Call to Order / Pledge of Allegiance

Alderman Anglace, Chairman, called the Special Board of Alderman meeting to order at approximately 5:33 p.m. All those present recited the Pledge of Allegiance.

Roll Call

Aldermanic President John F. Anglace, Jr. - present
Alderman Anthony Simonetti - present
Alderman Lynne Farrell - present
Alderman Eric McPherson - present
Alderman John P. Papa - present
Alderman Stan Kudej - present
Alderman John “Jack” Finn - present
Alderman Noreen McGorty - absent

Administration

Mayor Mark A. Lauretti - present
Corporation Council Attorney Welch - present
Administrative Assistant Tom Taylor - present

Others in Attendance

Lisa Low, Lisa Low & Associates
Charlene Defilippo, Community Development Director

Alderman Anglace stated, the meeting will stand in recess for a few minutes.

AGENDA ITEMS

1. AMENDMENTS TO SHELTON’S HOUSING REHABILITATION PROGRAM

Mayor Lauretti explained, Charlene Defilippo received a small cities grant which is prompting the Board’s action. Lisa Low is our new consultant, we used to be DeCarlo and Doll for a number of years but for the last several years we never applied for a grant and never received one. The program has been struggling a bit
so Charlene and I had some decisions amongst ourselves and then with some property owners in the downtown area to try to resurrect this program and to understand how we can make this thing work, improve it, etc. That’s where we engage the services of Lisa Low who is here with you tonight. Lisa would you please give the Board an overview of the program and some of the changes that we are proposing and why we wanted to change this.

Lisa Low stated, Good evening ladies and gentleman, I’m glad to be here with you tonight and we are very lucky to have been awarded $300,000 to do a Housing Rehabilitation program. You have had a program like this in the past in 2001. This is a new investment of funds to continue that program and I suggested making just a few structural changes to the program guidelines. In reviewing them your current cap which was established in 2001 is $18,000. Typically, the DECD cap is $25,000 as you know everything is inflated in terms of costs and there is very little you can actually do for $25,000. We are recommending that you move that cap up to $25,000 that’s one thing.

Mayor Lauretti interjected, just give the Board the rational that we are using other than the fact that it’s what the state normally accepts.

Lisa Low replied, the premise of this program is obviously to help out homeowners but it’s also to help the City. These are funds that can be used to renovate homes and improve the cosmetic appearance of the City. It’s very important to draw people to participate in the program because it is a benefit to the City. The first order of business with these funds is code compliance. You want to make sure that the homes we are dealing with are up to code. In order to bring homes up to code you need to have an adequate amount of money. One of the things you have to deal with lead abatement in some of these properties and that can be expensive. If you want to be doing energy upgrades and switching out windows you can get to $25,000 very quickly. We are very active in this program in other communities including locally in Ansonia and $25,000 is a good number sometimes we breach that cap. I will come to you and ask if we can breach the cap if needed. With a cap at $18,000 we don’t feel it’s adequate to cover the needs of the program. A long time ago these loans used to be grants, and then DECD moved to having them as deferred loans. This means the City can establish a revolving loan fund. Under certain conditions those loans come back to the City for example; one of the communities I work in has a half a million dollars in assets, money due back to the City. Usually, one or two homes per year get paid off and that money becomes a balance that you can then use to loan to other homes.

Mayor Lauretti stated, for the same purposes.

Lisa Low responded, yes, for the same purposes. Everything has to be used for Housing Rehabilitation. We would also like to recommend, that instead of having the loans be paid back over a ten year period, that they are indefinitely deferred loans. I shouldn’t say indefinitely, the terms of definition for repayment of loans are if you no longer live in the home. That can happen by; a transfer of title, moving and by somebody passing away. Very often the money loaned out is to help out the
elderly. You may get the funds back in ten years however; we are asking you not to require the loan to be paid back in ten years. One of the reasons we are making that recommendation is to draw people to the program. It’s to the City’s benefit to have people participating in this program. If you require payback at a 10% rate over a ten year period; these loans are meant to go to low to moderate income people. You’re looking at elderly on a fixed income or people with severe disabilities also single mothers. These are not people who are able to pay back the loan at a 10% rate over a ten year period. The program hasn’t been as active or productive as you might want it to be. It hasn’t been as productive for the City and I think some of that is people are deterred from participation because they don’t have the means to participate in the program the way its structured here. The program isn’t structured this way in other communities it’s structured as a deferred loan. In every other community that I’m aware of that runs one of these programs, and there are many in the state, I’m not aware of another community that requires a payback. So you’re quite unusual in that regard.

Mayor Lauretti questioned, before you continue, I think it’s important for the Board to understand that there is a light at the end of the tunnel. Even though they aren’t paying it back in ten years, if a person passes on what happens?

Lisa Low replied, it would come back to the City and it joins your revolving loan account.

Mayor Lauretti asked, what comes back to the City?

Lisa Low responded, the money. The money that comes back is a 0% interest loan so if $25,000 is loaned and that’s put on the mortgage of the person’s home as a lien, so with the passing of the individual that debt will have to be paid back to the City.

Attorney Welch inquired, currently the document reads that its 10% per year, for ten years and it will be paid off in ten years. The recommended changes don’t require payment of the loan within the first ten years with the understanding that if there is a death of the homeowner transfer of titles sale of the home will get our money back. Are you asking for that at the end of the ten years if those three things haven’t happened it continues to exist?

Lisa Low replied, Yes, you can have the loan for 5, 10,15 years so people choose to pay it back if they have the means because they would rather not have a lien on their home. That doesn’t happen very often, again because most of the people we are serving in this program are low income. In fact you can’t qualify unless by high income limits you qualify as a low and moderate income person.

Alderman Anglace asked, do you still have to pay the loan after ten years or are you forgiven after ten years.

Lisa Low answered, neither. Right now you pay it back at 10% per year so at ten years you repaid the loan in total. So for example if it’s a $25,000 loan this person is
paying back $2,500 per year. The people that we are loaning to don’t have the means to pay back large amount per year so it becomes a deterrent to the program. Charlene can speak to this that the program hasn’t been terribly active.

Charlene Defilippo stated, that is correct. I would say that over the last seven or eight years it’s been a very slow program.

Attorney Welch explained, just to be clear the maturity date is of one of three events; sale of the home, death of the owner and transfer of property.

Lisa Low added, refinancing is an iffy situation.

Charlene Defilippo explained, what I wanted to explain is what has happened over the last seven or eight years, people that are calling for this program, are calling because they are looking for a grant. It’s geared towards low to moderate income people and the people that need the help can’t even afford to pay it back. Say they borrow $18,000 they would be paying back $1,800 a year. They don’t even have that money. We have about $55,000 leftover in funding from our 1998 grant that has been paid back to us. I haven’t been able to lend that out to people because our current program is set up as a deterrent.

Mayor Lauretti asked, we don’t have any takers is that a fair way of summing it up?

Charlene Defilippo replied, pretty much so. We have advertised in the newspapers and by placing fliers in all the public buildings. We have received a lot of telephone calls but when it comes down to people applying that repayment is a big deterrent to them. So even though we put a lien on the property they can’t afford to do it. I think we need to look into changing the program to make it more enticing for people.

Mayor Lauretti asked, but the loans are not forgiven?

Charlene Defilippo answered, they are not forgiven. There is a lien on the property.

Mayor Lauretti stated, the City is protected through the lien.

Charlene Defilippo added, eventually we will get our money back. It may not be within the first ten years or as Lisa said if somebody passes away it could be in two years. Eventually we will get all our money back.

Alderman Anglace questioned, if the loan goes beyond ten years they don’t have to pay but we get the money back when they pass away?

Charlene Defilippo answered, yes when they pass away.

Lisa Low added, you have as an option to require a $1,500 deposit from the homeowner again this is a deterrent. So we recommend that you would not require that deposit plus it’s not typical in the program. Our final recommended change for the absentee owner, I’m actually trying to fight this with DECD because I personally
don't approve of it, they do require a 50% buy in from the landlord, if it's an absentee landlord. DECD feels it's an economic advantage to the absentee landlord but, it's a deterrent. When you have an absentee landlord that has to pay in 50% that discourages participation. We are looking at say Howe Avenue, and the multi-family homes along Howe Avenue, which we would love to take on. If you look at the way the City presents when you come off route 8 for example and you hit the multi-family homes its not as appealing as you might like it to be as your gateway into the City. So those are particular properties we would like to go after however, with the 50% required buy in it makes it difficult to entice the landlords. DECD is reconsidering that based on the letter that I submitted them; I'm still unsure what the final decision will be. At this time that 50% buy in is a requirement of the program and it's not in your program guidelines so we are recommending that you put that in.

Mayor Lauretti asked, when you say 50% buy in explain what that means.

Lisa Low explained, it means that the landlord would be responsible for 50% of the costs. We would get that money upfront and put it in escrow so that they won’t back out on us at the last second. The project would not proceed until that money was in place.

Mayor Lauretti questioned, if it was a $25,000 grant to the property owner, what’s the property owner’s requirement?

Lisa Low answered, if it’s an absentee landlord they would have to put up half which is $12,500.

Mayor Lauretti asked, so they would be investing $37,500 into the property. The $25,000 grant plus the 50% buy in.

Lisa Low replied, yes and that would allow us to bump up the cap.

Charlene Defilippo interjected, it's not a grant it's a loan.

Attorney Welch inquired, your definition of absentee landlord is a landlord that does not live on the property not...

Lisa Low interrupted, not within the City limits but does not live on the property, correct.

Alderman Simonetti asked, can renter come after that money?

Lisa Low responded, no, the renter can be the recipient of the money with the landlord’s application. We are going to go through the program with a fine tooth comb and make sure that they are current and coordinate with how we run the program. We may make suggestions that are minor but the purpose of this meeting is to tell you about structural changes that we are recommending. We plan on submitting a revised copy of the program guidelines at some future time for your approval. Any other questions?
Alderman McPherson asked, you mentioned that the landlord’s are required to pay in 50% what percentage instead would you suggest?

Lisa Low replied, none, again with the purpose to attracted landlords to the program.

Mayor Lauretti added, it’s a DECD requirement for the 50%.

Lisa Low stated, we are always available for any follow-up questions. We are very thrilled to be working with the City. Thank you.

Mayor Lauretti asked, are there any other questions? There is one other issue that I need to bring up with respect to this application. If you look at Ms. Low’s presentation it says here as of April 2011 is contracted with Lisa Low & Associates that is true however, I don’t believe that grant was approved by the Board of Alderman. That just came to my attention and that will require Board approval of that contract. You can do it one of two ways; you can incorporate it as part of the motion tonight or we can take it up at the next meeting with a copy of the contract and submit it to the Board.

Lisa Low added, I have the staff that does all the site inspections, writes up the cost estimates and does the oversight of the construction. There is a huge piece of this program that is running these renovations.

Mayor Lauretti stated, if it’s the Board’s inclination we can take it up as a separate matter.

Alderman Anglace replied, I think that is the way to do it.

**Alderman Anglace moved to accept the structural changes to the Housing Rehabilitation Loan Program handbook/guidelines for the City of Shelton as recommended by the Housing Rehabilitation Consultants Lisa Low and Associates; seconded by John Papa. A voice vote was taken and the motion passed 8-0.**

Mayor Lauretti asked, so should that contract go before the Finance Committee?

Alderman Kudej replied, yes please.

Mayor Lauretti stated, Charlene get a copy of the contract and get it on the next Finance Committee’s agenda. It should follow the regular course of the Finance Committee and then back to the Board of Alderman. All contracts are to proceed that way. In fact Tom I want you to send out a memo to every department head telling them that it’s their responsibility to ensure that any contract that needs to be signed on behalf of the City that pertains to their respected department that they
have to follow the procedures established in the charter in the purchasing section. That means Finance Committee and Board of Alderman as a reminder.

2. EXECUTIVE SESSION - ADMINISTRATIVE CLERICAL UNION CONTRACT 1303-238

Mayor Lauretti explained, I'm not sure this needs executive session. I'm prepared to discuss it in open session if someone feels they need to go into executive session we can certainly do that. Everyone have a copy of the summary? Is there a need to go executive session?

Alderman Anglace stated, the only problem with not going into executive session is that this is confidential at this point and should we discuss it in open session and not approve it, then our thoughts, ideas and discussion will be on the record. If you have questions we will go into executive session. If there are no questions and you just want to act on it because it is straight forward we can just take it up in regular session. That would be my suggestion.

Alderman Finn asked, it seems that the Union agreed to a 5% increase over the next three years; as a 2%, 1% then 2%. Didn't we just approve something for the Merit System employees at a higher percentage?

Alderman Anglace moved to go into executive session and invite Counsel at 6:03pm; seconded by John Papa. A voice vote was taken and the motion passed 8-0.

Alderman Anglace moved to end executive session at 6:16pm; seconded by John Papa. A voice vote was taken and the motion passed 7-0.

Alderman Simonetti was excused during the executive session.

Mayor Lauretti stated, let the record reflect there were no votes taken during executive session.

Alderman Anglace moved to accept the agreement with the Administrative Clerical Union for three years through June 30, 2014 as discussed in executive session with the proviso that the Mayor and Corporation Counsel shall revise Section 15.0 to provide that new or substantially changed positions shall be approved by the Board of Alderman; revised job classifications shall not require Board of Alderman approval; seconded by John Papa. A voice vote was taken and motion passed 7-0.
Adjournment

Alderman Anglace moved to adjourn the Special Board of Alderman meeting; seconded by Stan Kudej. A voice vote was taken and the motion passed 7-0.

The meeting adjourned approximately 6:24pm.

Respectfully Submitted

Melissa Anglace
Clerk