

COMMUNITY DEVELOPMENT ACT ADVISORY COMMITTEE
(CDAAC)
Minutes
October 12, 2006

The Development Center
445 W. Michigan Ave., Suite 101
Conference Room #1

Members Present: Dave Kinsey, Vice Chair (Acting Chair); Shirley Coleman; Mark Fricke; Doris Jackson; Jennifer Mills; Susan Oakes; Pegg Osowski; Mildred Smith; Kathy Steppenwolf

Members Excused: Charley Coss

City Staff: David C. Thomas, Neighborhood Development Specialist; Amy Thomas, Recording Secretary

Guests: Don Cooney, City Commission Liaison

CALL TO ORDER

In the absence of Chair, Charley Coss, Vice-Chair Dave Kinsey called the regularly-scheduled CDAAC meeting to order at 6:30 p.m.

ROLL CALL

It was determined during roll call that the aforementioned members were present.

EXCUSED ABSENCES

Mr. Coss advised city staff that he would not be present at the October 12, 2006 CDAAC meeting.

APPROVAL OF AGENDA (October 12, 2006)

There were no changes to the agenda.

Ms. Jackson, supported by Ms. Osowski, moved approval of the October 12, 2006 CDAAC agenda. With a voice vote, the motion carried unanimously.

APPROVAL OF MINUTES (August 12, 2006)

There were no changes to the minutes.

Ms. Coleman, supported by Mr. Fricke, moved approval of the August 12, 2006 CDAAC Minutes. With a voice vote, the motion carried unanimously.

CITIZENS' COMMENTS ON NON-AGENDA ITEMS

None

COMMUNICATIONS/MEMBERS REPORTS

None

OLD BUSINESS

Neighborhood Associations of Michigan Conference (NAM)

Ms. Jackson stated that Robert Mulvaney, the Corrections Coordinator from the State of Michigan, provided a presentation regarding interpretation of gang graffiti and attire worn by gang members. Ms. Jackson advised that she wants to have Mr. Mulvaney return to Kalamazoo for another presentation in the spring before kids are out of school. The neighborhood associations, schools and other interested parties would be invited to hear the presentation. Ms. Jackson commented that Kalamazoo has pseudo gangs but no gangs yet.

Ms. Jackson stated that the city was well-represented at the NAM meeting, and people from all over Michigan attended the conference. There was a financial advisor present at the conference, and there were many break-out sessions, including presentations on how to successfully run a board, how to build a committee from the ground up, and an informational session regarding methamphetamines. Many points of interest were discussed during the bus tour.

(6:35 p.m. – Jennifer Mills arrived.)

Mr. Kinsey inquired if visitors from other communities had a positive impression of Kalamazoo, and Ms. Jackson responded in the affirmative. She commented that the visitors had a positive reaction to the new buildings and changes that were being made in Kalamazoo. The new theatre, Bronson Hospital, and street paving were all subjects of interest among the visitors during the bus tour.

6:36 p.m. – Commissioner Cooney arrived.)

CDAAC Motion of July 6, 2006 – Population growth for Kalamazoo

At the July 6, 2006 CDAAC meeting, the following motion was made pertaining to the decrease in HUD funds:

Mr. Fricke, supported by Mr. Kinsey, moved to recommend that the City Commission establish a formal effort to identify the causes of population declines within our city. It is further recommended that the findings be used to establish an effective action plan that would tangibly slow, or reverse the trend of declining population within the city, and thereby encourage sustained and beneficial population growth within the City of Kalamazoo. With a voice vote, the motion carried unanimously.

The September 14, 2006 CDAAC meeting was cancelled, so this item is on the October agenda for further discussion. Mr. Thomas stated that he was contacted by the City Manager's office regarding the background information for this motion, but there was no other follow-up from the Manager's office since then. Commissioner Cooney advised that this matter has not come before the City Commission, and that he would contact the City Manager to obtain a status report about the motion.

Draft Conflict of Interest Policy – 10 November 2005

Mr. Thomas stated that he drafted the conflict of interest policy, and it was discussed at the November 2005 CDAAC meeting. At that time, the CDAAC members decided to spend more time talking about this subject before adopting the policy.

The conflict of interest policy stated what CDAAC is and why there needs to be such a policy. The policy also refers to federal guidelines, defines conflict of interest and the parameters regarding what that means, and what needs to be disclosed. Before the final funding recommendations are made, the CDAAC members disclose their affiliations for the record. The draft policy covers such subjects as participation in dialogue and debate, and to what degree it is appropriate to advocate for an organization. The policy also discusses abstentions from voting, accepting gratuities, guidelines for fact finding (giving notice before site visits by CDAAC members). Fact finding by CDAAC members should not be confused with annual monitoring by city staff.

Ms. Jackson inquired as to what would happen if more than one CDAAC member was associated with a particular organization that applied for funds through CDAAC. Mr. Thomas advised that there is a difference between the recommendations made by the CDAAC sub-committees and the voting process that takes place when the entire CDAAC group gets together. When the entire group is together, there should be an abstention from voting by CDAAC members who have a personal interest in organizations who applied for funding through CDAAC.

Mr. Fricke, supported by Ms. Osowski, moved to establish a subcommittee to study the issue of conflict of interest as it pertains to CDAAC.

Ms. Osowski stated that some members have received letters in the past from organizations thanking CDAAC. Mr. Thomas advised that is covered under the subject

of gratuities. As an example of an appearance of conflict of interest, he commented that it might be unacceptable for a CDAAC member to accept a lunch invitation with a sub-recipient.

Mr. Fricke suggested listing thank-you letters under communications. Visits by CDAAC members to sub-recipients could also be stated under communications so that the entire board is made aware of the visit. He advised having further discussion on this topic at the sub-committee meetings. Mr. Fricke suggested that it should be the discretion of the Chair as to how many people would be on the sub-committee.

With a voice vote, the motion carried unanimously.

Mr. Fricke, Ms. Mills and Ms. Coleman volunteered to be on the subcommittee regarding conflict of interest. Members of the subcommittee will contact each other to set up the first meeting.

NEW BUSINESS

Michigan Community Development Directors' Association Annual Meeting – Ann Arbor “Building Stronger Communities: The Community Development Block Grant in Michigan”

Mr. Thomas stated that the Michigan Community Development Directors' Association meets 4 times per year. The annual meeting is in the fall, and this year it was held in Ann Arbor. A bus tour from a developer was part of the program.

Mr. Thomas provided copies of a report regarding building strong communities that he obtained at the annual meeting. The report was compiled by SEMCOG (Southeast Michigan Council of Governments and Michigan Community Development Directors Association (MCDDA) using information from various organizations.

Mr. Thomas referred to Appendix A of the report, which includes the latest recommendations on funding. He stated that it was predicted Kalamazoo might be facing a reduction of approximately 5% of CDBG funds. However, this report contains a chart which indicates that the reduction in funding for Kalamazoo would be about 28%. It was later determined that the 28% estimation would have been accurate had Congress accepted the proposed formula changes to HUD's allocations.

The report is significant for a couple of reasons. First of all, it provides a history of CDBG funds and what has happened in Michigan. The report also shows that the administration at the federal level has proposed a flat reduction of 25% in CDBG funding. On top of that, there is a proposal for a change in formula allocation. If the changes are enacted, 17 communities in Michigan who are currently receiving CDBG funds, would no longer receive those funds. Those communities would have to go to the

state, i.e., MSHDA, for their funds. While Congress did not move this effort forward this year, national advocates predict that it will likely occur next year. At this point, everything is at least status quo, and there may be a slight increase on the national CDBG level. Locally, there will probably be a 5% cut, which will amount to approximately 1.778 million next year.

Ms. Mills commented that the proposed formula includes a 50% poverty rate. She inquired as to the current rate. Mr. Thomas stated that there are two different formulas and applicants are allowed to use the formula that is most advantageous.

Commissioner Cooney mentioned that Kalamazoo's poverty rate has gone up since 2000, from approximately 24% to 30%. Those numbers would indicate that Kalamazoo might do better with the new formula. Mr. Fricke mentioned that poverty is not a huge factor in the current formula; population is a bigger consideration. Mr. Thomas stated that college students are currently counted in the formula. The formula needs to differentiate between college students and people who have no other support systems. There are many more details to be sorted out.

PY2007 CDBG Presubmission Training Workshops

Mr. Thomas stated that he gave two training sessions; one on October 11th and one on the 12th. He provided a list of the people who attended the training session. There were 27 attendees over the two-day session; 23 different agencies were represented. Last year there were 26 attendees, 13 at each session and 21 organizations were represented. There were some new organizations who attended this year. Accordingly, there might be as many applications this year as there were last year.

Mr. Fricke inquired as to how many people who submitted applications actually received funds. Mr. Thomas recalled that there were two applicants who didn't receive funds. Approximately ninety percent of the people who attended the training session last year applied for funds, and about 85% of those who applied received funds.

Neighborhood Enterprise Zones (NEZ) – Introduction

Mr. Kinsey stated that there are five people on the committee. The committee is planning to proceed with tax breaks for homeowners in Kalamazoo. The tax breaks will apply for the following instances: people who move into the city and establish a homestead residence, people who build a new house in the City of Kalamazoo, and people who refurbish or improve their homes will be eligible for a tax break. They have to make a certain level of improvements to the homes in order to be eligible. The NEZ can be designated in multiple areas. The committee is looking at the following areas for NEZ designation: Northside neighborhood, Vine Neighborhood, Edison neighborhood near the Clinton, Eggleston, and Stockbridge areas. Other locations in the city limits are also being considered.

Mr. Fricke suggested extending the NEZ area to the Burke Acres Neighborhood. Mr. Kinsey advised that he had suggested Oakwood as a potential NEZ area. The committee members discussed how to make the NEZ the most effective. Mr. Fricke inquired if there was any effort to have the NEZ coincide with the schools as a way of providing an incentive for people to move into those districts. Also, it might be helpful to consider which school districts need the most help. Mr. Kinsey stated that Andrea Augustine (City of Kalamazoo, Community Planning & Development) advised that the NEZ normally targets people who don't have kids, but since the inception of the "Kalamazoo Promise" the focus is more on families with kids.

Ms. Osowski inquired if anybody could apply for the NEZ tax breaks, and Mr. Kinsey responded in the affirmative. Mr. Kinsey suggested putting information on the Internet to get the word out about the NEZ. The committee will pick the areas to receive these tax breaks, and that decision should be made by the end of the year. The second meeting will take place the week of October 16th.

Mr. Thomas advised that the state allows up to 10% of a municipality's land mass to be designated for the NEZ, and the program can run up to 12 years. There are different levels of tax breaks that can be designated for the NEZ. Mr. Kinsey added that the property owners would pay the same amount of tax they paid before making improvements to their property. At the end of the 12 years, the taxes are increased to the full amount. If the property is sold during the time the NEZ is in effect, the tax break would transfer to the new property owner.

Mr. Fricke mentioned that some communities are encouraging churches to move elsewhere because they don't contribute to the tax base.

CITIZENS' COMMENTS

None

ADJOURNMENT

There being no further business, the October 12, 2006 CDAAC meeting was adjourned at 7:10 p.m.

Submitted by: _____

Dated: _____

Reviewed by: _____

Dated: _____

Approved by: _____

Dated: _____