

Heber City Corporation
City Council Special Meeting
12/21/2009
6:00 p.m.

SPECIAL MEETING

The Council of Heber City, Wasatch County, Utah, met in **Special Meeting** on 12/21/2009, in the City Council Chambers in Heber City, Utah.

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| Present: | Mayor | David R. Phillips |
| | Council Members | Elizabeth Hokanson Eric Straddeck Robert Patterson |
| Excused: | | Jeffery Bradshaw Nile Horner |
| Also Present: | City Manager City Recorder City Engineer | Mark K. Anderson Paulette Thurber Bart Mumford |

Others Present: Gary McDonald and Chris Gamvroulas

Mayor Phillips excused Councilmember Horner and Councilmember Bradshaw.

Discuss Property Taxes owed on 5 lots dedicated to Affordable Housing in Mill Road Estates, Phases 1 & 2: Mayor Phillips asked the Councilmembers if they understood the issue. They indicated they understood the background. Mayor Phillips asked Anderson if he had anything to bring up. Anderson introduced the Ivory Homes' representative, Chris Gamvroulas and Gary McDonald, Wasatch County Housing Authority.

Anderson discussed the meeting last week when options to this issue were explored. Part of that discussion included having the City take the lead to resolve the issue. He indicated Mayor Phillips, Councilmembers Bradshaw and Horner, Gary McDonald, County Councilmember Crittenden, Mark Smedley, and he had attended the meeting.

Councilmember Straddeck asked who was looking to the City to resolve the issue. Anderson said the Housing Authority. Anderson talked about the Utah Housing Authority which administered the Crown Housing Program.

Mayor Phillips said one issue he had was the timing on the tax credits. He questioned that and also how these lots could be used for affordable housing.

McDonald said the Utah Housing Authority had indicated they were 99% sure those homes would go through and were moving forward right now in good faith. However, if they pulled titles and there were liens on the property, the process would stop.

Mayor Phillips asked Gamvroulas if Ivory had ever deeded homes before that had tax liens. He said he did not know if Ivory had ever deeded lots before for affordable housing. Councilmember Hokanson asked what Ivory Homes did in other locations to meet the affordable housing requirement of the State. He said Heber was the only municipality that administered the Program the way the City did. He said the only affordable housing requirements were in the General Plan element of the law and most other municipalities met the requirement through zoning.

Gamvroulas explained this particular agreement was a carry over from the original annexation agreement with Mike Stewart.

Councilmember Hokanson asked why Ivory had not paid the taxes. Councilmember Patterson felt that what happened was everything had passed through the City without the City knowing about the owing taxes.

Gamvroulas said he had met with Jennifer Kohler and expressed Ivory's desire to build the homes in hopes they would be compatible with the existing homes. Anderson talked about the e-mail he had received from Ivory earlier in the day. He indicated when the City gave an extension to phases 3 and 4, it was conditioned on the lots being deeded over to the Housing Authority. It wasn't until after the lots were deeded to the Housing Authority that the City was made aware the taxes had not been paid. He continued that had the lots been deeded to the City, the County would have waived the taxes because governmental entities didn't pay property taxes.

Councilmember Hokanson questioned why these lots were not deeded to the City. Anderson said the City looked to the Housing Authority for an agreement with the developers. He said the Housing Authority was run haphazardly for a while but with McDonald now administering that program, things were run better.

Councilmember Straddeck clarified that through the subdivision and/or annexation agreements, Ivory Homes was required to deed over the five lots. The City's responsibility was to receive those properties and at some point deed over to Housing Authority. Putting the taxes aside, Ivory Homes had met their requirement and the City had met its obligation. The problem happened because the Housing Authority had the lots deeded to them directly instead of through the City. Councilmember Straddeck continued Ivory Homes had requested a refund for past taxes that were paid and requested that from the Housing Authority. McDonald said they were not going to pay that as the Board felt the Housing Authority was being held hostage.

Councilmember Straddeck said it was obvious to him Ivory Homes was not going to pay the remaining taxes, especially since they were asking for a refund of what they already paid. He said these lots were identified from the very beginning to be affordable housing and his beef was with Ivory. He wondered why the City was holding everyone's hands.

Mayor Phillips said he asked County Councilmember Crittenden what the County thought about just making this go away. When Crittenden asked the rest of the County Council, they said just deed them back to Ivory until the taxes were paid. He said in the spirit of affordable housing, Wasatch County could make the problem go away by saying these lots were not going to be taxed anyway. It appeared the County was saying because you didn't deed these over two years ago, they should now pay the taxes.

Councilmember Straddeck asked if the County was supportive or not to this initiative that Heber City had partnered with them for.

Anderson suggested the County would only realize about \$1,500 from the overdue taxes.

Councilmember Straddeck said his vote was the City not get involved with this. Councilmember Hokanson agreed. She suggested Ivory was the other guilty party because they had been getting tax notices and should have taken care of the issue. She felt both entities had failed on this issue. (Meaning the Housing Authority and Ivory Homes.)

McDonald said he was caught in the middle between Wasatch County and the Utah Housing Authority and that the Crown Homes would not be built if this issue was not resolved. Councilmember Straddeck asked why this was not taken up with the County.

Gamvroulas said, yes, Councilmember Hokanson was right, they were receiving tax notices. However, they had had multiple meetings with the City and numerous phone calls about building homes on the lots. He said the City Planner had discouraged Ivory from building homes on these lots that did not comply with the Affordable Housing Ordinance. He said they never intended for the taxes on these lots to be gifted and that they had tried to build homes on these lots. He suggested they were back to square one with this issue. He agreed the discussions should be with the County. He indicated that until McDonald came along, it was impossible to get anything done with the Housing Authority--it basically was a non-existent entity. He assured everyone that McDonald had been nothing but a gentleman on this issue.

He continued, with respect to McDonald, there was nothing that indicated the City had to do this through the Crown Home Program—that was not the only way to accomplish the goal. He said they were only talking \$12,000 and if the Housing Authority wanted to give the lots back, he would build affordable homes on those lots and pay the taxes. He said he had met with the Utah Housing Authority and the homes they were proposing to build did not meet the criteria. He said he could build the housing better and affordable. He said they would take their responsibility but, too, they were willing to go with the City Council to the County Council to discuss the issue.

Councilmember Hokanson said she was under the impression all along that Ivory was going to build the homes so they blended in with the neighborhood.

Mayor Phillips suggested the problem was the Housing Authority had not been organized efficiently. He indicated this was not the City's taxes or responsibility, but if the Council wanted to guarantee those taxes being paid, that was a decision they had to make.

McDonald discussed affordable housing qualification and that it was based on AMI. He said he had talked with a professor from the University of Utah who felt the AMI was skewed, especially in Wasatch County. McDonald said he had closed a lot of homes with people having incomes from \$30,000 or \$40,000. Mayor Phillips asked if it was their goal to get the lowest income people into those homes. McDonald said they wanted a blend of incomes.

Mayor Phillips asked, if the Housing Authority gave those lots back to Ivory Homes, if the Housing Authority could still work with them. McDonald said they had such good success with Crown Homes. Mayor Phillips talked about the homes being compatible with the rest of the subdivision.

Councilmember Hokanson said she had been on the Housing Authority Board and never understood that Crown would be building the affordable homes. She suggested if the homes didn't blend in with the rest of the development, the City would have 150 angry home owners before the Council. Councilmember Hokanson said they talked about this last spring during the meetings. She said she would be one of the people going door to door to get people to the meeting and make sure they had their say.

Councilmember Straddeck said the discussion was going around the issue and what the Council kept talking about was not the issue. He said the Housing Authority had these deeds and wanted to build on them. Now the City was being asked to guarantee the taxes being paid so they could move forward. He strongly said that was not the City's responsibility regardless of the history and everything else being talked about. The City should not be getting involved.

Councilmember Patterson agreed and said it was the County's responsibility. He said this needed to be sent back to the Housing Authority and let McDonald talk to the County. He said he was not going to vote for the City to guarantee the payment of taxes.

Anderson said Councilmember Horner felt strongly that the City had a responsibility--mostly because the City had the subdivision agreement with Ivory. Mayor Phillips said one of the reasons for this meeting was to see if the City wanted to keep the tax credits alive for the Housing Authority. Anderson said he had discussed the issue with both Councilmembers Horner and Bradshaw and they both were willing to guarantee. However, they had not been a part of this discussion.

McDonald said as of today, the Housing Authority would like to move forward with the Crown Homes. He thought with the other two council members being present, this might have passed. He continued that if the taxes were not paid or indemnified, the Crown Home program was dead.

Anderson asked if the County were to have a similar meeting on Wednesday and if Gamvroulas would come up, if that would that be helpful.

Mayor Phillips said he could see there were not three positive votes tonight to guarantee the tax payment.

Councilmember Straddeck said again this did not have anything to do with the City. It was a County issue with the Housing Authority.

McDonald said he hoped the City would look to clarifying their ordinance so this situation did not happen again. Anderson said he had already had those discussions with staff.

Councilmember Hokanson said she was shocked that the City was at this point and that the Crown Homes had been decided on by the Housing Authority. She said the City was not aware and no one in the neighborhood knew about Crown Homes. She said something was wrong and there needed to be representation from the neighborhood or notification to them. She was again she was on the Housing Authority Board seven months ago and did not know about this and on the City Council and did not know about Crown Homes. McDonald said it had gone through the Planning Department. Councilmember Hokanson said people needed to know about this before the Planning Commission level--neighborhoods needed to know about this ahead of time. McDonald said the Utah Housing Corporation was confident they would be able to build homes that would fit in. Gamvroulas said Ivory had wanted to build the homes from the beginning.

Councilmember Straddeck moved to not indemnify the taxes for the Crown Homes. Councilmember Patterson made the second. Voting AYE: Elizabeth Hokanson, Eric Straddeck and Robert Patterson. Councilmembers Bradshaw and Horner were excused.

Councilmember Hokanson moved to go into closed session at 7:04. Councilmember Patterson made the second. Those going into Closed Session: Mayor David Phillips; Councilmembers Hokanson, Straddeck and Patterson; City Manager Mark Anderson and City Recorder Paulette Thurber.

At 7:10 p.m. the Council returned to Open Session and adjourned.

Paulette Thurber, City Recorder