

**TOWN OF BEACON FALLS
PUBLIC HEARING
MONDAY, APRIL 9, 2012
FISCAL YEAR 2012 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
7:00 PM**

First Selectman G. Smith called the Public Hearing to order at 7:02 PM with the Pledge of Allegiance.

MEMBERS PRESENT: First Selectman G. Smith, Selectmen C. Bielik and D. D'Amico

PUBLIC PRESENT: Lisa Low of Lisa Low & Associates and approximately 10 members of the public.

The clerk read the Call of the Meeting, as published.

G. Smith began the meeting by asking Lisa Low of Lisa Low & Associates to comment on the parameters of the Small Cities Community Development Block Grant Program.

Lisa Low noted that her job is to assist communities in making their applications for Small Cities Grants through the State Department of Economic and Community Development (DECD) and by asking all in attendance to sign in the register.

The DECD offers programs from HUD (Department of Housing & Urban Development) allowing small communities to apply for funding to assist with community development. Certain types of projects are eligible and housing rehabilitation is currently their top priority. These programs are eligible to housing authorities and to individual homeowners.

The chief qualification for the housing rehab program is that the applicant is of low and moderate income. The income limits for Beacon Falls are determined by HUD and if the applicant falls within 80% of area median, they are eligible. Ms. Low posed an example, if the median area income in Beacon Falls was \$100,000, based on number of residents in the household, the application could be made if income was \$80,000 or less.

The second criterion is that the homeowner has at least 15% equity in your home. A homeowner cannot be underwater on their home. An example of a home valued at \$100,000, the applicant could not owe more than \$85,000 on the home. This is to protect the town's assets.

The DECD allows a maximum grant of \$300,000 to the town for housing rehabilitation funds. With these funds, the town could rehab between 7-10 properties averaging \$22,000 - \$25,000 per project. The money comes to town as a grant, and it goes out to homeowners as a loan. When the loan is eventually paid back, the money comes back to community and can be loaned again as a revolving asset. These loans stay in the property owner's hands until there is a change in title on the property. When the homeowner leaves the property, the money comes back to town, to be loaned again. It is a wonderful asset for the neediest people in town. It helps people to make needed improvements to their homes who could not otherwise afford it. It is a way for homeowners to make major repairs, such as septic repairs, with a 0% interest loan.

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Ms. Low noted that there are other projects that the town can apply for, such as building a senior center with this grant. However, DECD is less likely to fund senior centers, so it is not advisable at this time. Ms. Low noted that the town is more likely to be awarded a housing rehab grant.

Ms. Low opened the meeting to questions. C. Bielik asked if funds would be available for upgrades or renovations to the existing senior center. L. Low said it would not be advisable to try to convert the monies from a housing rehab grant to use for renovations to senior center. She recommends that the town apply for what is actually needed. Senior Center renovations could be looked at for a future application, but right now DECD's priority is to housing applications.

G. Smith noted that repairs are needed to the senior center and the work has not been done. C. Bielik noted \$2,000-\$2,500 is the current cost estimates. L. Low noted that in the future, a request could be made for change of use under the revolving loan program, for such a small amount. The Small Cities application is for larger sums of money and only one application per year is allowed, so her advice is for the town to apply for the purposes of housing rehab.

G. Smith asked if the grant is solely for owner-occupied 1-4 family homes. L. Low noted that landlords serving a low and moderate income renting population can apply on behalf of the renters. The idea is that the state does not want low and moderate income tenants living in less than safe conditions.

G. Smith asked about a blight situation where property needs to be cleaned up, and the homeowner must make the application and meet the criteria. L. Low noted that the homeowner will most likely qualify if they are living in a blight situation. The grant is an asset to the town to increase property values, by using these funds as a tool to clean up homes. The town can make the homeowners aware of the program.

G. Smith confirmed this program is only for residential rehabilitations, because this is the program that the DECD is currently interested in funding.

S. Dowdell of Wolfe Avenue asked who administers these funds. L. Low explained that most towns have a consultant to administer the funds, whether they are newly awarded or revolving. The town would have an ongoing contract with consultant which would be renewed periodically. Town employees who specialize in Community Development grants are rare.

S. Dowdell asked about the cost of consultant services and L. Low explained that consultant costs are built into soft costs of the grant, so consultant's fees are at no cost to the town. She explained that the housing rehab program is a complicated process for each property, which becomes time consuming and labor intensive for each property. The town is always the fiduciary/banker for the money, but the consultant runs the program by and large. The town is also under no obligation to the grant writer, if grant is not rewarded.

G. Smith followed up by asking after the initial run of the grant, which is at no cost to the town, once payments come back to the town, where does the money go. L. Low explained that the Finance Department receives the loan repayment into a composite revolving loan account, which is an account

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which sees all the costs of the program. Your Finance Department oversees that account. At that time, the consultant will guide the process of new application to get monies back out in the street.

C. Bielik stated that this is revolving payback and L. Low noted the only condition where the town would not be paid back is foreclosure.

G. Smith asked about the length of the consultant's contract and L. Low noted that hers is a 3 year contract. It takes 3 years to make the application, get the award, and then get the initial round of grant disbursements. The state allows 2 years after the award to disburse the monies. Close out and auditing of the grant takes place in the third year and then the consultant contract needs to renew. As long as there is a revolving loan, it is best to keep consultant on staff to track these monies.

Once the consultant's contract renews, the revolving loan fund still allows the town to pay the consultant out of the grant's fund. G. Smith confirmed that the program remains at no cost to town even after the consultant's initial 3 year contract renews. L. Low noted this is another reason it is a great benefit and resource to any community.

C. Bielik asked about the deadlines for distributing the funds, noting the L. Low mentioned a 2 year window for disbursements. He asked what happens if there is a balance at the end of the 2 year window and all the funds have not been loaned. L. Low explained that the town can ask for extensions from the state, but this is not viewed favorably. The town needs to move quickly to spend those funds to help people out and the grant funds should not be idling.

Traditionally, the DEDC has allowed \$50,000 to remain in the Program Income Account, but this year they have limited the amount to \$25,000 in the Program Income Account, because they want to see the funds being utilized. C. Bielik confirmed that the incentive is for the town to spend the funds for this specific purpose and there is an express use for these monies.

L. Low noted that the state allows two years, but she would like to see the funds spent in one year and then the town can reapply for another grant in a year's time.

M. Krenesky noted that the town has a similar program and recommends that the Board of Selectmen contact Tony San Angelo of the EDC, to discuss the similar program with him. Several years ago, under the previous plan, only 2 homes took advantage of the program. L. Low noted that the consultant needs to pay attention to the program, so the money gets spent.

S. Dowdell asked how the program will be advertised, so the money is fully utilized. Lisa Low noted that the town can market the program by publishing press releases and establishing a waiting list. To maximize the chances of a grant award, the consultant would like to go in to the process with the names of at least 10 families. From the town's offices, Karen Wilson will be the contact person.

G. Smith noted that from his point of view, the program could not take up his time and could not cost the town anything. Lisa Low and Karen Wilson will coordinate the process and the consultant does the heavy lifting for the project.

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Carole Sullivan of September Lane asked about the consideration of the homeowners and how they are evaluated. L. Low noted that the program is first come, first serve, however the mortgage document requires that the home be maintained in the same condition at the time of the rehabilitation. A responsible resident is required and the property owner needs to carry homeowners insurance.

E. Groth asked about repayment schedule for the loan and there is no repayment schedule. A homeowner can elect to pay the loan back early, but the only requirement is that the loan is paid back with a documented change in title. Funds for repayment are considered part of the disposition of the estate. C. Bielick noted that this program improves the property value which will then cover the loan, and provides a legacy for the property.

Seeing no more questions, G. Smith closed the Public Hearing and thanked Lisa Low.

C. Bielick made a motion to adjourn at 7:32 PM. D. D'Amico seconded the motion. All ayes.