// A regular meeting of the Council of the City of Lynchburg was held on the 10th day of March, 2009, at 1:00 P.M., Council Chamber, City Hall, Joan F. Foster, President, presiding. The purpose of the meeting was to conduct a work session regarding the FY2010 Budget. The following Members were present:

Present: Dodson, Garrett, Gillette, Helgeson, Johnson, Perrow, Foster	7
Absent:	0

// City Manager Kimball Payne presented an overview regarding the FY 2010 Proposed Budget, stating that this year's budget preparation was impacted by the most significant economic crisis since the Great Depression. Mr. Payne explained that the national economy has been crippled by the bursting of the housing bubble and the collapse of the financial sector, and that at the State level, reduced revenues have caused significant cuts to funding provided to localities for state-mandated, locally delivered services and that this has affected funding for schools, detention, public safety, social services, juvenile services, and transportation. Mr. Payne went on to say that at the local level, revenues based on business activity and consumption are falling, and while the City has experienced an increase in the total assessed value of real estate, the potential additional revenue from the Real Property Tax will not be enough to offset reductions in State funding and other local revenues. Mr. Payne explained that the City will have fewer resources to operate with in Fiscal Year 2010 than in the previous year, and that the proposed General Fund budget shows significant cuts across all activities while absorbing additional costs for employee benefits, electricity, equipment, and supplies. Mr. Payne stated that one of the biggest challenges of the budget was to complete the financing of two new buildings currently under construction, i.e., Sandusky Middle School and the Juvenile and Domestic Relations Court House and that new debt service is one of the most significant cost increases in the Proposed FY 2010 Budget, and that to reduce new debt service, a number of capital projects have been deferred or delayed, cash reserves have been reduced, and the balance remaining from the Solid Waste Management Fund has been utilized to pay for courthouse construction. Mr. Payne went on to say that the proposed budget eliminates some services and suggests policy changes for further cost reductions, and that while eliminating some part-time and temporary wage positions, it has so far avoided widespread layoffs of full-time classified employees. Mr. Payne also noted that a number of currently vacant positions will not be funded in FY 2010 and that the hiring freeze will continue for all but the most mission critical positions as further savings are sought from vacancies. Mr. Payne explained that the proposed budget calls for a reduction in personnel costs of approximately $1.5 million, accomplished through a three percent (3%) reduction in salaries for all employees for the fiscal year, and that other alternatives to achieve the same personnel cost reduction could include furloughs or layoffs and will be discussed further during budget deliberations. Mr. Payne concluded by saying that the Proposed FY 2010 Budget is offered for City Council consideration, deliberation, amendment, and adoption, and that over the next several weeks, Council will have the opportunity to hear from and question the representatives of the various departments and agencies seeking funding in FY 2010.

// Council Members took a short break and reconvened the meeting at 2:27 p.m. Council Member Johnson was absent.

// Human Resources Director Margaret Schmitt provided an overview regarding the City's Workforce, followed by a briefing by City Assessor Greg Daniels regarding the 2009 reassessment, and an overview regarding FY2010 General Fund Revenues by Financial Services Director Donna Witt.

// Council Member Johnson returned to the meeting at 4:43 p.m. during the discussion regarding the future budget work session schedule.

// City Council discussed the scheduling of future budget work sessions and agreed to meet on March 17, 1:00 p.m., March 24, 1:00 p.m., April 7, 1:00 p.m., April 14, 1:00 p.m., April 21, 1:00 p.m., and April 28, 1:00 p.m. City Manager Kimball Payne also noted that the FY2010 Budget public hearing is scheduled for March 31 at 7:00 p.m. in the Council Chamber. Mayor Foster and Council Member Perrow stated that they would be out of town and not able to attend the March 17 budget work session, but would review the video of the meeting. Council Member Gillette stated that he would view the video of the April 7 and April 21 budget sessions since he would be out of town and not able to attend those two meetings, but asked Council Members to postpone any final decisions regarding the budget until the April 28 meeting so that he would be able to participate.

// During roll call, Council Member Helgeson stated that he had noticed a house that had a number of large cages containing pit bull dogs. City Manager Payne asked Council Member Helgeson to provide him with the address following the meeting and that he would have staff investigate. Council Member Garrett stated that the City needed to make a concerted effort to seek volunteers to fill some of the part time positions not proposed for funding in the upcoming budget. Council Member Garrett asked that a "Volunteer Coordinator" position be added to "The List" for future discussion. Council Member Helgeson stated that with the current economy he would like to see City Council reduce the real estate tax rate from $1.05 to $0.99 to offset the five percent increase due to the recent reassessment and asked that a discussion regarding reducing the real estate tax rate also be added to "The List".

// The meeting was adjourned at 4:50 p.m.

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Clerk of Council

// A regular meeting of the Council of the City of Lynchburg was held on the 10th day of March, 2009, at 7:30 P.M. in the Council Chamber, City Hall, Joan F. Foster, President, presiding. Council Member Johnson gave the Invocation, followed by the Pledge of Allegiance. The following Members were present:

Present: Dodson, Garrett, Gillette, Helgeson, Johnson, Perrow, Foster 7

Absent: 0

// Mayor Foster presented Judith Johnson, Regional Coordinator for the Brain Injury Association of Virginia, a Proclamation declaring March 2009 "Brain Injury Awareness Month."

// Copies of the minutes of the February 24 (2 meetings), 2009 meetings, having been previously furnished Council, reading was dispensed with, and on motion of Council Member Gillette, seconded by Council Member Garrett, Council by the following recorded vote approved the minutes as presented:

Ayes: Dodson, Garrett, Gillette, Helgeson, Johnson, Perrow, Foster 7

Noes: 0

// In the matter of Community Planning - Zoning, a public hearing was held regarding City Council Report #2 outlining the petition of Mt. Carmel Baptist Church for a conditional use permit to allow the construction of a twenty-five space parking lot addition within an R-3, Medium Density, Two-Family Residential District, at 807 and 811 Norwood Street. City Planner Tom Martin provided a brief summary regarding the petition. Mr. James May, representing the petitioner, outlined the request and asked for approval. Approximately twenty individuals stood in support of the request. There was no one else present who wished to speak to this item, and the public hearing was closed. On motion of Council Member Johnson, seconded by Council Member Garrett, Council by the following recorded vote adopted Resolution #R-09-009, as presented, granting the Conditional Use Permit:

Ayes: Dodson, Garrett, Gillette, Helgeson, Johnson, Perrow, Foster 7

Noes: 0

// In the matter of Community Planning - Zoning, a public hearing was held regarding City Council Report #3 outlining the petition of Lynchburg College for a conditional use permit to amend the existing master plan within an R-2, Low-Medium Density, Single Family Residential District, to allow the construction of a softball batting cage at 1501 Lakeside Drive and the conversion of an existing single-family dwelling to housing for seven students at 408 Lakewood Street. City Planner Tom Martin provided a brief summary regarding the petition. Mr. John Lewis, Lynchburg College Associate Vice President, outlined the request and asked for approval. There was no one else present who wished to speak to this item, and the public hearing was closed. On motion of Council Member Perrow, seconded by Council Member Gillette, Council by the following recorded vote adopted Resolution #R-09-010, as presented, granting the Conditional Use Permit:

Ayes: Dodson, Garrett, Gillette, Helgeson, Johnson, Perrow, Foster 7

Noes: 0

// In the matter of Community Planning – Historic Districts, a public hearing was held regarding City Council Report #4 regarding the petition of Virginia University of Lynchburg to designate certain properties on Garfield Avenue between the Norfolk Southern Railway and Price Street, known as 2044, 2057, 2164, 2168, 2202, 2204, and 2251 Garfield Avenue as a local Historic District overlay zone to be known as the Virginia University of Lynchburg (VUL) Historic District. Vice Mayor Dodson stated that he would abstain from participating in the public hearing since he has been a member of the Virginia University of Lynchburg Board of Trustees for many years. Vice Mayor Dodson left the Council Chamber. Historic Preservation Commission Secretary Annette Chenault provided a brief summary regarding the petition. Dr. Ralph Reavis, President, Virginia University of Lynchburg, outlined the request and asked for approval. Two individuals also spoke in support of the request. There was no one else present who wished to speak to this item, and the public hearing was closed. In response to Council questioning, Dr. Reavis stated that the University is requesting that the non contributing structures also be included in the request, and that being designated as a local historic district would give the University a little more prestige and exposure and ensure that future overseers of the University would have to adhere to the historic guidelines. On motion of Council Member Johnson, seconded by Council Member Gillette, Council by the following recorded vote adopted Ordinance #O-09-011, as presented, approving the petition of Virginia University of Lynchburg to designate certain properties on Garfield Avenue between the Norfolk Southern Railway and Price Street, known as 2044, 2057, 2164, 2168, 2202, 2204, and 2251 Garfield Avenue as a local Historic District overlay zone to be known as the Virginia University of Lynchburg (VUL) Historic District:

Ayes:	Garrett, Gillette, Helgeson, Johnson, Perrow, Foster	6
Noes:		0
Absent:	Dodson	1

// Vice Mayor Dodson returned to the Council Chamber.

// In the matter of City Code, a public hearing was held regarding City Council Report #5 regarding adopting an Ordinance to amend Section 35.1-31 of the City Code relating to the establishment of two family dwellings which share a party wall. City Planner Tom Martin stated that in December 2008 the Planning Commission initiated an amendment to Section 35.1-31, Medium Density Residential District, R-3, Two (2) Family of the Zoning Ordinance, which currently allows duplexes as a matter of right in an R-3 District, but does not allow the sale of individual units due to setback requirements. Mr. Martin explained that the result is a zoning district which promotes rental units and that the proposed amendment would allow a duplex to be subdivided into individual units for sale which would promote homeownership opportunities. There was no one else present who wished to speak to this item, and the public hearing was closed. Council discussion focused on how “common” areas (sidewalks, driveways, utilities, etc.) would be handled and whether current duplex structures which share a common wall could be subdivided under current Building Code requirements. In response to questioning, City Attorney Walter Erwin stated that matters relating to “common” areas could be addressed through a deed restriction. Some Council Members questioned if the ordinance should only apply to new duplex structures and stated that this item should be scheduled for further discussion at a work session. Council Member Johnson stated that he was comfortable with the ordinance and did not see any need for delay. City Attorney Erwin stated that if this item is delayed to a future work session, he would ask the Building Official to attend the work session to explain the requirements of the building code as it applies to duplex structures. On motion of Council Member Perrow, seconded by Council Member Helgeson, Council by the following recorded vote deferred this matter to a later work session:

Ayes: Dodson, Garrett, Gillette, Helgeson, Perrow, Foster	6
Noes: Johnson	1

// In the matter of Finance – Bonds/Schools - General, a public hearing was held regarding the issuance of not to exceed $8,250,000 principal amount of General Obligation School Bonds to be sold to the Virginia Public School Authority for public school improvement projects. Financial Services Director Donna Witt provided a brief summary regarding the request. There was no one else present who wished to speak to this item, and the public hearing was closed. On motion of Council Member Gillette, seconded by Council Member Johnson, Council by the following recorded vote adopted Resolution #R-09-012, as presented, authorizing the issuance of an amount not to exceed $8,250,000 principal amount of General Obligation School Bonds to be sold to the Virginia Public School Authority for public school improvement projects:

Ayes: Dodson, Garrett, Gillette, Helgeson, Johnson, Perrow, Foster	7
Noes:	0

On motion of Council Member Perrow, seconded by Council Member Gillette, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-09-013, as presented, amending the FY 2009 School Capital Projects Fund Budget and appropriating $16,000 for costs associated with the issuance of General Obligation School Bonds:

Ayes: Dodson, Garrett, Gillette, Helgeson, Johnson, Perrow, Foster	7
Noes:	0

// In the matter of Budget, Mr. John Romano, President of the New Towne Home Owners Association, expressed concern regarding the implementation and management by the City Manager of the City's FY 2009 Operating Budget. Mr. Romano asked that City Council review, discuss and implement improvements to the FY 2010 budget process so that the process will be open, honest and available to the public as well as provide a mechanism for citizens to be able to access updated information related to the budget throughout the budget year so that all citizens may participate.

// In the matter of Community Planning - General, City Council Report #8 regarding a request from Catherine & Van Phillips and Jon & Marika Paris for an exception to the City's Subdivision Ordinance requirements for 2453 L Street was considered. City Planner Tom Martin stated that the City's Subdivision Ordinance requires each lot in a subdivision to have frontage on an improved public street or a private street that existed prior to September 12, 1989, and that the petitioners are requesting to subdivide one existing lot which currently does not have frontage on an improved public street or existing private street into two lots. Mr. Martin explained that the Zoning Ordinance only allows the construction of one single-family dwelling on the existing lot without the need of any street improvements and that staff is recommending denial of the request. At the request of Council, Catherine Phillips, one of the petitioners, stated that the property currently adjoins a graveled road that is maintained by the City and that the exception is being requested due to the cost that would be incurred in order to extend “L” Street to City standards. In response to Council Member Gillette’s question, Ms. Phillips stated that there are no plans to further subdivide the lots and that the petitioners would be agreeable to including a notation on the final subdivision plat that would state that any further subdivision of the property would require “L” Street to be extended to City standards. In response to questioning, City Attorney Walter Erwin stated that approval of this request would not set a precedent in that each property is unique and that City Council would need to base zoning decisions on each individual property. On motion of Council Member Gillette, seconded by Council Member Johnson, Council by the following recorded vote agreed to allow an exception to the City’s Subdivision Ordinance requirements for 2453 L Street with the understanding that a notation would be included on the final subdivision plat that would state that any further subdivision of the property would require “L” Street to be extended to City standards:

Ayes: Dodson, Garrett, Gillette, Helgeson, Johnson, Perrow, Foster 7

Noes: 0

// In the matter of Juvenile Services - General, City Council Report #9 regarding amending the FY 2009 Comprehensive Services Act (CSA) Fund budget and appropriating $898,500, with $652,674 reimbursement, to fund a projected deficit in the CSA fund in FY 2009 was considered. Deputy City Manager Bonnie Svrcek provided a brief summary regarding the request. Council Member Helgeson, Chair of the Finance Committee, stated that the item came before the Finance Committee and made a motion to approve the request. No second was needed, and Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-09-014, as presented, amending the FY 2009 Comprehensive Services Act (CSA) Fund budget and appropriating $898,500, with $652,674 reimbursement, to fund a projected deficit in the CSA fund in FY 2009:

Ayes: Dodson, Garrett, Gillette, Helgeson, Johnson, Perrow, Foster 7

Noes: 0

// The meeting was adjourned at 9:05 P.M.

Clerk of Council

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **March 24, 2009**		AGENDA ITEM NO.: 4
CONSENT:	REGULAR: **X**	CLOSED SESSION: (Confidential)
ACTION: **X**	INFORMATION:	

ITEM TITLE: **Amendment To the City Code: Recovery of the Costs the City Incurs When Boarding Impounded Animals**

RECOMMENDATION: Adopt an ordinance adding Section 7-7.2 to the City Code

SUMMARY: From time to time, Lynchburg's Animal Wardens have to seize animals that have been abandoned or abused by their owners or have been alleged to be dangerous or vicious dogs. These animals are boarded at the Lynchburg Animal Shelter pending the proper disposition of the animals. If such animals have to remain at the Animal Shelter for more than thirty days, the City can incur significant costs for boarding the animals. For example, the Animal Warden advises that he is currently handling a dangerous dog case in which the dog has been impounded for 68 days at a cost to the City of $561.00 and the City will continue to incur boarding costs for the dog until such time as the case has been resolved. The State Code allows a locality to adopt an ordinance requiring the owner of an impounded animal to post a bond to cover the costs incurred by the locality for boarding the animal. The Animal Warden recommends that Lynchburg adopt such an ordinance.

PRIOR ACTION(S): None

FISCAL IMPACT: The City will recover the cost of boarding impounded animals.

CONTACT(S): Louis H. Faust, Lynchburg Animal Warden, 455-6105

ATTACHMENT(S): An ordinance adding Section 7-7.2 to the City Code

REVIEWED BY: lkp

ORDINANCE

AN ORDINANCE TO AMEND AND REENACT THE CODE OF THE CITY OF LYNCHGURG, 1981, BY ADDING THERETO A NEW SECTION NUMBERED 7-7.2, RELATING TO THE RECOVERY OF THE COSTS INCURRED BY THE CITY FOR BOARDING IMPOUNDED AMINALS.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LYNCHBURG:

1. That the Code of the City of Lynchburg, 1981, be and the same is hereby amended and reenacted by adding thereto Section 7-7.2 as follows:

Sec. 7-7.2. Recovery of costs for impounded animals.

Whenever the animal warden or the deputy animal wardens seize and impound for a period of more than thirty days any animal that has been abandoned, has been cruelly treated, is suffering from an apparent violation of the Virginia Comprehensive Animal Care Act that has rendered the animal in such a condition as to constitute a direct and immediate threat to its life, safety or health, or is alleged to be a dangerous or vicious dog, the owner of the animal that is seized and impounded shall post a bond in surety with the city for the cost of boarding the animal for a period of nine months. If the animal is not boarded for the entire nine months, the city will refund the unused portion of the bond to the owner. The failure of an owner to post the required bond shall be an unlawful act and punishable as a class 4 misdemeanor. In any legal proceeding involving an animal that has been seized or impounded, the court may order the owner of such animal to reimburse the city for the cost of boarding the animal.

2. That this ordinance shall become effective upon its adoption.

Adopted:

Certified: ____________________________

Clerk of Council

023L

LYNCHBURG CITY COUNCIL
Agenda Item Summary

MEETING DATE: **March 24, 2009**		AGENDA ITEM NO.: 5
CONSENT:	REGULAR: **X**	CLOSED SESSION: (Confidential)
ACTION: **X**	INFORMATION:	
ITEM TITLE: **Repeal Outdated Sections of the City Code Dealing With Housing & Hygiene**		

RECOMMENDATION: Adopt an ordinance repealing Sections 22-1, 22-2, 22-3, 22-4, 22-5, 22-6, 22-7, 22-9, 22-10, 22-11,22-12, 22-13, 22-14, 22-15, 22-120, 22-121, 22-122, 22-123, 22-134, 22-135, 22-136, 22-137, 22-138, 22-139, 22-140, 22-141, 22-142, 22-143, 22-157, 22-158, 22-159 and 22-160 of the City Code.

SUMMARY: Since 1959 the City Code has contained a chapter titled “Housing & Hygiene.” The sections of the City Code contained in Chapter 22 establish standards for residential dwellings and rooming houses, and beginning in 1983 the inspection of the delicatessen portions of grocery stores. These sections of the City Code are no longer needed because they have been superceded by state regulations. In 1986 the State adopted a Uniform Statewide Property Maintenance Code. The Property Maintenance Code establishes the standards to which buildings must be maintained and supercedes all local ordinances and regulations concerning the maintenance of buildings. Accordingly, the provisions in the City Code establishing standards for residential dwellings and rooming houses are no longer needed. In 1981 the Virginia General Assembly assigned the responsibility for the annual inspection of the delicatessen portions of grocery stores to the State Department of Agriculture. In 1983 the local Health Department advised the City that the Department of Agriculture did not have the resources to inspect such delicatessens and they were not being inspected on a regular basis. The Health Department recommended that the City adopt an ordinance directing the Health Department to conduct annual inspections of the delicatessen portions of grocery stores. On March 22, 1983 the City adopted such an ordinance. The Health Department now advises that the Department of Agriculture has the resources to conduct annual inspections of the delicatessen portions of grocery stores, is conducting such inspections in other areas of the state, and it is no longer necessary for the Health Department to conduct these inspections within the City. It is recommended that these outdated sections of the City Code be repealed.

PRIOR ACTION(S): None

FISCAL IMPACT: None

CONTACT(S): Walter C. Erwin, 455-3973

ATTACHMENT(S): An ordinance repealing Sections 22-1, 22-2, 22-3, 22-4, 22-5, 22-6, 22-7, 22-9, 22-10, 22-11,22-12, 22-13, 22-14, 22-15, 22-120, 22-121, 22-122, 22-123, 22-134, 22-135, 22-136, 22-137, 22-138, 22-139, 22-140, 22-141, 22-142, 22-143, 22-157, 22-158, 22-159 and 22-160 of the City Code.

REVIEWED BY: lkp

ORDINANCE

AN ORDINANCE TO AMEND THE CODE OF THE CITY OF LYNCHBURG, 1981, BY REPEALING SECTIONS 22-1, 22-2, 22-3, 22-4, 22-5, 22-6, 22-7, 22-9, 22-10, 22-11,22-12, 22-13, 22-14 AND 22-15 RELATING TO HOUSING STANDARDS; SECTIONS 22-120, 22-121, 22-122, 22-123, 22-134, 22-135, 22-136, 22-137, 22-138, 22-139, 22-140, 22-141, 22-142 AND 22-143 RELATING TO ROOMING HOUSES; AND, SECTIONS 22-157, 22-158, 22-159 AND 22-160 RELATING TO THE INSPECTION OF DELICATESSENS IN GROCERY STORES.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LYNCHBURG:

1. That the Code of the City of Lynchburg, 1981, be and the same is hereby amended by repealing Sections 22-1, 22-2, 22-3, 22-4, 22-5, 22-6, 22-7, 22-9, 22-10, 22-11,22-12, 22-13, 22-14, 22-15, 22-120, 22-121, 22-122, 22-123, 22-134, 22-135, 22-136, 22-137, 22-138, 22-139, 22-140, 22-141, 22-142, 22-143, 22-157, 22-158, 22-159 and 22-160.

2. That this ordinance shall become effective upon its adoption.

Adopted:

Certified: ______________________________
Clerk of Council

022L

LYNCHBURG NEIGHBORHOOD DEVELOPMENT FOUNDATION
927 Church Street
Lynchburg, VA 24504

Phone (434) 846-6964
Fax (434) 846-6966

Laura Dupuy, Executive Director
Denise Crews Deputy Director

MEMORANDUM

TO:	Charlene Montford
FROM:	Laura Dupuy
DATE:	March 17, 2009
RE:	53 Federal St.

As we have discussed, it is possible that HUD will require repayment of HOME dollars invested in the above-referenced property. In that event, the City will look to LNDF to participate in the repayment or to offer a constructive alternative in order to resolve the issue. While LNDF believes that we maintained compliance on this project, we agree that resolution is needed and we are both working toward that.

The following is a description of the issue and the constructive alternative that LNDF will propose in our response to your forthcoming letter. That response will also include our position that the funds do not need to be repaid. However, you and I understand that a plan for eventual repayment must be articulated and shared with the Community Development Advisory Committee as well as City Council as to how you think this matter may ultimately conclude.

<u>Background</u>

The above referenced property was purchased in 1998 by LNDF along with some adjacent lots. The lots were re-divided; two parcels were shared with Habitat and three were developed by LNDF. Major renovation was conducted on the subject property in 1999 and sold to a HOME eligible borrower in February, 2000. HOME funds were invested in the development and in the financing of this project.

In August, 2004, the property went into foreclosure and LNDF acquired it with a private mortgage in order to preserve the HOME investment. At that time, due to the house size and the market, LNDF determined that the best use of the property would be rental and that it would be appropriate to include in an upcoming tax credit project in the early stages of development. LNDF and City staff assumed that the foreclosure removed the HOME restrictions in the same way the it removed subsequent liens.

LNDF attempted to make use of the property by renting the downstairs area as a rental unit. A small amount of HOME funds were requested for minor renovation and to close off the upstairs portion of the house. Three attempts were made to rent the unit to low-income tenants but all were unsuccessful. In 2008, LNDF received reservation of Low-Income Housing Tax Credits for the project in which this house was included.

<u>Property Status</u>

The monitoring by HUD in 2008 identified the issue of ongoing restriction on the HOME funds invested in the purchase of the house in 2001. The position of HUD is that foreclosure did not relieve the obligations associated with these funds and that ongoing affordability – occupancy by HOME-eligible households – was required. Other issues were identified, connected with the reporting of the use of HOME funds, such as whether it was a home-purchase property or a rental property. Finally, the lack of records associated with the original renovation in 1998 put the standards of construction into question.

Current Issue

In the event that HUD requires the City to repay HOME funds, this may come to a total amount of up to $60,000 on this property. While LNDF argues this determination by the City, we are interested in finding a solution to the problem and moving forward with positive use of this property.

You have told me that your letter to LNDF offers the opportunity to present a constructive alternative to repayment of the stated amount of HOME funds. In this case, LNDF is willing to take the following steps to resolve the matter:

- sell the subject property for its appraised or market value, whichever is greater
- clear existing liens and obligations against the property
- remit the proceeds of the sale to the City to satisfy any repayment by the City to HUD
- continue to maintain the affordability provisions of the original HOME investment by assuring occupancy in the property by HOME-eligible households.

Mitigating Factors

There is a long-standing working relationship between the City and LNDF. I also want to point out that all steps taken by LNDF in this and other situations has been to provide housing opportunities to low- and moderate-income persons. All of LNDF's work serves HOME-eligible households and all our housing programs are designed to meet the needs of this population. At all times, the occupants of the subject property were HOME-eligible.

Further, this immediate situation was reversed in 2004 when the City was notified by HUD that it had exceeded its subsidy limit in a project -1701-1703 Grace St. The City asked LNDF to consider purchasing one of these parcels to preserve the HOME affordability requirements. This house was acquired by LNDF as part of the Central City Homes project. We paid $41,000, a price above the current market, in order to relieve the City of the obligation to repay HUD.

I hope that this proposal to resolve outstanding issues with respect to this property is acceptable in the event the City is found to have been non-compliant in its use of HOME funds and, therefore, required to repay the funds to HUD.

Let me know your thoughts. Thank you.

Cc: L. Kimball Payne, III