

Proceedings of a special meeting of the City Commission of the City of Palatka held on the 13th day of May, 1999.

PRESENT:	Mayor	Tim Smith
	Commissioner	Mary Lawson Brown
	Commissioner	George Sanders
	Commissioner	Ish Edwards
ABSENT:	Commissioner	Hernan Azula

Also present: City Manager Allen R. Bush, City Attorney Edward E. Hedstrom, City Clerk Betsy Jordan Driggers, City Finance Director Ruby Williams, Police Chief Bill Dolinski, Planning Director Adam Mengel, PHA Director Susan Roe, PHA Board members Hoyt Muir, Lucille Isom, and Gilbert Evans.

Mayor Smith opened the meeting and read the following call:

TO MESSRS.: MARY LAWSON BROWN, GEORGE E. SANDERS, HERNAN AZULA AND ISH EDWARDS

You are hereby notified that a special meeting of the City Commission is called to be held at the regular meeting place of the City Commission at City Hall, 201 N. 2nd Street in the City of Palatka at 7:00 p.m., Thursday, May 13, 1999.

The purpose of the meeting is to discuss a grant application for the PHA Highrise.

/s/Tim Smith
MAYOR

We acknowledge receipt of a copy of the foregoing notice of a special meeting this 10th day of May, 1999.

/s/Mary Lawson Brown
COMMISSIONER

/s/George Sanders
COMMISSIONER

/s/Hernan Azula
COMMISSIONER

/s/Ish Edwards
COMMISSIONER

Mayor Smith introduced Ms. Roe, Mrs. Isom, Mr. Muir and Dr. Evans with the Palatka Housing Authority.

Mr. Bush said the Commission had selected Florida Real Estate Consultants to market the 100 block/highrise property. Originally they were going to sell the properties with the existing buildings, using a CDGB grant to help pay for the relocation of the highrise tenants. Since that time, the City has found there are not enough 0- and 1-BR units available to absorb a significant number of displaced tenants. The cost of the replacement housing and demolition of the highrise is much higher than

anticipated. The marketing consultant advises the City should demolish the building, as it is a liability to a developer, rather than an asset. In order to move forward with this project, the relocation of tenants and demolition of the building should be done by the City prior to the offering of the property, as a vacant lot would be more attractive to a developer. Also, the PHA would be faced with a reduction in staff. The City and PHA began pursuing a Hope VI Grant and requested the assistance of Fred Fox to help formulate a successful application. Another group is coming in Monday to offer the City a different alternative, but the Hope VI Grant will still be a part of the plan.

The action needed by the PHA Board and City Commission is to approve going forward with the application for the grant, and to approve Fred Fox's proposal for services and his \$10,000 fee for the preparation of the application, which can come from tax increment monies.

Mayor Smith said they first have to consider the current highrise tenants; they need to know this is not an attempt to put them out on the streets without adequate housing. The tenants' biggest concern is with where they are going to live. The Commission's first priority is with relocation of the tenants. Mr. Bush said the objective is to put all 100 tenants in a replacement unit built specifically for them. Commissioner Brown said they need to make it clear they are going into a place nicer than what they are in now. They are bound by federal and state government to put them into a place they will like and be comfortable in. They should also look for a site near hospitals, doctor offices and shopping. Mr. Bush said there are significant problems with the highrise, and HUD has been trying to unload that type of building, as they have more fire dangers and crime.

Fred Fox, Fred Fox Enterprises, Inc., said the initial application is due May 27. He has met with Mr. Bush and Ms. Roe several times. The emphasis is on the tenant and where they are going to go, which should be a better situation for them. It is not feasible to get the application in on the 27th; this is an annual application, so they are looking at next year. If they just do Hope IV with no other funding, this would be a \$7.5 - \$8 million project, which includes construction of new units, demolition of old units, relocation costs, counseling and upgrading of tenants' living conditions, not only in the units, but also with transportation, etc. There are a lot of points to the application. They need to bring experienced developers on board that have done this type of thing before. Several developers have already contacted them about the project. This developer is entirely different than whoever the City would hire to develop the 100 block/highrise sites. Mr. Fox said it is important to bring a developer on board early, because the Home applications are due by the end of the year in Tallahassee.

You can use this money to buy land and build new units, relocate furniture, vehicles and people, site disposal, administrative fees, etc. There is a 5% requirement for the program. There is a leveraging point evaluation above that; this is a fairly complicated type of application. 20% of the applications that are submitted get funded; it is very competitive. It is a national competition. These are HUD funds that come out of Washington. He passed out a copy of the point factors from the Hope IV application. The application schedule is extensive. The City would need to hire an agency to prepare the application and 'ramrod' the entire process through, according to the time line. The City should advertise for a developer and get one on board as soon as possible. Choosing the right firm will be a 2 or 3 month process. They would then work with a developer to develop a site location, or multiple site locations, and a projected plan. They need to do this by early fall so the developer has time to put together their Home & Sail applications; these applications are done through the Florida Housing Finance Agency. The Home application is for funding to help with the construction of the new units. The Sail is for tax credit so the developer can attract investors so he will have funding to build his units. They need to hold a minimum of 3 required public hearings to allow public input and give status reports; a fourth meeting is required with just the residents to talk about how & when the relocation is going to take place if everything is successful. You then submit the Hope IV application sometime around late May, give or take a month.

Mayor Smith asked if a portion of this work still needs to be funded by Hope IV regardless of how their discussions go with these developers that are coming in on Monday; Mr. Fox said it does. All of these programs are in Hope IV; they just went through this with Campbell's application for his Ship project. His job is to coordinate the application with the developer. He has proposed a fee of \$10,000, plus any direct costs like out-of-state trips (a minimum of 3, possibly 4). Once a developer is on board and they have developed a concept, he would like to go to Washington, meet with the people who score these applications, present it to them, and make adjustments based upon their input. A 2nd meeting is an application workshop, which may be in Washington. Once the application development is well underway and virtually finished, another meeting with the people who score the application is needed to get their input once again. If you are successful and get to a point that you are going to contract, you probably end up going to Washington to discuss the features of the contract.

Hoyt Muir, PHA Board, asked who pays Mr. Fox's fee; Mr. Bush answered the City will pay it, probably from tax increment funds. The application is critical; the City's staff is small and they really need a professional consultant dedicated to this task. Mr. Fox said this application will range from around 150 - 175 pages with between 75 - 100 of that being narrative. Mr. Muir asked how much money is available through this grant; Mr. Fox answered the maximum you can apply is around \$35 million; Palatka's will be one of the smaller ones. Most range between \$5 - \$35/\$40 million. With just Hope IV money, they are looking at around \$7.5 million. Of that you will have around a 5% match; if they bring a developer in, they will come up with inventive ways to reduce that.

Commissioner Brown said she passed out copies of some Affordable Housing literature on the Sail program. It deals with tax increment money loans for apartments. Mr. Fox said you can't use tax increment money for apartments built outside the CRA. If they do go with any units within the CRA, the tenants will end up with the same problems they have now with availability of shopping and medical facilities nearby. Mr. Bush said there will be private money invested in this and that may cover it. Mr. Fox said no matter who they deal with, these programs look for local government commitment as part of the package. They want evidence the City is behind the project. Mr. Bush asked about using the value of the property. Mr. Fox said they could show the value as program income going back into the project, based upon an appraisal.

Mrs. Isom expressed concern with the reaction of the highrise residents to these plans. Commissioner Brown said they should start now educating the people who live in the Highrise so they will have an easier transition. Certain people have gone in there in the past and told them the City was going to throw them out into the streets. They need to understand they will be going into better facilities than they have now. Mr. Bush said after their last meeting, he felt the majority of the residents understood what would be happening. They will need several more meetings. Mayor Smith said Mrs. Isom's point is it will take some work; anytime you talk about moving people out of their residences, there is some apprehension and uncertainty. Ms. Roe said the best thing they can do is keep the residents abreast of everything that is happening. Dr. Evans said the PHA should do all it can to assure the residents they will be taken care of. Commissioner Sanders said they should all get the same message so they don't get confused. Commissioner Brown said she has some Affordable Housing tapes on neighborhood acceptance of public housing.

Commissioner Sanders made a motion to approve the concept of the relocation of PHA highrise residents and demolition of the PHA highrise, and to direct Fred Fox Enterprises, Inc. to commence advertisement for and prepare a Hope IV grant application on behalf of the City of Palatka and PHA. Commissioner Edwards seconded the motion. Commissioner Brown asked the Palatka Daily News to report this as positively as they can, and not create unnecessary apprehension among the highrise residents. Mayor Smith said they should stress that the City's first priority is the well-being and placement of the current tenants. Hoyt Muir, PHA, asked how much the Housing Authority still owes on the building; Susan Roe answered around \$5 million; if the building is torn down, they can ask HUD to forgive the debt. There being no further discussion, the motion was passed unopposed.

Dr. Evans of the PHA Board made a motion to approve the concept of the relocation of Highrise residents and demolition of the PHA Highrise building, and to direct Fred Fox Enterprises, Inc. to prepare a Hope IV grant application on behalf of the PHA and City of Palatka. Mrs. Isom seconded the motion, which passed unopposed.

Commissioner Edwards made a motion to approve paying Fred Fox Enterprises' \$10,000 fee for the preparation of the Hope IV application from tax increment funds. Commissioner Sanders seconded the motion, which passed unopposed.

Mayor Smith asked Ms. Roe and Mr. Bush to work up a joint 'tenant press release' which lays out the City's plans for the highrise and reassures the tenants they will be continually updated as information comes available, to be distributed to the highrise tenants. Commissioner Brown said they should post an architectural rendering of the new housing and take suggestions from tenants.

Bob Goodwin, architect, said in other communities they have a series of meetings with the tenants to get their input as to what they want in their housing. Commissioner Brown said they should have the first town meeting at the highrise to make sure highrise residents could attend, ask questions and give their input. Mayor Smith said this would be a favorable point they can include on the application. Mr. Goodwin said this approach has worked very well for other cities.

There being no further business to discuss, the meeting was adjourned.

CITY CLERK

MAYOR