

**Community Redevelopment Area Advisory Board
Meeting Minutes
Thursday, July 12, 2018
3:00 – 5:00 PM
City Commission Conference Room, City Hall**

Attendance

Board Members: Cory Petcoff (Chair), Ben Mundy (Vice-Chair), Dean Boring, Brandon Eady, Pastor Edward Lake, and Commissioner Stephanie Madden

Absent: Zelda Abram, Harry Bryant, Brian Goding, Frank Lansford and Cliff Wiley

Staff: Nicole Travis (Director Community Development), Alis Drumgo, Valerie Ferrell, Michael Smith, D’Ariel Reed, and Jonathan Rodriguez

Guests: Sarah Keener (Keener Builders), Carole Philipson, Commissioner Bill Reed, Joel Vislay and Amy Yeck

Packets

- Meeting Minutes dated June 7, 2018
- Financial Update
- Builder’s Line of Credit Program

Housekeeping

Nicole Travis reminded everyone of the upcoming annual Board Retreat. The date and location will be provided at a later date. She also made note of the vacant Interim-CRA Manager position. She will provide updates as new developments are made.

Action Items – Old Business

Meeting Minutes dated June 7th, 2018

Eddie Lake moved approval of the minutes. Brandon Eady seconded the motion which passed unanimously.

Financial Update

Nicole Travis noted the inclusion of the update is for informational purposes and contains no significant changes. The available funds in the Dixieland district do not include any pending encumbrances for the Florida Department of Transportation’s South Florida Avenue Road Diet.

Action Items – New Business

Builders Line of Credit Program

In April 2018, the Board approved the creation of the Infill New Home Construction Program. The program is designed to provide quality new construction homes at an affordable price on infill lots owned by the CRA. Since the program was approved we’ve received interest from numerous builders and buyers. Both buyers and builders have expressed difficulty receiving financing due to the requirements for construction loans being more restrictive than traditional loans and requiring upfront capital as well as ongoing payments during construction. The typical buyer in the Midtown CRA does not have the resources to cover these payments along with their current housing expenses. The builders interested in the program are mostly small local builders and either cannot qualify for financing or cannot afford to pay the interest and still make a profit with interest rates ranging between 12% and 15%.

In order to facilitate the construction process and provide the financial resources to build quality new construction homes on infill lots, Staff proposed offering a line of credit to builders for the cost of construction. This would eliminate the need for the buyers to obtain a construction loan. The buyers would be able to obtain traditional financing and utilize the down payment assistance program to cover their upfront costs. The line of credit would give builders the ability to construct new homes without the upfront expenses and high interest rates. Staff also recommended reducing the builder's Infill New Home Construction incentive from 10% to 5% if they utilize the line of credit.

The maximum line of credit will be for the purchase price of the home up to \$150,000. The LCRA will only offer the line of credit if the builder has a prequalified buyer under contract to purchase the finished home. The credit would be paid out based on a pre-approved draw schedule with the final draw coming at the time of the final Certificate of Occupancy. Fulfillment of the line of credit will be expected at closing which will be facilitated by Putnam, Creighton, and Airth P.A. At closing, the buyer will receive their Down Payment Assistance grant, the builder will receive their 5% Infill Construction grant, and the LCRA will receive full payment for the line of credit.

Discussion ensued regarding opening the program up to lot owners in the Midtown district. In the future, Staff will look into the creation of an alternate program to incentivize builders to build in or around the Core Improvement Area by waiving the impact fees associated with their lots.

Staff requested approval of the Builders Line of Credit program for the construction of new homes on infill lots owned by the LCRA with a fiscal budget of \$300,000; which would allow for two homes to be constructed on infill lots at one time.

Sarah Keener, owner of Keener Builders, provided background on her lending experience.

The Board suggested the minimum qualifications for builders be revised to require the builder to hold a valid contractor's license and be qualified to pull permits.

Eddie Lake moved approval of Staff's recommendation as modified. Ben Mundy seconded the motion which carried unanimously.

Discussion Items

Nicole Travis updated the Board regarding the \$210,000 Job Incentive grant Colorado Boxed Beef received. The program now requires employees to be paid the minimum wage in Polk County. That stipulation was added after CBB's grant was awarded. The program will be reviewed by Staff and suggestions for improvement will be brought before the Board during the next fiscal year.

Alis Drumgo updated the Board on the status of the Lincoln Square project. Due to the level of performance required to uphold the timeline of completion, Nujak Development has been replaced by Rodda Construction to complete the construction of the remaining three phases (15 homes). This change will result in a budget increase of approximately \$35,000 per home, totaling \$500,000 for the project. Staff was directed to value engineer the project with Rodda.

Adjourned at 3:59 PM

Next Meeting, Thursday, August 2, 2018, 3 PM, City Commission Conference Room.



Cory Petcoff, Chairman

9-6-18

Date