

The Washington City Council met in a continued session on Monday, March 20, 2006 in the Council Chambers at 600 p.m. Present were: Judy Jennette, Mayor; Richard Brooks, Councilman; Archie Jennings, Councilman; Mickey Gahagan, Councilman; Darwin Woolard, Mayor Pro tem; James Smith, City Manager; Fred Holscher, City Attorney; and Rita A. Thompson, City Clerk. Councilman Gibson was absent.

Also present were: Carol Williams, Finance Director; Bobby Roberson, Community Development Planning Director; and Mike Voss, of the Washington Daily News.

Mayor Jennette called the meeting to order and thanked everyone for coming.

Mayor Pro tem Woolard delivered the invocation.

AMENDMENTS TO AGENDA

Councilman Gibson had asked that he be excused from this continued meeting, in order that his vote will not automatically be a yes vote since he could not attend the meeting.

On motion of Mayor Pro tem Woolard, seconded by Councilman Jennings, Council unanimously agreed to excuse Councilman Gibson from the meeting.

On motion of Councilman Gahagan, seconded by Mayor Pro tem Woolard, Council unanimously approved the agenda.

REV. DAVID MOORE – APPLICATION OF METROPOLITAN HOUSING & COMMUNITY DEVELOPMENT CORPORATATION, INC. FOR SHORT TERM BACK UP FUNDING ASSISTANCE

Rev. David Moore appeared before Council to request the City of Washington loan Metropolitan Housing Corporation, Inc. \$60,000 to assist in the construction of thirty housing units for low and low to moderate income persons. He stated that there was a CDBG Housing Development Grant the City approved for \$250,000 for a development on Keyesville Road. The grant would allow Metropolitan to buy approximately 14 to 19 acres on Keyesville and put in water and sewer for fifteen houses. He stated that the figures came in higher than expected. He called the Division of Commerce and asked could they look at a Phase II because they would need more money for infrastructure. In Phase II they would ask for another \$250,000, from which they could pay back the \$60,000 they need in Phase I to finish the infrastructure and putting up fifteen houses. It would be a two phase project with thirty houses and water and sewer extended to the property. Because of the \$60,000 overage, the City Council needs to think about loaning Metropolitan the funding to put in the infrastructure for Phase I and Metropolitan would pay back the City of Washington out of Phase II CDBG dollars that would be funded. The houses would have garages and range from \$80,000 to \$110,000, bringing in tax base for the City.

Mayor Jennette asked Rev. Moore if he is sure he would get the second grant. He answered he thinks so. She also asked him if he would sign an agreement? Rev. Moore answered yes, but as a contingency, Metropolitan would repay the City out of program dollars from Phase I.

Councilman Gahagan asked didn't the City Council just put a moratorim on assisting with development which would preclude us from doing this? Mayor Jennette stated that this is towards a grant, its how you want to look at it. Councilman Gahagan stated that this is the same as lending money to Mr. Wehrenberg. Mayor Jennette stated its looking at leveraging more grant money for the project.

Councilman Jennings asked if we are going to come up \$60,000 short on Phase II, or Phase II actually covers fifteen homes and allows enough to pay the City back? Rev. Moore stated it would, and you would actually own all the land and cover the cost.

Councilman Gahagan asked Rev. Moore had he been to a bank. Rev. Moore answers no, he would rather work out something with the City, and its terms are more favorable. The money would not be needed until next fiscal year.

Mr. Smith stated we are in a transitional period which makes this a difficult decision. The cost of providing service is \$1750 on an average per resident. The taxes per resident are obviously an ongoing subsidy. On the other hand, we're looking at a substantial shortfall of available housing, a deficiency of 650 units of affordable housing. It's a program that in 2005 the City Council agreed to apply for funding for the program. Metropolitan is looking for a bridge from year one to year two, and to repay, if necessary, out of program income. He stated that as long as our assurance and agreement is tight, it can be done, it meets a need and meets last year's approval for a CDBG grant. It's in the discretion of the Council, but it's his recommendation to provide the bridge guarantee. Mr. Holscher would draw up an agreement.

Mayor Pro tem Woolard moved to authorize the Mayor to execute an agreement between the City of Washington and Metropolitan Housing and CDC, Inc. for a source of funds guarantee not to exceed \$60,000 over a time period ending June 15, 2007, to assist in the construction of thirty housing units available to low and low-moderate income persons; and further that priority for these units should go to the residents of the City of Washington. Councilman Gahagan voted no. –Motion carried by majority vote.

Councilman Gahagan stated that last month the City Council decided that we could not afford to subsidize residential development in this town. He stated that this is opening the door for someone else to come in every money with a little different scenario. We need to decide to not do this anymore, or do it on a case by case basis. Mayor Pro tem Woolard commented that this is for a grant. Councilman Jennings stated that when the moratorium was put in place, we put in place that we would rethink our policy, that we were not getting out of the incentive business.

On motion of Mayor Pro tem Woolard, seconded by Councilman Jennings, Council adjourned the meeting at 6:30 p.m. for a Historic Preservation Workshop.

**Rita A. Thompson, CMC
City Clerk**