

CITY OF CONCORD
COMMUNITY DEVELOPMENT ADVISORY COMMITTEE
MINUTES OF
August 27, 2014

The regular monthly meeting of the Community Development Advisory Committee (CDAC) was held on August 27, 2014, in the Second Floor Conference Room, City Hall, 41 Green Street.

Present at the meeting were City Councilor Mark Coen, City Councilor Allan Herschlag, Michael Gfroerer, City Councilor Keith Nyhan, Nadine Salley, and City Councilor Byron Champlin. Director of Redevelopment Matt Walsh and Administrative Assistant Donna Muir were also present.

Chair Jeff Bart, Janet Sprague, and City Councilor Brent Todd were absent.

As the Chair was absent from the meeting, City Councilor Keith Nyhan acted in his stead.

1. Minutes of June 25, 2014: Councilor Nyhan asked that the minutes be reviewed and approved. Councilor Herschlag stated that there was an error in the minutes – Nadine Salley was listed as a City Councilor. Councilor Nyhan moved to accept the minutes as corrected; Councilor Herschlag seconded the motion. Motion passed unanimously.

2. Application:

Revolving Loan Program: Douglas Duguay and Cindy Cate:

Mr. Walsh explained that Mr. Duguay, and his fiancée, Cindy Cate, are seeking a \$20,000 loan to complete renovations to property owned by Mr. Duguay at 46 Skyline Drive. The property is a manufactured home in a privately owned park. Renovations will include a new roof and insulation.

Mr. Walsh reviewed the income, assets, and current liabilities of the applicants. Both Mr. Duguay and Ms. Cate are disabled and receiving Social Security disability payments and their current income is equivalent to 50 percent of the Area Median Family Income (AMFI). The applicants have average-to-good credit scores.

He noted that Mr. Duguay, in addition to owning the property at 46 Skyline Drive also owns property in Northwood with his daughter, as joint tenants with rights of survivorship. The properties are assessed at \$7,100 and \$118,600 respectively.

In 2013, Mr. Duguay and his daughter secured a \$62,000 home equity line of credit to renovate the Northwood property. The line of credit is interest only payments during the five-year draw period. The note has a variable interest rate which is currently 3.75 percent. Principal and interest payments will commence in 2018 and are to be repaid over a ten-year term. Mr. Duguay's daughter currently receives disability income.

Including the proposed monthly payment for the Revolving Loan Fund loan as well as the principal and interest payments for the Northwood property, the applicant's debt to income ratio will be 61 percent. This is greater than the 45 percent limit within the City's loan guidelines. However, this calculation assumes that Mr. Duguay and Ms. Cate would be entirely responsible for future payments on the home equity line of credit for the Northwood property, as well as property taxes and insurance.

The Committee discussed the following items:

- Would the value of the manufactured home increase enough to collateralize the loan, and if not, to use the Northwood property as additional collateral to secure the loan.
- The amount of equity in the two properties and if the City had ever put a lien on property outside of Concord.
- Whether the Committee had previously gone outside the guidelines of the Program Income Reuse Plan in regards to a higher debt-to-income ratio.
- The staff recommendations regarding property insurance, title searches, and the payment of the contractor.

MOTION: Mr. Gfroerer moved to approve the application for a Revolving Fund Loan of \$18,000 at 2.5% interest, for a term of 20 years, for a new roof for and insulation of the property at 46 Skyline Drive, with the following stipulations:

- Interest shall be calculated on a “simple daily” basis.
- Collateral for the loan will include a first position mortgage on 46 Skyline Drive and a subordinate position mortgage behind the TD Banknorth Home Equity Line of Credit mortgage on the Northwood property.
- Verification that property insurance policies are current for the Skyline Drive and Fiore Road properties and the City is named as mortgage holder on both policies.
- Title searches verifying that no other liens or attachments exist on 46 Skyline Drive, Concord and 25 Fiore Road, Northwood, other than those referenced in the Report to CDAC dated August 21, 2014.
- City Staff shall visit the property in Northwood.
- Written approval of Mr. Duguay and Ms. Angwin to have the Northwood property used as collateral for this loan and/or both parties executing the City’s mortgage deed, if so required, as to be determined by the City’s Legal Department.
- The City will make arrangements to pay the contractor directly for the work at the property after all invoices have been approved by the applicants.

Councilor Nyhan seconded the motion. Motion passed unanimously.

3. Revolving Loan Fund:

Ms. Muir provided an overview of the status of the Revolving Loan Fund Program and responded to questions from CDAC members relative to current loans.

4. Community Development Block Grant Program Updates:

Mr. Walsh provided CDAC with the following updates on the City’s CDBG program:

- Belknap-Merrimack County CAP Head Start – There are subordination agreement issues with this grantee: the 90-day approval period for this grant may need to be extended because of these issues.
- The Children’s Place and Parent Education Center – They are in the process of hiring an architect.
- NAMI NH – They are currently in the design process.
- Independent Living Concord – They continue to move forward with their project.

The request for applications for the next round of CDBG funding will be coming up soon. Mr. Walsh explained that the City is planning to issue an RFP in early October for child care providers to furnish child care services

at the new community center. He suggested that the City may apply for the CDBG funding to assist in creating a child care facility at the new community center.

5. Program Income Re-Use Plan (PIRP) Revision Discussions:

Mr. Walsh informed CDAC that City staff has been working on a comprehensive rewrite of the PIRP and the loan guidelines, as well as the Revolving Loan Fund loan application, to bring these documents in line with the new software program and current lending practices. The rewrites will be provided to CDAC members prior to the September CDAC meeting and it is hoped that the majority of the September meeting will be set aside for discussion of the rewrites.

6. Adjournment: The meeting adjourned at 1:10 p.m.

Respectfully Submitted,

Donna Muir
Administrative Assistant