

COMMUNITY DEVELOPMENT
and
FINANCE COMMITTEES
held JOINT MEETING on
MONDAY, JANUARY 11TH, 2020
beginning at 6:40 P.M.

CD PRESENT: Chair Callahan, Co-Chair Mitchell, Jessie, Cerra, Oswald

FINANCE PRESENT: Chair Stewart, Baird, Tollett, Jessie, Davis

OTHERS PRESENT: Law Dir Deery, Asst Law Dir Breunig, Mayor Whitfield, Safety Service Dir Brubaker, Finance Dir Pileski, Asst Dir Feuerstein, Comm Dev Dir Scott, Councilperson Keys

1. Approval of the December 14th, 2020 JOINT Community Development / Finance Meeting Minutes. Mr. Cerra moved to approve and that motion was seconded by Mrs. Mitchell to approve the above Joint Meeting Minutes.

MOTION CARRIED

2. The matter of a request to forgive a Community Development Rehabilitation Loan on property at 190 Bell Ave.

REFERRED BY; Community Development Director Scott

Dir Scott said this property owner, Mr. Roberts entered into an emergency home repair loan on April 19, 2018 in amount of \$3,650.00. For a furnace replacement and gas line shut off for the water tank. Mr. Roberts passed away on Feb. 19, 2019. In accordance with the loan agreement that \$3,650 became due and payable. The property owner's daughter and executor, Carla Inman is requesting forgiveness of this lien. It's her hope to give property to the bank or to the County Land Bank. She provided an appraisal which was done in December 2019 showing the value of \$24,000 as well as an open end mortgage that was taken out in 2014 in the amount of \$42,500. There have been no payments made since the passing of Mr. Roberts. The property continues to go into disrepair.

Should council support this request; it is Community Development recommendation that the amount of the lien be reduced contingent on final net proceeds if any were received. If those net proceeds become insufficient to repay, the City would reduce the lien or forgive it accordingly.

Dir Breunig asked for clarification that what is actually being asked for is the complete forgiveness of that lien?

Mrs. Scott said, yes, that is what is being asked for. There was also a request from Medicaid to forgive their lien as well, which was granted from Medicaid.

Mr. Breunig said he looked into that Medicaid lien and that was after the City's lien, therefore our lien was superior to them anyway. The order is the first mortgage and then the Community Development Lien. It doesn't look like there's any other money in this estate. It would be basically a convenience for the executor to allow her to do a shortcut and a deed in lieu of foreclosure process.

The alternative would be that you don't forgive it and let the foreclosure process complete and at that point it would go to a foreclosure sale and maybe it sells for an amount less of the first mortgage in which case we don't get anything or if it sells for more than the first mortgage in which case, we're the next lien and we may get a piece of it.

Mr. Breunig wanted everyone to understand what the procedure would be if you don't forgive this lien.

Mr. Baird said the bank has a mortgage of \$42,500 and the value is \$24,000. So, the likelihood of anything coming back to the City is pretty remote. If we could help expedite, since we won't get anything anyway. There seems to be negative equity, at best and Mr. Baird would be for moving ahead with the forgiveness of the loan, generally it's not what we want to do, but in this case it's a no-win. And the house is in disrepair and may be worth less, except for the new furnace.

Mrs. Mitchell agreed that it's the right thing to do and Mr. Oswald agreed also.

Mrs. Mitchell made a motion from Community Development, second by Mr. Cerra to authorize an ordinance to forgive the 'said' Community Development Loan.

MOTION CARRIED COMMITTEE REPORT WRITTEN

Mr. Baird made a motion from Finance, second by Mr. Tollett to authorize an ordinance to forgive the 'said' Community Development Loan.

MOTION CARRIED COMMITTEE REPORT WRITTEN

Mr. Cerra moved and Mrs. Mitchell seconded to adjourn the Community Development Committee's portion of this evening's meeting at 6:48 P.M.

MOTION CARRIED

Respectfully submitted by,

Colleen Rosado, Council Clerk Secretary

Committee Meeting was attended by Secretary Rosado and Meeting Minutes were Transcribed by Secretary Rosado.