

COMMITTEE ON COMMUNITY IMPROVEMENT

March 04, 2013

5:00 p.m.

Chairman Roy called the meeting to order.

The Clerk called the roll.

Present: Aldermen Roy, Shea, Craig, Greazzo

Absent: Alderman Gamache

Messrs.: L. LaFreniere, T. Arnold

Chairman Roy addressed item 3 of the agenda:

3. Ratify and confirm phone poll conducted on February 22, 2013, authorizing the Office of Youth Services to apply for one time funding for \$70,000 to purchase a client case management database system with three years of maintenance.

On motion of Alderman Craig, duly seconded by Alderman Shea, it was voted to ratify and confirm the phone poll conducted.

Chairman Roy addressed item 4 of the agenda:

4. Petition to discontinue streets on Wellington Hill.

On motion of Alderman Shea, duly seconded by Alderman Greazzo, it was voted to refer the petition to a road hearing, with a date to be set by the City Clerk.

Chairman Roy addressed item 5 of the agenda:

5. Petition to discontinue a portion of Green Street, Summer Street and Elm East Back Street.

On motion of Alderman Greazzo, duly seconded by Alderman Shea, it was voted to refer the petition to a road hearing, with a date to be set by the City Clerk.

Chairman Roy addressed item 6 of the agenda:

6. Communication from Leon LaFreniere, Planning and Community Development Director, requesting the subordination of a City lien totaling \$11,816 on the property at 30 Fairmount Avenue.

On motion of Alderman Craig, duly seconded by Alderman Shea, it was voted to discuss this item.

Chairman Roy stated Leon, this request to subordinate the City lien on 30 Fairmount Avenue, I believe in it it said that we requested the documentation to be forwarded to us so that the solicitor could look at it. Did that happen?

Mr. Leon LaFreniere, Director of Planning & Community Development, replied it has not happened yet. We have not yet received it.

On motion of Alderman Craig, duly seconded by Alderman Shea, it was voted to table this item.

Chairman Roy addressed item 7 of the agenda:

7. Communication from Leon LaFreniere, Planning and Community Development Director, requesting the subordination of a City lien totaling \$22,304 on properties at 14-16 Cass Street and 22-24 Cass Street.

On motion of Alderman Shea, duly seconded by Alderman Craig, it was voted to discuss this item.

Chairman Roy stated Leon, when I look at these, the two things that I always look at is, are we losing position for the money owed to us and is the applicant getting any money out. For me, if it meets that criteria, then I am in favor of it. The way that I read this, neither one of those are happening here. We are losing position and the applicant is going to get money out to put into another project. Is that correct?

Mr. LaFreniere replied that is effectively my understanding. The applicant is looking to leverage these properties to facilitate another project being done. In this case, it is somewhat unusually insofar as we are sitting in first position currently, and are being asked to subordinate to second position in order to facilitate that transaction taking place. The applicant or the individual who is requesting this is represented here this evening, if you have any questions, they might be able to fill in some of the details of why this is being requested, but it is not the typical situation that we have presented to you in the form of subordination requests.

Chairman Roy stated thank you for that information. One of the reasons I look at that is because if we drop back in position, then we are putting the taxpayers' money at greater risk and that is not good for me. Are there any other questions from the committee?

Alderman Shea asked was this lead money?

Mr. LaFreniere replied this is not lead money. This is housing rehabilitation program money. It carries similar restrictions but it is from a different source.

Alderman Craig stated Leon, we have three subordination requests in front of us this evening. Two of which you have commented and would recommend. You did not do that on this. Can you tell me why?

Mr. LaFreniere replied the reason that I didn't make a recommendation was because it is a different form of request than the committee has acted on in the past. We have taken direction from the committee with regard to these former requests that did not, as Alderman Roy has pointed out, change the City's position or result in a diminution, if you will, of the City's equity position, from the standpoint of the property owner requesting that they take out additional equity from the property. This one is a little bit different because it does in fact result in a change of position of our note, as well as the purposes so that these properties might be leverage to facilitate another project taking place. Because of those different circumstances, I felt it was appropriate to define those and explain that to the board and then get some direction from the committee as to how we should proceed on this case, as well as future cases like it.

Alderman Craig asked have we seen anything like this before?

Mr. LaFreniere replied not in my experience. I can't say that it hasn't happened, but I have not seen it.

Alderman Craig asked to the solicitor, could you please provide your thoughts regarding this request?

Mr. Thomas Arnold, Deputy City Solicitor, stated I would basically make the same comments that Leon made. This is a different type of request in that you are essentially subordinating to perhaps not a larger amount of money, but it is being used as security for another project so that you are getting behind a bigger loan and that is different from the ordinary requests that you handle where the City is essentially maintaining its same position.

Alderman Craig asked so in your opinion, is it putting the City at risk?

Mr. Arnold replied it is certainly placing the City at additional risk, yes.

Chairman Roy asked Tom, if we were to do this, this would be setting a precedent that we haven't done before, falling back in position?

Mr. Arnold replied well, in a sense that you have done something that you haven't done before, then you might have additional requests and in that sense it would be setting a precedent. That is not to say that you could grant this one and deny others, but yes.

Chairman Roy stated Leon, in the other requests here tonight it tells us what the original loan was and the how much has been paid back. In this request, I don't see that. I just see the total of \$22,304. Is that the original amount of the loan?

Mr. LaFreniere replied yes.

Chairman Roy asked has any of it been paid back?

Mr. LaFreniere replied no, the term of the loan was that it would be paid back upon the sale of the property.

Chairman Roy stated okay. That explains that. I appreciate that. Thank you. Is it possible for this applicant to pay that loan off without selling the property and then just move forward with using that collateral?

Mr. LaFreniere replied it is possible from the standpoint that there is nothing in the mortgage documents that would prohibit that payment. I can't speak to the capacity of the applicant.

Chairman Roy stated it would be possible for them to pay it off. Very good.

Thank you.

Alderman Craig stated at this point in time, I can't support the request that is in front of us, but there isn't a policy that we are following regarding items like this. I am not sure if this is time sensitive. I, personally, would be open to tabling this and having Planning and the solicitor get together and put a policy in place so that we have better parameters to go by when we are judging these subordinations, because we are seeing more and more of them every meeting. I think it is important that we have some clear understanding and equality when we are deciding one way or the other to approve these.

Alderman Greazzo stated I would oppose tabling at this time because it only holds this gentleman up until we create a policy. I would do them separately; I would deal with this and then come up with creating a policy.

On motion of Alderman Greazzo, duly seconded by Alderman Craig, it was voted to receive and file the request for subordination of a City lien for properties on Cass Street.

Chairman Roy addressed item 8 of the agenda:

8. Communication from Leon LaFreniere, Planning and Community Development Director, requesting the subordination of a City lien totaling \$80,200 on properties at 129 Amherst Street.

On motion of Alderman Shea, duly seconded by Alderman Greazzo, it was voted to approve this request.

Chairman Roy addressed item 9 of the agenda:

9. Communication from Pamela Goucher, Deputy Director of Planning and Zoning, requesting acceptance of \$42,000 from the NH Housing Finance Authority for CIP project #810713 - Second St. Corridor Grant.

On motion of Alderman Greazzo, duly seconded by Alderman Craig, it was voted to approve this item.

Chairman Roy addressed item 10 of the agenda:

10. Request from Leon LaFreniere for various CIP project extensions.

On motion of Alderman Craig, duly seconded by Alderman Shea, it was voted to approve this item.

Chairman Roy addressed item 10 of the agenda:

11. Discussion relative to the Neighborhood Stabilization Program.

There were no updates to discuss.

Alderman Craig stated I would just like to reiterate the suggestion of having the Planning Department and the city solicitor come together and put a policy together regarding subordination.

Chairman Roy asked Tom, can we have you get together with the Planning Department and come up with a checklist or a process that we can use to look at these subordinations, when they come in, to help us with our deliberations?

Mr. Arnold replied yes, I am willing to do that. I am just questioning what the committee is looking for. Are you looking for a checklist of items that you should consider or a policy, as you mentioned before, for dealing with, I presume, subordination requests where someone is getting money out or increasing the amount of money in front of the City, so to speak?

Alderman Craig replied my preference would be a policy. We have seen a number of these. I think you can take what this board has done to-date, as a guide, but when we get the information in front of us, it is inconsistent; sometimes we know the amount of the loans, sometimes we don't, sometimes we know whether they have paid up-to-date and sometimes we don't. We are not always sure whether your department has looked at the information. I think a policy in addition to standard information that we get, versus the various types of letters... Sometimes we receive information from the bank and sometimes we don't. If we are asked to vote on something and we don't have adequate information, I think it is putting us in a difficult position. I just want to make sure that we have the information that is needed and it may be worthwhile to look at how other cities are handling their subordinations, in addition to how we have been doing it in the past.

Mr. Arnold replied certainly, I can work with the Planning Department to come up with a policy.

Chairman Roy stated I think it was well stated. One of the things that we have been consistent with, on this committee anyway since I have been here, is that we don't want to step back in our position and we certainly don't want the applicant pulling more money out. Those would be some of the things we would want to see in there.

Alderman Shea stated I think too, Tom, when we do approve a particular lien adjustment, as it were, or subordination to the City lien, the people who are asking for this usually are active participants. In other words, they have been involved in trying to reduce the amount due to the City. I am not sure if there should be certain types of pluses that should go on one side, meaning these have to be followed and then the other side of course would indicate what the alderman is

talking about here, mainly the other types of things that have to be followed as well, in addition to that.

On motion of Alderman Craig, duly seconded by Alderman Greazzo, it was voted to have the Planning and Community Development Department and the City Solicitor put a policy together regarding subordination of liens.

On motion of Alderman Greazzo, duly seconded by Alderman Shea, it was voted to adjourn.

A True Record. Attest.

A handwritten signature in black ink, appearing to read "Matthew Normand". The signature is written in a cursive style with a long, sweeping underline.

Clerk of Committee