

DEPARTMENT OF CITY CLERK

CITY HALL

MARCH 16, 1993

The Committee on Finance meets this day in the City Clerk's Department, Committee Room "A" at 5:00o'clock P.M.

PRESENT: Chairman Dillon; Councilman Glavin; Councilwoman Fagnoli; Councilman Fenton.

ABSENT: Councilman Igliazzi.

Also present are Patricia McLaughlin, Deputy City Solicitor; Jerome Baron, Finance Director; Steve Woerner, Internal Auditor; Tom Deller, Planning & Development; Michael Van Leeston, Director of Planning and Development; Michael R. Clement, City Clerk and Anna M. Stetson, Assistant Clerk.

AN ORDINANCE IN AMENDMENT OF CHAPTER 1991-32 AS APPROVED DECEMBER 2, 1991 ENTITLED "AN AMENDMENT OF CHAPTER 1991-24, AS APPROVED JULY 24, 1991 ENTITLED AN ORDINANCE ESTABLISHING A COMPENSATION PLAN FOR THE CITY OF PROVIDENCE AND REPEALING ORDINANCE CHAPTER 1990-13 APPROVED JULY 3, 1990, AS AMENDED RELATIVE TO THE DEPARTMENT OF PLANNING AND DEVELOPMENT".

CHAIRMAN DILLON: We have representatives from the Department of Planning and Development. We approved the reorganization of the department in the fall sometime. Apparently the amounts that actually got into the ordinance was not what was represented to us. So I asked Steven to look at the records of the meeting. As I recall you passed out a booklet or something that said this is the reorganization of the department.

(Councilman Dillon hands Mr. Van Leeten copies of the record of the meeting for his review)

MR. DELLER: The minutes are in reference to two of the positions, but not the third. The two positions that you have referenced are the Assistant Director for Housing, which Councilman Glavin requested. It says \$35,000. Mr. Van Leeston's response that it started at \$35,000 - \$40,000. The same was true about the Real Estate Aid. But there's no discussion in the minutes, at least none that I saw.

COUNCILMAN GLAVIN: Excuse me Tom. Did you say that I requested this position?

MR. DELLER: No. For the Assistant Director.

CHAIRMAN DILLON: You asked a question in the minutes.

COUNCILMAN GLAVIN: Okay. I didn't request any of these positions.

MR. DELLER: The ordinance that has been introduced to this Committee was to correct those three position salaries we had originally intended them to be.

Two of the positions are filled. The Real Estate Aid and the Assistant Director for Housing. The third position, Assistant Director for Planning was advertised, were interviewed, and we had actually offered the job to someone who had accepted it and were in the process of filling the paperwork when we discovered that position, the salary was less than we intended. In fact that all three of the Assistant Director's positions were not at \$40,000. It was our understanding that that's what the

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salaries were going to be and when we saw, the Personnel told us when we filled the paperwork that it was actually \$30,000 for that position and \$35,000 for the Assistant Director of Housing and \$20,000 for the Real Estate Aid.

MR. VAN LEESTEN: One of the names, I'll give you the resume of the gentleman that was hired for the ----- as I indicated before when we hired the people we wanted to give you a sense of the quality of the people that we were bringing on board. This is Louis Francis. He is the Assistant Director for Housing. He had been hired. And basically we thought we were hiring at the \$40,000 level. We are hoping that we can make the appropriate change. I would add, just in keeping with the quality of people on board there was another position that was part of that mix that didn't need any adjustments. It was a commercial lender that we were looking for that would assist us in our economic development work, and this is that individual Artheur Speaks, who is on board. These two people are on board presently. The person who we haven't hired as yet depending the outcome of our ability to come in at the level that we had anticipated at the \$40,000 level, is a very, we can't divulge his name at this point, because of the fact that he is employed presently and he doesn't want his employer to be aware of it. But he's someone who I think is known to everyone here, and is extremely talented city planner, who would bring a lot of substance and support to Tom Deller in the work ahead.

I don't know where the snafu occurred in terms of the original document that we put together that had arranged for those positions from \$35,000 to \$40,000. But somewhere in the shuffle when the ordinance was passed it had been set at \$35,000 and had been set at \$20,000 and we weren't aware of that. We are not placing the blame, and just because when it came time to pass paper were made aware of it when personnel notified us of that the ordinance had the low numbers. So we were coming back to basically bring it back to the numbers that we first had recommended and we hope that we can get this approved so that we can bring on the other person.

COUNCILMAN GLAVIN: Is Mr. Speaks a real estate agent?

MR. VAN LEESTEN: No. Mr. Francis is the Assistant Director for Housing. Mr. Speaks is the Commercial lender in our---- economic development division.

COUNCILMAN GLAVIN: Was it an existing position?

MR. VAN LEESTON: That was a position of part of the reorganization.

COUNCILMAN GLAVIN: Who was the real estate agent?

MR. VAN LEESTON: Eric Bolte.

COUNCILWOMAN FARGNOLI: Do you think Mr. Francis has the necessary training for housing?

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MR. VAN LEESTEN: There are two things that he brings to the table. One is that he has had 10 years of construction. He's been an owner of a business for construction work. He's a graduate of a law school and he's had background work for community builders, that's a non profit developer. He assists non profits. He has a broad base of experience and he's excellent for what we need him to do.

MR. VAN LEESTEN: The purpose of giving you these resumes is to give you a sense of the kinds of people we are bringing on board.

COUNCILWOMAN FARGNOLI: It's the only department that has money so we want to make sure that it's directed properly.

COUNCILMAN FENTON: You had mentioned that we had to do the correction. I had asked if you had ever spoken to Mr. Virgilio to make sure that this did not constitute a pay increase.

MR. VAN LEESTEN: Yes. If you recall we passed all of this through collective bargaining with Joe Virgilio.

What we are represented here is the same thing we represented to Mr. Virgilio and the collective bargaining unit.

Chairman Dillon asks that the minutes of the October 10, 1991 meeting with Planning & Development be made part of this record:

the potential to relocate to the city. We administer \$8,000,000 or \$9,000,000 loan portfolio. We also offer other HUD funded programs that require underwriting and administrative skills and the Business Loan Specialist that we would like to hire would be able to work certainly with the overall business community within the city, but with an emphasis on the nature those businesses within the poor neighborhoods and will work particularly with minority business enterprises to really encourage them to participate in programs that we administer. 14

Finally item 6, Real Estate Aide: The Redevelopment Agency and the department controls or owns dozens of parcels of vacant lot parcels throughout the city. I should have let the Mayor announce the \$63,000,000 housing and development program, the likeliness that we will, over the course of the next several years, that we will identify and acquire through negotiated purchase or condemnation of hundreds of buildings and structures and vacant lots throughout the city, and we need someone who can assist both...and me in maintaining those files and keeping a record of transactions that we engage in when we do real estate activity.

COUNCILMAN GLAVIN: Do you guys get tired of.....

MR. VAN LEESTON: The rest of the following information pretty much is a rationale for the need for creating these positions and in addition if you go through it there's a salary attached to each of the positions. There's more information on

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COUNCILMAN IGLIOZZI: Would this be the job spec?

MR. VAN LEESTON: The job specs would be in there.

COUNCILMAN GLAVIN: The Assistant Director of Housing Development \$35,000 to \$40,000 but you budgeted for \$35,000.

MR. VAN LEESTON: It would be \$35,000 to start and \$40,000 with the experience.

MR. PALMERI: We would like to be able to work depending on who we might be able to attract to the position within that range. Maybe we'll have to take a look at these again. Depending on the qualifications of the individuals who responded and solicited....

COUNCILMAN GLAVIN: The same thing....you set a range of \$20,000 to \$25,000.

MR. PALMERI: Well we do have an individual, and we're dealing with the union on this specific issue.is serving as a temporary employee, she was appointed to work with our department a little over three months ago and over the past several weeks she has been assisting Bill Porretti in this activity. Now the question is whether or not, the positions that are listed, this is the one bona fide union position. This we would expect to be a union position. There are some questions as to whether or not we would be required to post, advertise, interview, this is the matter we are discussing with the union, I'm not sure whether Ms. would be appointed, but our plan is to see whether that can be accomplished.

MR. VAN LEESTON: We have been following that with several job specs for each one of the positions and these are the ones for the most part developed by the Associated Director, Deller.

COUNCILMAN DILLON: Any other questions?

This is a very good package. The only problem is that you actually need an ordinance.

MR. PALMERI: Mr. Chairman we have presented an ordinance.

COUNCILMAN DILLON: There does appear to be some incidents.

COUNCILMAN GLAVIN:some people out and some people received increases in salary and things.

MR. VAN LEESTON: Just through grievances.

COUNCILMAN GLAVIN: That's all.

MR. PALMERI: There were a number of grievances that were resolved.

COUNCILMAN GLAVIN: In all these positions.You have her down for budgeted for no money, and then we have her.... you're telling me that you are just changing her name, her title?

MR. PALMERI: That's a grievance as well.

COUNCILMAN GLAVIN: There was just additional dollars. I'm just picking her out. There are many people here. Are there many people in the same.

MR. PALMERI: There are about six individuals that filed a grievance. There was a resolution.

COUNCILMAN GLAVIN: So the resolution will change their title and pay?

On motion made by Councilwoman Fagnoli, seconded by Councilman Fenton, it is voted to approve the foregoing matter.

ABATEMENTS

CHAIRMAN DILLON: Last week we had discussed abatements, and we had set up a meeting for next Monday in the afternoon to prepare whatever needs to be prepared for the policy of abatements. Specifically we had asked about the policy of abating taxes for-----Housing development corporations, etc. Councilman Igliazzi had questioned whether that was authorized under the statute. We had, however, this one abatement for SWAP, has a project going on-----Avenue, Elmwood Avenue, there's four or five houses they have there in one package. You're looking for rapid action on that one because they are putting together a financing package or something.

-----We have a project involving five buildings and we currently have clear title to four. The fifth is the Whitmarsh Building which has a municipal lien on it for outstanding taxes in the amount of approximately \$6,000. I can give you the exact amount if you need it.

CHAIRMAN DILLON: I probably have it already.

MR. DELLER: We are hoping to start construction soon in order to go to the Rhode Island Housing Board for the final approval of financing we have to own five buildings. So taking title to the fifth building is really important to help the entire project in which we are planning to provide 13 units of extremely affordable, cooperatively owned, owner occupied housing on a very visible block along Elmwood Avenue. The monthly cost to the cooperative buyers is in the range of \$325.00 to \$450.00 a month. So we are really getting, the goal is to put people into ownership for as much or less than they are already paying in rent.

CHAIRMAN DILLON: It sounds like it is a good project but it doesn't sound like he's hitting notes that we'd like to hear. Is that correct? He's talking about a housing cooperative. So my question to you is do we have the authority to abate taxes, in that event? We are not talking about a SWAP program that is outlined in the ordinances. We are talking about an abatement for the previous owner really is what we are abating the taxes for.

JIM HEXTER: I am the Executive Director of SWAP. We have taken title for four or five buildings for what we are planning. A major rehab. I think it's consistent with the ordinance in what we are going to return to the tax roles buildings that have been vacant and abandoned for more than 2 years. The prior owner is out of the picture. The building has been closed by a Savings & Loan which is also out of the picture. We negotiated purchasing the buildings from -----and tend to completely rehabilitate, occupy and pay taxes on the properties. We seek abatement on the back taxes so that we can take title to them and hold clear title to the buildings because the cost of the rehab is already great enough and taking on additional expenses like back

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taxes incurred by the prior owner would, we would just have to pass that cost on to the buyers.

MS. MCLAUGHLIN: You are coming forward as the organization, correct to abate the taxes?

MR. HEXTER: Correct.

MS. MCLAUGHLIN: That's what the council was trying to explain. Some problems the ordinance is unclear because it does state the abatement should be on an individual basis with neighborhood associations making the recommendation. I don't know if the neighborhood associations contemplate SWAP. I know the Tax Assessor's office has another avenue for SWAP to go through in order to----- . I am looking into a matter for Councilman Young. Is this the same matter. I think it is.

MR. HEXTER: This is Whitmarsh Street.

MS. MCLAUGHLIN: So this is different from that one. But it's under the same thing. It's SWAP.

What I can do, I can take your card and get back to you.

MR. HEXTER: I was advised by both the City Collector and by Councilwoman Young that this was the appropriate process. This Committee and the City Council.

MS. MCLAUGHLIN: We are presently changing the ordinance to include neighborhood association or to contemplate because the intent of the ordinance seems to be that there is some way it may be doubtful as to what the intent of what the ordinance was.

CHAIRMAN DILLON: We are also limited by the State law.

COUNCILMAN GLAVIN: That's where the whole question arose.

MS. MCLAUGHLIN: The State laws are more in terms of----- . It's two different types of abatements. He is doing it for rehab purposes, so it could come under the ordinance, since the ordinance is for rehab property. I do think the intent of that ordinance is for neighborhood associations because in the beginning it talks about the groups who are entitled to it, it talks about any-----, so I would think -----within the next section of the ordinance says that the abatement should be on an individual basis only. And it has that confusing sentence about neighborhood associations may make recommendations. I don't know what may make recommendations means, so I think we decided at the last meeting to just make it clearer and to take that part of the ordinance out so it would read consistently.

CHAIRMAN DILLON: Let me ask you this. Are we prohibited by law from enacting, ----- Councilman Igliozi's point was that we don't have the authority to abate people's taxes, unless we follow the specifics.....

MS. MCLAUGHLIN: There are two different types of----- . One is from the state and so forth. The other is for----- .

COUNCILMAN GLAVIN: I think his question is whether the existing city ordinance complies with the -----.

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MS. MCLAUGHLIN: He was saying that if you are going to go by State law then that's only if there's a mistake and you go through the tax assessor's office. If you are going to come in for an abatement due to tax abatement for rehab purposes, which this seems to be rehab purposes, then you can go into the statute as long as the statute is clear as to who is entitled to go forward under this statute. That's why I thought we had agreed to change the ordinance in order to make it clearer.

CHAIRMANDILLON: Tell me what would happen, what impact if we had to wait a week or more. What impact would that have on you.

MR. DELLER: Every week's delay we would be delaying the construction.

In order to go forward with our financing we need to acquire all types of ----- . We are also incurring carrying costs on the building.

CHAIRMAN DILLON: How much are the taxes?

MR. DELLER: It's \$5,800. I'm sorry \$5,688, as of last month.

MS. MCLAUGHLIN: When they discuss qualifying homesteader they say any person or non profit organization is presently defined in ----- . So if the definition on the part of the ordinance seems clear that a non profit would qualify.

CHAIRMAN DILON: Then the ordinance is okay with the State law.

MS. MCLAUGHLIN: Yes. I think the State law is a completely different type of abatement. It's not for rehab. It's for the State in taxation ----- . But section 21130 states that an abatement should be considered on an individual basis, neighborhood associations may make recommendations on behalf of their members. But this is SWAP. Which I believe.....

CHAIRMAN DILLON: That had it's own enabling legislation of it's own didnt' it?

MS. MCLAUGHLIN: SWAP. Right. Which is how the tax collector's office is handling it separetly.

CHAIRMAN DILLON: It had legislation and an ordinance. If I recall correctly.

MS. MCLAUGHLIN: That's why I'd rather check with them before you do anything.

CHAIRMAN DILLON: Well you wouldn't make Thursday's meeting anyway, so we'd be talking about the first meeting in April before we could act on it anyway. So a week's delay is not going to make any real difference.

Discussion is made as to when they could meet again regarding this matter.

On motion made by Councilwoman Fargnoli, seconded by Councilman Galvin, it is voted to continue the foregoing matter.

COUNCILMAN GLAVIN: I know at one of the meetings, we

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got into a discussion about tax abatements and the suggestion was for -----about the possibility of some type of combination tax abatement and payback to the city. The city would pay 50 percent on the taxes and over a ten year period a five year period would allow the homeowner to pay the city with no interest, 50 percent back. We felt-----it would also insure that the concept behind the city being involved was really----- was not only to save property and to provide affordable housing but it was also to encourage home ownership in the City of Providence. We talked about that. We talked about this on and off over the past several years and we seem to ----- come up with some kind of policy on this or if we should move further ahead with some type of ordinance.

CHAIRMAN DILLON: That's what we were hoping..... Your suggestion is to get 50 percent from everybody.

COUNCILMAN GLAVIN: I don't think it's unreasonable.

CHAIRMAN DILLON: It may make sense.

COUNCILMAN GLAVIN: I don't think it's unreasonable and then allow the payment over a five year, ten years would be ridiculous because most of the----- are \$1,500, \$2,000 or \$3,000, so if we abated 50 percent of it, in this case..... you would be abating \$2,600, and you would be asking the people to pay \$2,600 over five years.

CHAIRMAN DILLON: I think the problems are with the titles. The problems with making these deals work is just getting a clear title to the property and then being able to get the financing. We do more to clear up the title than to save them money. Actually if you come right down to it, over the course of the whole project he could probably end up paying back the taxes but he probably can't get the first mortgage because the taxes aren't paid.....

COUNCILMAN GLAVIN: We got into a discussion with Councilman Fenton, he pointed out some of these affordable housing deals are very tight. They are trying to give a low income people an opportunity at home ownership, I do think that in some cases the amount of money that we could maybe generate from all these instances is not going to save the city, it's not going to prevent any tax increases, but it's a little something into the pot, and I think it wouldn't be so ----- that it would squash the deal and especially extend it over a five year, or even a ten year period with no interest. You are only talking about \$100.00 or \$200.00 dollars a year, which I don't think is going to really. I think everyone is trying to stretch to allow for people of lower income to afford their own property, which would be very good for the neighborhoods, but I think that over the course of the years that I've been down here, we've abated a lot of money in taxes, I think a part of that.....

Maybe in the meantime you want to send a letter out to the

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non profits. Maybe get some impressions from them. I'm not saying we should do this overnight because a lot of hard working non profit people out there that would all deal with this one way or another. I'm not trying to pull out the rug from under them either, but.....

CHAIRMAN DILLON: Maybe should do that and not have the Finance meeting because it sounds like we are going to have problems with the quorum anyway.

COUNCILWOMAN FARGNOLI: What kind of a profit do we allow these people to make in the rehabilitation of these homes?

CHAIRMAN DILLON: Well the non profit wouldn't make any so called profit. Although they probably sell it for more than it costs.

COUNCILWOMAN FARGNOLI: If they sell it for..... a decent enough price, they ought to be able to pay us back some of the money, and I think that Tom makes a good point.

COUNCILMAN FENTON: Well the bank's limits.... the sources of financing puts limits as to how much money they can make.

COUNCILMAN GLAVIN: I think they are allowed to make a small profit. To cover their overhead, their operations. I'm talking about the actual people who are looking to purchase a house, that I don't think it's unreasonable, because-----that money comes directly out of taxpayers pockets. It's a public safety consideration as well, to save problem neighborhoods, if we didn't recoup a portion of it, I think, I don't think it's unreasonable and I don't think it would discourage people from going forward with these types of projects, and at the same time I think it would put a little something back into the pot that has been taken out and it's something that we all recognize. I think it would sort of be consistent with all the other things we talked about at the Finance meetings. And I think if we do these little odds and ends things in a number of areas, it all adds up to dollars and it's less that we have to ask the taxpayers for.

CHAIRMAN DILLON: It may make sense to abate a certain percentage of the project cost or something like that, as opposed to an individual.....you could have one property that has a lot of taxes on it, that wouldn't be able to make a deal. But in general it really should come out of the proceeds to the old owner. That person that owned the house owes the taxes, and when they closed on it they should have deducted the taxes paid from it. That's the deal that should have been made, but sometimes you can't do that. Maybe some kind of percentage.

COUNCILMAN GLAVIN: I think it's something we should look at because we have done a lot of these houses, and I think with the Providence Plan there's probably going to be a lot more, the numbers begin to add up.

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DECISION RELATIVE TO THE VARIOUS UNION CONTRACTS

On motion made by Councilwoman Fagnoli, seconded by Councilman Glavin, it is voted to go into Executive Session by the following Roll Call Vote:

Chairman Dillon	Aye
Councilman Glavin	Aye
Councilwoman Fagnoli	Aye
Councilman Igliazzi	Absent
Councilman Fenton	Naye

EXECUTIVE SESSION

RECONVENTION

On motion made by Councilman Glavin, seconded by Councilwoman Fagnoli, it is voted to reconvene into open session by the following Roll Call Vote:

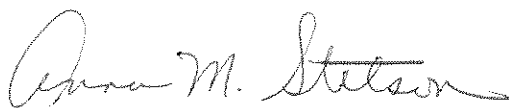
Chairman Dillon	Aye
Councilman Glavin	Aye
Councilwoman Fagnoli	Aye

On motion made by Councilman Glavin, seconded by Councilwoman Fagnoli, it is voted to have the minutes of the Executive Session closed.

On motion made by Councilman Glavin, seconded by Councilwoman Fagnoli it is voted to recess the meeting until 7:00 o'clock P.M. on March 19, 1992.

The Committee recesses at 6:20 o'clock P.M.


CITY CLERK



ASSISTANT CLERK