated ahead of any other applications, however, the homeowner must agree in writing to participate in the housing rehabilitation program, and correct all existing hazards, as determined by the Housing Quality Standards (HQS) Inspector.

Under the new policy, when there is an emergency situation:

1. Homeowners will not be required to have an HQS inspection performed on their property. The homeowner now will have the option of reapplying to the CDBG Rehabilitation program at a later date to remedy any additional concerns.
2. Homeowner will not be required to have equity in their property. In addition, property liens, judgments and unpaid taxes do not preclude a homeowner from receiving assistance as it relates to emergency situations.

This ensures that the imminent threat to health and safety is addressed in a timely and efficient manner.

Emergency situations must be clearly documented to show the imminent threat to health and safety.

The maximum limit on emergency project cost has been raised to \$15,000.00; however, Housing Committees may allow exceptions.

All other CDBG program requirements apply to emergencies situations and must be followed.

Questions concerning this bulletin should be directed to CDBG Housing at 608.261.6535 or email: DOAAffordableHousing@wisconsin.gov

For more information, please visit the DOH website at: <http://www.doa.state.wi.us/Divisions/Housing>

paint requirements if: the unit was built after 1978, or the work necessary to bring the housing unit to decent, safe and sanitary condition DOES NOT break a painted surface. Owner occupants will be encouraged to have their children 6 years of age and under EBL tested prior to proceeding with a loan. To define abatement generally as any measure of set of measures designed to permanently eliminate lead-based paint hazards, including occupant protection and safe work practices. Whenever activities intended to permanently eliminate Lead hazards are being conducted, EPA and HUD consider such activities to be abatement. HUD regulations require abatement during modernization of conventional pre-1978 family public housing developments (regardless of funding level), conversions, and for housing rehabilitation programs funded through the HUD office of Community Planning and Development when Federal rehabilitation assistance exceeds \$25,000 per unit. Other rehabilitation (roofs, plumbing, foundation, electrical, etc.) will be selected in the order of need after lead reduction to create decent, safe, and sanitary conditions for the occupants.

In the event “emergency” money is needed to correct housing conditions which represent an imminent threat to health and safety. Homeowner will not be required to have equity in their property. In addition, property liens, judgments and unpaid taxes do not preclude a homeowner from receiving assistance as it relates to emergency situations. If the Administrator has questions the Administrator shall attempt to confer with the Community Development Committee Chairman or at least one Committee member. Should the Chairman or the Committee member object to the loan, it must be postponed until the next regularly scheduled meeting! Homeowners will not be required to have an HQS inspection performed on their property. The homeowner will have the option of reapplying to the CDBG Rehabilitation program at a later date to remedy any additional concerns.

The dwelling unit must be in need of rehabilitation work as determined by the Community Development program Administrator. All work must be deemed financially feasible, as determined by the property’s fair market value or an appraisal completed within 18 months of evaluation, upon completion of the rehab work.

B. RENTAL UNIT REHABILITATION LOANS

1. Owners of LMI tenant-occupied property are eligible to receive an installment loan for 100% of the rehab cost at 1.5% interest. The loan period shall be up to ten years, depending on the ability of the owner to pay. Monthly payments shall be made to City of Merrill. Loans given for handicapped accessibility improvements may be given at 0% interest by special action of the committee.
2. Repaid funds will be deposited into the revolving loan fund and used to finance other housing rehabilitation projects, rent or utility assistance (HCRI RLF Funds) consistent with the most recent Housing Procedures Manual.
3. Section IV.D. of this manual will be the basis for determining the priority of applications.
4. Deferred payment loans will average not more than \$24,000 per unit. Should loans greater than \$24,000 be requested, the Committee will consider the appropriateness of the improvements in relation to making the housing unit decent, safe, and sanitary; as well as the borrower’s ability to provide conventional financing for



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POLICY: CDBG HSG 04-2014

TITLE: JUDGMENTS, LIENS AND PROPERTY TAXES

EFFECTIVE DATE: OCTOBER 1, 2014

OVERVIEW:

Description: This policy refers to outstanding judgments, liens and/or past due taxes on a property.

Purpose:

The purpose of this bulletin is to update and clarify the policies of eligibility for CDBG rehabilitation projects relating to judgments, liens and property taxes. The general requirements of eligibility are outlined in Chapter IV of the *2012 CDBG Housing Implementation Handbook*.

Policy:

Effective October 1, 2014, a project may be eligible for rehabilitation if all mortgages, judgments and liens in addition to the rehab cost do not exceed 120% of the after-rehabilitation Fair Market Value of the property. (See Bulletin CDBG HSG 02-2014 for more details.) However, property taxes **must be paid up to date** before any rehabilitation work can begin.

It is the responsibility of the Program Administrator to obtain and review the title report/letter providing evidence of the mortgages, liens and judgments to determine if there is sufficient equity in the property to insure payment of the CDBG loan. A project **should not** be considered for rehabilitation if it is underwater or has negative equity **prior to the rehabilitation**.

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part of the rehabilitation loan. The amount for the flood proofing and the rehabilitation shall not exceed \$24,000.

II. TYPES OF PROGRAMS AVAILABLE

A. OWNER-OCCUPANT REHABILITATION LOANS

Owner loans will be interest free, deferred payment loans for 100% of the cost of necessary repairs for all work including water and sewer lateral replacement, handicap accessibility improvements and lead based paint reduction. All loans will be secured with a recorded mortgage in the amount of the loan against the property. The after rehabilitation property value will be used to determine the maximum loan amount available for repairs with the block grant loan, along with any outstanding mortgage amounts, **not to exceed 120% of the after rehab Fair Market Value of the property.** All Federal tax liens and/or delinquent real estate taxes must be satisfied prior to the loan. Other liens and judgments will be reviewed to determine their effect on the security of the loan. Clear owner title to the property must exist in the Lincoln County Register of Deeds office for a loan to proceed. A Mortgage Note will be signed by the property owner at the loan closing. The Note will require adequate property insurance to cover, at a minimum, all mortgages and liens, specify that loan repayment will be due when the property changes hands or when it is no longer the owner's primary residence (one spousal transfer allowed at continued terms), and will require flood insurance if in the 100 year FEMA flood plain. The Community Development Committee will use discretion in demanding loan repayment in case of hardship of other compelling circumstances. Life estates against Mortgages will be permitted based upon repayment in full when the loan recipient ceases to reside in the property on a full time basis. Subordination will be allowed per Section VII if all mortgages do not exceed 87% of the appraised or FMV(fair market value) of the property. Repaid fund will be deposited into the CDBG revolving loan fund and used to finance other housing rehabilitation projects consistent with the most recent Housing Procedures Manual.

Section IV.D. of this Manual will be the basis for determining the priority of applications.

Loans shall not exceed \$24,000. per housing unit, except by special action of the Community Development Committee. Project costs exceeding this amount shall be paid by the owner. In an effort to maximize the available CDBG funds, the City will utilize other funding sources (e.g., CAP agency, WPS) for part of the rehab work wherever practicable an average of \$22,000 per housing unit is the targeted figure for owner occupied rehabilitation.

Prior to the loan closing, each property being rehabilitated with loan proceeds shall be insured by the owner against loss by fire and other perils in accordance with lending institution standards. Properties in the 100-year FEMA flood plain will require Flood insurance. Said insurance shall name the City of Merrill as a Mortgagee and shall be kept in force throughout the life of the mortgage. The City reserves the right to purchase insurance in case of a lapse and add the amount to the amount owed.

Any housing unit rehabilitated in whole or part with CDBG-RLF funds must comply with the lead-based paint requirements in Title X of the Housing and Community Development Act of 1992, as amended, and 24 CFR 35. The housing unit is exempt from lead-based

BOARD SUMMARY SHEET

Meeting Date: 4-28-15

Application #: 9759

ASSESSED VALUE:

Land \$ 17,000 Improvements \$ 84,900 Total: 101,900.

ESTIMATED TOTAL FAIR MARKET VALUE: \$ 89,000.

OBLIGATIONS:

Mortgage Amount \$ NONE (clear title)
Liens and Judgments (total) \$ _____
Back Taxes \$ _____
TOTAL OBLIGATIONS \$ Ø

OWNERS EQUITY:

Owners equity (value less obligations) \$ 89,000.

ESTIMATED LOAN AMOUNT: \$ 27,000.

* Roof, Boiler

FAMILY DATA:

Income Limit: \$ 40,250. Actual Income: \$ 23,504.

STATE HISTORICAL SOCIETY REVIEW REQUIRED? YES NO

PROJECT IN A FLOOD PLAIN AREA? YES NO

BOARD SUMMARY SHEET

Meeting Date: 4-28-15

Application #: 9760

ASSESSED VALUE:

Lands 10,600. Improvements \$ 59,300. Total: 69,900.

ESTIMATED TOTAL FAIR MARKET VALUE: \$ 61,000.

OBLIGATIONS:

Mortgage Amount \$ 68,500.

Liens and Judgments (total) \$ _____

Back Taxes \$ _____

TOTAL OBLIGATIONS \$ 67,200.

OWNERS EQUITY:

Owners equity (value less obligations) \$ Ø Emergency Loan

ESTIMATED LOAN AMOUNT: \$ 5,500.⁰⁰

FAMILY DATA:

Income Limit: \$ 35,200. Actual Income: \$ 27,996.

STATE HISTORICAL SOCIETY REVIEW REQUIRED? YES NO

PROJECT IN A FLOOD PLAIN AREA? YES NO

* Leaking Roof!

COMMUNITY DEVELOPMENT GROWTH IN 2014



Prepared by
Shari P. Wicke, Community Development Program Administrator
January, 2015

Community Development Department:

The purpose of the Community Development Block Grant (CDBG) is to rehabilitate and improve residential property occupied by low and moderate income (LMI) residents in the City of Merrill. CDBG loans are specifically used to improve the home with siding, roof, windows, insulation, doors, drywall repairs, furnace, water heater, and plumbing. This program is a win/win situation for the homeowner and the City. The homeowner gets a 0% deferred loan to make improvements to their home and the City benefits by cleaning up the neighborhoods and a possible increase in tax base. Homeowner applicants must have adequate equity in their property to secure the City's CDBG loan.

2014 Community Development (CDBG) Loans to City Residents:

- 34 Homeowner applicants were contacted by the Community Development Program Administrator in 2014
- 29 were denied for various reasons; no security, homeowner denied loan, delinquent on property taxes, foreclosure or bankruptcy procedures have been filed.
- 5 Homeowners in the City were granted a loan for rehabilitation in 2014. Homeowner loans totaling \$62,748.00
- Since 1985 the CDBG Program has assisted 599 homeowners in the City of Merrill. We currently have funded \$5,536,921.45 in CDBG Housing mortgages for the community.
- The CDBG Program has assisted 32 Landlords that rent to low to moderate income tenants in the City of Merrill. We currently have funded \$690,627.01 in CDBG Rental mortgages for the community.
- In 2014 Reimbursed \$1,300.00 to the city for my wages from the Inspection fee charge.
- In 2014 reimbursed \$7,133.70 to the city for Shari Wicke's wages from the Community Development Block Grant Administration funds.

2014 Community Development (HCRI RLF FUNDS) loans to City residents:

The purpose of this program is to provide assistance to low to moderate homeowners or tenants with past due rent or past due utility assistance (WPS or Water Utility). This is a monthly re-payment loan at 0% interest to the client so we then can re-loan to other applicants that need assistance in the future.

- 1 tenant applicants contacted the Community Development Program Administrator in 2014 to assist with assistance. As we receive repayment funds, they are loaned out almost immediately.
- The CDBG Program has assisted **64 Homeowners and tenants that are low to moderate income in the City of Merrill**. We currently have funded \$21,380.85 in HCRI RLF funds in the community.

**RLF Economic Development Funds –
CWED Central WI Economic Development Funds**

The purpose of this program is to provide a low interest loan to existing or new businesses in the City that create or retain jobs paying competitive wages appropriate to the skills and experience of the local labor force.

**2012 Economic Development RLF Loan money was transferred to
Central Wisconsin Economic Development (CWED) August 31, 2012**

- 0 CWED loan applications were presented by Lincoln County Economic Development Administrator in 2014
- Since 1985 this loan program funds have helped 68 Businesses in the City of Merrill totaling \$4,376,959.00

2014 Economic Development RLF (SBA) Loan Funds

The purpose of this program is to provide a low interest loan to existing or new businesses in the City to create or retain jobs paying competitive wages appropriate to the skills and experience of the local labor force.

- 0 Economic Development loan applications were approved in 2014
- **Since 2004 this loan program has helped 3 Businesses in the City of Merrill totaling \$536,750.00**
- On 2014 reimbursed \$0.00 to the city for wages from the SBA Economic Development loan funds due to no funds were disbursed in 2014.

Zoning/Building Department:

The purpose of this service is to assure proper regulation of location, construction, reconstruction, alteration and use of buildings, structures and land for residence, business, and manufacturing and other specified uses.

2014 Permits Issued:

- 19 Commercial Permits
- 171 Residential Permits
- Total: 190 Permits were issued in 2014

\$4,124,597.62 estimated total "Value" of project costs in 2014

Sidewalk Project For 2014:

Sidewalk Inspections are being done from this department. All inspections, data entry, proper notifications and tracking of sidewalk projects to be completed. The Common Council voted to not have a sidewalk project in 2014

Exterior Maintenance Program:

The purpose of program is to investigate the private and business properties that appear to not be safe, sanitary, or need maintenance to their buildings, yards, or vacant areas and enforce proper city ordinance. Attractive and well-maintained properties will enhance the City's neighborhoods and provide a suitable environment for increasing physical and monetary values.

2014 Performance for Exterior Maintenance Program & Nuisance Complaints:

- 334 Property Owners were contacted in 2014
 - 27 Business Owners were contacted in 2014
 - 361 Total Properties needing care:
-
- 276 Property Owners completed the orders
 - 11Property Owner files currently with the City Attorney's office
 - 74 Property Owners orders were extended to 2014 for completion