

MINUTES

The Town of Manteo Board of Commissioners held a Recessed Session February 11, 2009 at 9:00 am at the Manteo Town Hall meeting room.

The following members were present: Mayor Jamie Daniels
Commissioner H.A. Creef, Jr.
Commissioner David Farrow
Commissioner Hannon Fry

The following member(s) were absent: Commissioner Christine Walker
Commissioner Richie Burke
Commissioner Darrell Collins

Also present at the meeting were: Town Manager Kermit Skinner; Town Clerk-Becky Breiholz; Planner Erin Trebisacci; Finance Officer Shannon Twiddy.

Mayor Daniels called the recessed meeting to order at 9:05 am

Mayor Daniels commented that the purpose of the meeting was to have an informal discussion on the affordable housing ordinance and his goal is to get this program started. He also spoke with someone from the County Tax office and staff needs to work with the County to get the affordable lots assessed.

Mr. Lee Tugwell represents Cypress Cove and commented that he has problems with the ordinance; and one of those problems is that he is paying taxes on the fair market value and the affordable lots can not be sold at fair market value. Mr. Tugwell gave a brief history of how the development started seven years ago and that the development provided the Town with a \$7.4 million tax base; and that there are 5 lots that are affordable lots which are taxed at \$133,000. He commented that the School Board built affordable units for the teachers and they can't fill their places up. He also commented that the ordinance as written does not help affordable housing and with all the deed restrictions he does not think banks would loan money and does not foster home ownership because it can't be passed on; the property has to always be held in perpetuity for a inclusionary qualified person. If the bank forecloses who can they sell it too and thinks we need to make some adjustments to the ordinance. His other concerns were the lengthy and complicated application process and that there is no town administration of the process. Also discussed was who did the advertising and who was to do the application process. Mayor Daniels asked why they did not advertise one to see if it sold. Mr. Tugwell commented he thought that was the Town's job to do. John Robbins commented that the way the ordinance reads the Town has to advertise the lots and there is nothing in the ordinance about who is going to administer the process. Mr. Skinner commented that there seems to be a conflict because in Exhibit F of the Developer Agreement it states the developer will do the advertising and provide marketing materials for affordable units or lots. Steve Daniels with the Flats project commented that it was his understanding that the Town was going to provide the people and advertise and he was gong to provide the lots and houses and he was ready to start one and wants someone living out there. He is all for affordable housing and wants it to also be affordable to him to develop. Mr. Tugwell

would rather see a system where we help home ownership but do away with all the deed restrictions; give us the lots back or the Town take the lots and sell them for \$40,000-\$50,000 with a stipulation that they have to build on them in a year; has to be their primary residence for 5 years and if they sell it let them have the appreciated value. How do you keep this going if they pass away it has to go to someone else who will qualify. The system as it is now the property has to always be passed on to someone who can qualify does not create home ownership. Commissioner Farrow and Creef both commented that they do not think it is fair that the developer has to pay fair market taxes on the affordable lots and both suggested that the Town reimburse the developers the Town portion of the taxes and to work with the county to get them re-assessed. Commissioner Creef would like the process simplified, the Town should advertise and get the project moving. Commissioner Creef would like staff to investigate possible sources for loans for the applicants. Commissioner Farrow thinks that once the developer gets the lot or house ready they should be turned over to the Town to dispose of, the sellers have done there job. Commissioner Creef thinks the Town should be the agent for selling the property. Who would pay the interest on the construction loan and Mr. Daniels commented he was under the impression that the applicant was going to handle getting their own financing and that the Town was going to qualify the applicant. Other items discussed were the financing of lots/houses and Bill Rea with East Carolina Bank commented that he does not know a lot about the affordable ordinance and that buyer has to come to the table with something and his understanding with affordable housing is that it is a smaller amount; the standard has been 20% and that the bank will only loan 80% of the actual purchase price. If a loan is defaulted what happens then and Mr. Rea commented that when coming to determining the value the bank has put all the money in and they are taking all the risks and in this market that will be hard to find a bank that will do that. Mr. Daniels commented that he understood that he didn't do anything until the Town had someone qualified and ready to buy. What happens if you want to sell it? John Wilson explained the ordinance commented that you sell the house for exactly what you paid for it plus consumer price index and if any improvements were made you get fair market value for the improvements; if you want to sell you tell the Town and the Town will advertise the affordable unit and that the way it is written the applicant must secure their own financing and that the Town would advertise and administer the application process. Deed restrictions were discussed and if there were restrictions wouldn't the county reduce the tax and Shannon Twiddy will get the parcel numbers and contact the County with the information and possibly the County will correct their portion of the taxes. Commissioner Fry suggested having a representative from FHA come in and give a presentation.

MOTION: Commissioner Farrow seconded by Commissioner Creef to recess at 10:15 am was approved by the following vote: Ayes: Commissioners Collins, Burke, Fry, Farrow, Walker, and Creef Noes: None. Absent: none.

This the 11th day of February 2009

ATTEST:

Mayor Jamie Daniels

Town Clerk Becky Breiholz