

TERRILL L. HILL
MAYOR - COMMISSIONER

MARY LAWSON BROWN
VICE MAYOR - COMMISSIONER

RUFUS J. BOROM
COMMISSIONER

JUSTIN R. CAMPBELL
COMMISSIONER

JAMES NORWOOD, JR.
COMMISSIONER



MICHAEL J. CZYMBOR
CITY MANAGER

BETSY JORDAN DRIGGERS
CITY CLERK

MATTHEW D. REYNOLDS
FINANCE DIRECTOR

JAMES A. GRIFFITH
INTERIM CHIEF OF POLICE

MICHAEL LAMBERT
CHIEF FIRE DEPT.

DONALD E. HOLMES
CITY ATTORNEY

Regular meeting 2nd and 4th Thursdays each month at 6:00 p.m.

MINUTES
CITY OF PALATKA WORKSHOP
January 26, 2015

Proceedings of a called Workshop meeting of the City Commission of the City of Palatka, Florida, held on the 22ND day of January, 2015, commencing at 5:30 p.m.

PRESENT:

Mayor	Terrill L. Hill
Commissioner	Mary Lawson Brown
Commissioner	Rufus Borom
Commissioner	Justin Campbell
Commissioner	James Norwood, Jr.

Also Present: City Manager Michael J. Czymbor; City Attorney Donald E. Holmes; City Clerk Betsy Jordan Driggers; Finance Director Matt Reynolds; Interim Police Chief James Griffith; Planning Director Thad Crowe

CALL TO ORDER – Mayor Hill called the meeting to order at 6:00 p.m. and read the following meeting call which was issued on January 21, 2015

TO COMMISSIONERS: MARY LAWSON BROWN, RUFUS BOROM, JUSTIN CAMPBELL AND JAMES NORWOOD, Jr.:

You are hereby notified that a Joint Workshop Meeting is hereby called to be held on Monday, January 26, 2015, commencing at 5:30 p.m. This workshop meeting will be held at the regular meeting place of the Palatka City Commission at Commission Chambers, 201 N. 2nd Street, Palatka.

The purpose of the meeting is to hold a joint workshop with the Palatka Housing Authority concerning the status of public housing in the City of Palatka and the PHA Executive Director's request to approve "Paragraph 7" of its Annual and Five Year Plan FY 2015-19.

/s/ Terrill L. Hill
Terrill L. Hill, MAYOR

The following Commissioners acknowledged receipt of a copy of the foregoing notice of a Workshop Meeting on the 21st day of January, 2015.

/s/ Mary Lawson Brown
COMMISSIONER

/s/ Justin Campbell
COMMISSIONER

/s/ James Norwood, Jr.
COMMISSIONER

/s/ Rufus Borom
COMMISSIONER

INVOCATION AND PLEDGE OF ALLEGIANCE – Commissioner Norwood

PRESENTATION – City Staff – Mr. Czymbor said the City has a long history of supporting affordable housing over the past 52 years. They have provided the Commission with information concerning its history. The purpose of this workshop is to get feedback and direction on where the City wants to go with public housing. The information distributed is available on the City's website. They will discuss how public housing is described in the Comprehensive Plan and explore statistics regarding public housing in the City. They will also discuss other matters, including the actions taken by the PHA Board at its January 15 meeting.

Thad Crowe, Planning Director, said he is speaking from the standpoint as the City's Planner. It is important to go back to the source of the policy document that guides the City, which in this case is the Comprehensive Plan. Public housing is addressed in the Comprehensive Plan by nature of its tenure. The Plan's Housing Element is the principal repository of housing policy and frames how the Commission can react; it is meant to be broad so the City isn't forced "into a corner." The City has an overriding goal, which is to help provide adequate and affordable housing; this doesn't mean the City has to provide the housing, but also means the City can't throw up "roadblocks" to affordable and adequate housing, and when possible, should be helping toward that effort.

Housing Element Objective C.1.2 & C.1.2.1 compels the City to encourage the provision of special needs housing, such as housing for handicapped, homeless, elderly, and group homes. Public housing is not singled out for special treatment or encouragement. He noted that this information was pulled directly from the Comprehensive Plan. PHA related units are 14% of the City's overall dwelling units, which includes Section 8 housing and other types that receive Agency funding. He quoted from the Data Analysis Section, which says "strategies for locating future subsidized rental units in the County should be explored and pursued. He noted this policy was set forth 10 years ago. The authors of the Plan acknowledged the City was somewhat saturated with Public Housing. Mr. Crowe showed a graphic, entitled "Public Housing Units percentage of total units" showing that over 9% of Palatka's housing units are public housing units. Staff compared Palatka to 48 other cities of similar size and several larger cities in the region. The powerpoint slide showed those slides those towns that have more than 1.5% of units as public housing units. Only Arcadia approaches Palatka 9.2% of public housing units-to-total-units with around 5%. The average proportion of public housing is 2%, and when Palatka is factored out, the proportion drops to 1.7%. Another slide showed cities with no public housing, ranging from smaller towns to larger cities like Melbourne and Port St. Lucie. The source for this information is the Shimberg Center for Housing Studies, at the University of Florida. The next slide showed a comparison of comparable cities' balance of commercial and residential development. Palatka is at the low end of the graph in that; the tax base predominantly depends upon commercial uses. It is inverted compared to more fiscally healthy towns, which get more of their tax base from residential properties. In a comparison of other jurisdictions, Palatka has a low percentage of homesteaded properties, a little over 10%, while Atlantic Beach of the other end of the scale has more than 50% properties homesteaded. As to taxable value per capita, Palatka is near the bottom. Palatka has around \$35,000 value per capita (person), as compared to other cities with more than \$100,000 per capita. Palatka has a low tax base and a high percentage of properties not paying property taxes. This information comes from a report on a DEO State-funded project that compared Palatka with other jurisdictions. Mr. Crowe summarized by saying the Comprehensive Plan recognizes that in Palatka there exists a high concentration of public housing units. It clearly calls for housing assistance from the City for special-needs type housing, but not public housing, and the Plan contains policies that call for the City to assist the PHA only in maintaining existing properties, but not necessarily creating new properties. The City has a significantly high proportion of public housing compared to other jurisdictions; it is the highest in the State. Finally, the City's tax base is vulnerable to new non-taxable units, whether they be in small or large numbers. They add up cumulatively and create fiscal distress.

Commissioner Norwood asked if the plans presented for more public housing conforms to the Comprehensive Plan. Mr. Crowe said because the Laurel Street properties are in a historic district, multifamily units are not compatible. As to zoning requirements, zoning in this particular block is multi-family. Palatka has "cumulative" zoning in that residential districts like R-3 residential, zoning allows both single and multi-family uses. The Historic District policies assume a higher level than the strict zoning and density policies, therefore, the development pattern is what they look at, and the single-family development pattern was determined to be the overriding policy for historic district. This meets the zoning requirements in terms of broad, multi-family use, but not the standards for historic districts. The City uses the Secretary of the Interior standards for historic districts, which requires developments to meet historical development patterns and architecture. This includes the layout of new structures, density of new structures, and general compatibility. Commissioner Brown said property owners in the Historic District came to the Commission in the 1980's regarding their older housing being turned into duplexes and apartments. She thought the City had changed the zoning to single-family housing in the historic districts. They did pass an ordinance to that end. Commissioner Norwood said the request is to put single family housing on those lots. Mr. Crowe said the eastern part of the District was rezoned to allow only single family housing while the western end remained in multi-family zoning.

Matt Reynolds, Finance Director, narrated slides providing information regarding the financial impact of public housing, and budgetary information. Slides were shown depicting the total amount of assessed value for parcels owned by the PHA, which owns 44 parcels inside the City with an estimated market value of \$18,306,590, resulting in a loss to the City of \$167,961 in property taxes. There are 12 parcels listed outside the city limits of Palatka with a market value of \$400,511. Four of the 44 parcels were purchased under the Neighborhood Stabilization Program where the City entered into an agreement with the County to allow for the purchase of these homes. Of the lots outside of the City, 6 are empty lots, five are in Interlachen Lakes Estates, and one is in Florahome. The PHA owns six single-family homes, of which 2 are located in Palatka, 2 in Satsuma, 1 in East Palatka, and 1 in Pomona Park.

Mr. Reynolds said over the past five years the PHA has paid a total \$57,217.40 in lieu of taxes. Last year they paid \$17,127.87, and \$1,218.76 for the four NSP homes. General property tax exemption information was shown. Palatka is able to collect taxes on only 52.7% of the assessed value of property located within the City limits. For other cities with a similar budget and population, eight cities were compared to Palatka. There is a large difference between these other cities' taxable value and Palatka's taxable value due to the large percentage of exempted properties. Of its properties, 31% is governmental properties, versus 17% in other cities. They are close to other cities for institutional and homesteaded single-family housing. Of the approximately \$700,000,000 worth of assessed properties in the City, 47.3% is tax exempt. The city only receives property tax revenue on around 53% of the taxable value of properties within the City. A slide was shown depicting the value of tax-exempt properties owned by various governmental entities.

Mr. Reynolds narrated slide showing total calls for service for Police and Fire Departments at PHA properties. This is 8% of the Fire Department's calls for service, and 5% of the Police Department's calls for services. The cost to the City is approximately \$335,000 for these calls. As a percentage of its budget, it is a very large amount. If the property tax was paid on those properties, the City would receive around \$167,000, but the City only receives around 10% of that from the PHA.

James Griffith, Interim Police Chief, showed a slide which depicts grant funding the PHA receives on a yearly basis for additional patrols at PHA properties, which is around \$15,000 on average. In addition, the PHA pays around \$14,000 - \$15,000 for additional patrols in the PHA neighborhoods. This is grant funded. They reimburse the City at a rate of \$23 per hour, which is less than the actual

cost to the City. Regular officers cost the City (with overtime and benefits) around \$30 per hour and supervisors cost around \$70 per hour.

Mr. Czymbor said at the Regular PHA Board meeting held on January 15 the Board amended its Agenda to consider and pass 3 resolutions. Resolution #653 certified their Annual and Five Year Plan, which included Section 7.0, which included the six additional units. The City Commission adopted the Plan on December 11 and struck Section 7.0. The Authority adopted that plan with 7.0 still intact. Resolution #654 authorized the Executive Director to enter into discussions with the PHA Attorney regarding filing a Fair Housing Complaint against the City. Resolution #655 was passed to authorize construction at the Laurel Street lots using non-federal funds. On January 21, he distributed background information for this workshop, made it available to the public, and asked Mr. Nelson if he wanted to include information in the package, but he declined.

John Nelson, Executive Director, Palatka Housing Authority, 400 N. 15th Street, said the City voluntarily adopted public housing in 1962. In 1972 all the public housing units they had up until 2007 were constructed. In 2007 the PHA sold to the City 100 units (Frank George Apartments) with the provision that the City would assist the City in replacing those units. They have reconstructed 36 units which brings their unit count up to 420 units. The City did state it would assist the PHA in replacing those 100 units. They are asking the City to do what they said they would do. The total number of units the PHA owns has gone down. They have around 930 families on their wait list. Around 500 are Palatka families. They can't house those families as they no longer have the units available. The PHA has taken the posture to not develop public housing in the City because of statements that were made that the City does not want additional public housing. This is 2004 to present. They could have developed public housing but did not. They have only sought to replenish the units that were sold in 2007. Cities were mentioned by City staff that had low or no public housing in them. This is true. The reason is that public housing development is not something that the federal government is involved in these days; alternatively, they give out Section 8 vouchers. In Deland they have 90 public housing units and 749 Section 8 units. Jacksonville has 3,227 public housing units and 7,292 public Section 8 units. The PHA has 300 Section 8 units. Based upon their numbers, the Housing Authority represents 5% of the housing in the City. The call rates for police services represent around 5% of total calls. This is a relatively small number. Staff chose to look at all the units the PHA either owns or is involved with, and counted units they have sold based upon a sales program the PHA has put together to utilize vacant lots in the City and County. They have lots in the County in areas that are unbuildable, which were given to the PHA for the sales program. The City of Palatka contains the majority of the homes that were constructed. The NSP program is a County program, not a PHA program. The County asked them to assist with that. Some of those units were occupied in the County. These were purchased with County funds. These are the housing numbers that the City agreed to in 1972, not 2015. The Housing Authority is looking to construct, by agreement, two single-family homes on Laurel Street. This is a compromise on the part of both agencies. They know there are requirements for development in historic districts. They have a letter from the State Historic Commission in Tallahassee that says anything they might build on those two lots would have no bearing on the status of the historic district. They don't intend to build modern-looking units on those sites. This is what he thought they were going to talk about tonight, and instead received a history lesson regarding public housing in the City.

Mayor Hill said they need to talk about where to go from here. They needed to know how they got to where they are. The information sets the foundation for the conversation. Next, they need to determine viable solutions and alternatives. He is a product of public housing. They have spoken about empowering people to "graduate" from public housing. He asked Mr. Nelson to speak about the transitional phase of public housing.

Mr. Nelson said they have utilized the Federal Home Loan Bank Program where they constructed homes for sale. They gave their population an opportunity to apply for home ownership through the

Farmers Home loan program. The properties purchased through the NSP Program are available for families who can afford nominal rent. They advertised these opportunities to those in public housing. They can purchase those units at the end of the NSP program, which is 10 years. People with low incomes have a hard time purchasing homes. People in Palatka have low incomes. Regarding goals to help people own homes, their tenants have opportunities to purchase homes when they have them available.

Mr. Campbell asked what type of resident will occupy the proposed Laurel Street dwellings, and asked what he will do to assure the Commission that they will preserve the integrity of the neighborhood. Mr. Nelson said they will look at their families and select families in good rental standing and good social standing, and offer those units as transfers to those families.

Mayor Hill said they discussed "graduation" HUD programs and asked if he was able to gain insight on these. Mr. Nelson said the only ones available are the Mixed Income Finance Program properties, which are available to developers or developer groups and set aside. If you have 100 units you tear down, and sell those to a developer group, 25% of those units must return to public housing and the rest "graduate" up from public housing. Mayor Hill asked if he has explored opportunities in the contiguous areas of Palatka, noting Mr. Nelson had spoken of issues he had with transportation of maintenance staff. He can't say what happened in 1962, but in 2015 there is a substantial financial impact of Public Housing which needs to be addressed. One example of a contiguous area is the section of Rolling Hills that is in the County. There are many enclaves on St. Johns Avenue and in other areas. They are still in the vicinity of Palatka but not in Palatka. Mr. Nelson said they have looked at units in Rolling Hills and on Laurel Street. They looked at the impact they could make on City life. They purchased two burned out derelict units on Laurel Street. All the units they have constructed in the past 6 years have made a positive impact on the neighborhood. The City had a court order to tear down the Laurel Street properties.

Commissioner Brown said a few years ago she visited Orlando and attended presentations by made banks in different areas who took on the obligation to help low income citizens purchase homes. These banks worked with people to match payments to get people into homes. They need to look for these resources. They have young people who feel locked into PHA properties because of low income jobs. They can't get any businesses to come into the Palatka because of the millage rate. They have to take care of everyone, not just the people who need low income housing. When people get better jobs they can purchase transitional housing. Their problem is not with the type of housing, it's that the people who live in them pay no property tax. For two years they've had to go to the Gas Authority and ask for a half million dollars just to balance the budget. For five years city workers received no raises. They have to shore up their budget and decrease the millage rate, and take care of the people who are carrying the load. They are going to have to talk to governmental entities and non-profits to get them to stop taking properties off the tax rolls. HUD housing tenants will remain HUD tenants unless they can bring industry in. They can't replace infrastructure without money. They need to hold off building any new HUD housing until they can support it.

Mr. Nelson said the two lots they purchased brought in only \$400 per year in taxes for both houses. There is no comparison to the need of families. Commissioner Brown said they need to get the tax base to a point that they can take care of everyone. Many years ago some of her property was taken by eminent domain to put up public housing. Because of the construction of Public Housing the City was able to build infrastructure in those areas because the Housing Authority was putting in neighborhoods. The Highrise was built to help to get rid of the docks, fish houses and dilapidated buildings on the 100 block.

Mr. Nelson said they've tried to get banks to come in with programs with matching funds for residents. This didn't last long. They have driven their residents to SJRSC and enrolled them in GED programs. The PHA's "job" is to provide housing to families that can "ill afford" it, not to take

residents to get their GEDs or get banks to come in to give residents savings accounts to double their income. They take on that role. The only thing he's asked for is the ability to build up to six units, which was negotiated down to two units, to help meet the need of 529 families in the City. As to where they are living now, they are doubled up and tripled up and living in cars. As to an "emergency housing list" they have not had this in 10 years. Discussion ensued regarding where people on the waiting list are located and how they are tracked, and decentralization of housing outside of the Palatka City Limits. Mr. Nelson said there is a higher cost of water and sewer outside the City. They don't build Section 8 units. They have funds to build up to six PHA units, or around \$400,000.

Mayor Hill asked Mr. Nelson if he sees a viable solution so that the City can meet its needs in addition to the PHA's need for units. Mr. Nelson said the solution is the City can allow him to construct these two units on the Laurel Street lots. Commissioner Campbell said there are water and sewer projects going on in East Palatka. As to a time frame, Mr. Nelson said the PHA has to "obligate" its federal housing dollars to HUD by submitting plans, site location, designs, environmental reports, etc. It may be several years before they can begin building. They want assurances they can construct units to replace the units lost when the Frank George Apartments were sold. The Housing Authority received \$2.2 million from that sale. They built the Annie M. Spell development with that money. As to how many lots they own outside of the city limits that they can build on, Mr. Nelson said all of them are unbuildable.

Commissioner Borom said even if this is approved the PHA still has some 500 families waiting for housing; he asked as to the time table to build houses to house those families. Mr. Nelson said they don't have the money to build housing for those families. He believes the City doesn't want public housing. Commissioner Campbell said he is on the record as not being against the construction of public housing, but they have to take into consideration the longevity of Palatka. He is not opposed to public housing. Commissioner Brown said none of them are. Mr. Nelson said he did not say any of them were against public housing. He said he has received instructions and statements that the City of Palatka does not want any more public housing units, that the City has too many public housing units. Mayor Hill said he will be the first to say that he would like to see fewer people living in public housing and believes the PHA needs to stop promoting generational poverty. They need to put plans together to empower people to move out of public housing. This issue is bigger than these two lots. They created generational poverty in 1962 when they created the PHA. They brought public housing into neighborhoods that used to be full of working people. His mother lived in public housing with 3 kids and worked in a bag factory. She would still be there if no one had told her she could expect to do anything else. The PHA is promoting generational poverty. He'd love to see less people in public housing because they are creating jobs and providing better education instead of more public housing units. Talking about these two pieces of property is a waste of time. Putnam County is the second poorest county in the State. People are coming in from outside the County because Putnam County is the "dumping ground" for other counties and people think they can get public housing here. There was no clear plan in 1962, but it's time to put one together.

Mr. Nelson said he agrees that there needs to be a plan of action that will assist those families who work 28 hours a week, with no health insurance, who need housing. The PHA can't generate that plan. It should be developed from the top down by the City. The PHA's job is to develop housing for families. Commissioner Campbell said the Commission's job is to make the City solvent. Commissioner Brown said Congresswoman Brown sent a group of people from Picerne Corp. to Palatka when they began talking about replacing Frank George Apartments. Picerne eventually built a complex in Palatka to absorb many of the people displaced by the demolition of the Frank George. There are other developments that have been recently built with subsidized housing units. Mr. Nelson said with the exception of Kay Larkin and Woodlands Apartments, those are for senior citizens. Their rents are much higher. They only have 300 Section 8 certificates to pass out throughout the County. Woodland receives Section 8 families from the PHA. Grand Pines and Holly

Ridge receive Section 8 families from the PHA. 300 certificates only go so far. For the most part the families they are talking about are those under the age of 58, not seniors, who are age 60 and older. They can't put families with children at Holly Ridge and Grand Pines. Discussion ensued regarding the PHA's occupancy rate, which Mr. Nelson stated is at 99.3%.

Mayor Hill opened the floor for speakers.

Elizabeth Van Rensburg, 312 N. 3rd Street, said she appears on behalf of Palatka Main Street and its Board of Directors. She read a letter written by Charles Rudd (filed), Main Street Manager, into the record, supporting the City's stance on public housing and commending the City on its history of accommodating public housing, and noting Palatka's disproportionate number of public housing units. Homeownership strengthens neighborhoods. Taking properties off the tax rolls does not grow tax supported funds. They recommend the emphasis shift from creating more public housing units to empowering citizens by giving them the tools to be able to move out of public housing to make room for others to move in. Public Housing was not intended to be permanent housing for families. They support the City's efforts to protect the tax base.

Askew Vickers, 207 N. 18th Street, said he concurs with the Commission. Mr. Nelson has a job to provide proper housing for people. Their job as homeowners is to pay property taxes. He has paid over \$200,000 in property taxes over the past 10 years. The City and PHA should be finding ways to provide affordable housing on a finite term. They are enslaving their people by enabling them to get out of being productive people and taxpayers. They have to be part of the solution. He spoke of the sale of the Highrise and the debt the City took on to purchase it. If they continue on this path, they will have nothing but HUD housing in Palatka.

Richard Dobbs, no address stated, said he and his wife own two lots directly across the Street from the PHA Laurel Street lots. He'd like to go on record as being in support of the PHA putting homes there. He thanked the PHA for taking down the burned structures that were there. He spoke of being the first paper boy delivering papers at the high rise which gave him a unique perspective on the residents and where they came from. There is not enough rental property in Palatka.

Sam Deputy, 912 Carr Street, said he wants to go on record saying he firmly believes in Public Housing for those who can't support themselves. In 1972 the "Mill" had nearly 4,000 workers, and they had Central States and Florida Furniture, as well as a number of other businesses. People used to come from St. Augustine to shop in Palatka. Now the G-P Mill has around 1,000 workers. He is proud to be a resident of Palatka because since 1962 they have supported public housing like no other city in the State. At this time only 52% of Palatka's residents are paying for all the services consumed in the City. Residents are also paying taxes to the Federal Government, which builds public housing. If he were to move here today he would locate outside the City Limits due to the tax rate. They would save 1/3 of the taxes they now pay by moving to the County. Many of their residents are doing this very thing. Businesses in Palatka are not flourishing due to the tax rate.

Commissioner Brown said the City has always tried to take care of people. The City has always supported the PHA's projects. Their budget can't handle taking any more parcels off the tax rolls; they are in crisis. They need enough money to operate this town. Other cities are going bankrupt. It's about having enough to take care of the needs of everyone.

Commissioner Norwood said this is about fees versus taxes in order to support the tax base. By Federal law the housing authority can't pay taxes on the assessed value, but they can pay fees, which can exceed the taxes they would be paying. Public housing is already here. The PHA purchased property in an area in which the zoning and comp plan allows single family housing. He asked if the Housing Authority would pay fees higher than 10% of the rate. Mr. Nelson said no, because funds they operate under come from the Federal Government. They are operating on 80%

of what the Federal Government says they should be operating with. Commissioner Norwood asked if the City verified that the fees that the PHA is paying fall under Federal guidelines. Mr. Reynolds said the fees in lieu of taxes are voluntarily paid. Mr. Nelson said they were given a form by HUD that sets forth the amount of payment in lieu of taxes. They submit that form every year with the check. There is a formula. Commissioner Norwood asked if the City can accept or reject that formula. Mr. Nelson said State Law says the PHA is exempt from taxes and fees. The cooperation agreement the City signed in 1962 says the same thing. State law says the PHA "may" pay a payment in lieu of taxes. They pay based upon net income of the PHA.

Mr. Holmes said as to the mechanics of this, earlier during Mr. Czymbor's presentation he indicated that the PHA intended to move forward with the construction of the homes on Laurel Street using non-federal funds. Mr. Nelson said the resolution stated that they are prepared to move forward constructing homes with non-federal funds. Mr. Holmes said they are here because the City passed the Annual Plan with the elimination of Paragraph 7.0 from the Plan. With the apparent vote of the Authority to move forward without federal funds, does this mean whether or not the City adopts Paragraph 7 they are moving forward with construction? Mr. Nelson said that is correct. The funds that they have to build the Laurel Street units are public housing dollars. They have around \$400,000 in public housing dollars. Those dollars could be lost if they don't obligate them by March of this year, unless they receive a special waiver from Washington. The non-federal funds are coming from another source. Mr. Nelson confirmed that all of their funds come from the federal government. All housing authorities operate as though they were property managers. They earn a management fee. Those dollars are no longer considered federal dollars. They take those dollars and put them back into their communities in improvements. Management fees collected are deemed "non-federal funds" that come from federal funds.

Mayor Hill asked if they've received an extension on spending the \$400,000 prior to now; Mr. Nelson said they get permission to hold those dollars over each year in order to gather enough money to build housing. They have been holding this money since 2009; this cannot be extended past 5 years.

Mr. Czymbor said Florida Statute addresses payment in lieu of taxes. The PHA has the option to pay up to the amount of what it costs to provide the services required to support its operations. Mr. Czymbor said the Statute allows Mr. Nelson to pay the amount of what it costs the municipality, and they've shown him it costs the City 20 times the amount of what he pays to support services that the PHA's units require. Mr. Nelson said it is correct that they have the option to pay more than what they are now paying. They cannot afford to pay for the services they are receiving. They have the ability to build up to 484 units without going back to HUD to ask for permission to build more units. They are obligated to subsidize 484 units.

Commissioner Norwood said the PHA can look at paying more fees. When the City purchased the Highrise (Frank George Apartments) it said it would support the replacement of the units lost by the sale. This is an integrity issue for the City. They need to fulfill their obligation. They also need to stop the erosion of the City's tax base. The issue is the Housing Authority's Annual Plan. If the plan for the Laurel Street property is allowed under the Comp Plan and zoning, under the Fair Housing law, where would the City stand if the City said "no more housing can be constructed?" Mr. Holmes said the PHA's Five-year Plan is not site-specific. It is hard to say it complies with the Comp Plan as there is no site specified in the PHA Plan Document. The Comp Plan is site specific. If they assume the houses will be built on Laurel Street, then they already had the City's Planning Director state that multi-family homes are not consistent with the Comp Plan for that area. The PHA's plan is not specific. On a broader scale, PHA properties create a burden on the City's resources, and the question becomes whether or not the City can support more public housing. You can think the cause is good, the question is whether or not the City can afford it, and that is why they are here tonight. He doesn't believe you can "zone" against public housing without violating the Fair Standards Act. Staff has shown that the Federal Government has to consider and acknowledge the

burden PHA housing places on the City. The Comp Plan doesn't say you can't have public housing. The argument the Planner made was that new construction of multi-family units on Laurel Street is not in compliance with the Adopted Comprehensive Plan.

Mr. Holmes said the City had tentatively agreed to a Letter of Understanding which states that if the City agrees to the Plan, the PHA would build single family homes under general conditions, approving up to four single-family homes throughout the City. Commissioner Norwood said the question before the Commission is whether or not to approve Paragraph 7.0 of the PHA's plan. He chose to revisit this in the spirit of keeping the city out of litigation and making sure federal grant funding is left on the table; he does not want to jeopardize those federal grants. He is not in favor of taking properties off the tax rolls. At some point they need to decide whether or not to approve Paragraph 7.0 of the PHA Plan. Commissioner Borom said they need to clear up the specifics of Paragraph 7.0 before they can approve it. Mr. Holmes said the Commission did approve the Plan without Paragraph 7.0. There was a motion for reconsideration made, but that was continued to allow this workshop to be held.

Commissioner Brown asked if the City can afford to keep having properties removed from the tax rolls considering its current financial state. Right now the tax base is suffering. It's not about the housing or taking care of people who need public housing, but about paying for police and fire and other services. The PHA has already stated it can opt out of paying a fire fee. She suggests they let Representative Van Zant know of the predicament they are in with housing. They need to contact Senator Nelson and Congresswoman Brown's office. They need to talk to Regional Director Jennings and lay out the City's predicament. It's not that they don't want to build public housing; the issue is the City can't afford any more public housing. They need to find middle ground, or get more money to help support federal public housing.

Discussion ensued on honoring the City's promise to help the PHA replace the public housing units lost when the high rise was demolished. Mr. Nelson said in 2006 the Frank George building was up for sale by HUD. At that time he had three developers who wanted to purchase the Frank George, besides the City. The PHA took the stance that the City would be given the opportunity to purchase the Frank George so that it could control the riverfront. The City bought the property. The other three purchasers went away. The City said it would support the PHA's efforts to replace the housing units. Discussion ensued regarding replacement housing efforts made since 2006. Mr. Nelson said the City has now sold the former site of the Frank George Apartments to a tax paying property owner. Those new tax dollars can easily support the two units they are talking about building on Laurel Street.

Mayor Hill said they need to make a decision. They need to think long and hard about where the City stands on this issue. They need to enhance the working relationship with the PHA. The City has an obligation to stand strong on its promises, but the PHA needs to come together with the City to be a leader and make concessions. They need to find common ground on something that is beneficial to everyone. The City is in a financial crisis. They need to form a consensus on what direction they are going to take.

After discussion there was consensus to call an emergency meeting prior to February 6th if the PHA can't receive another extension to file its Annual Plan. Mayor Hill said they need to make a decision on a course of action. The fact remains there are close to 1,000 people on a waiting list. They are committed to finding solutions going forward.

Mr. Nelson said the PHA has cooperated with the City of Palatka on any and every project they've asked for cooperation on since 2004. They have done things collectively, like putting in sidewalks and security systems. The PHA passed a resolution approving the annual five year plan based upon

the terms of the proposed Letter of Agreement. The PHA has confidence that the City will “do the right thing” because of their shared history of a cooperative working agreement.

Commissioner Borom said those obligations were made years ago. They need to go forward with an understanding on future housing developments. They need more balance. The City is suffering for lack of a tax base.

Commissioner Campbell said they are taking into consideration what Mayor Hill has spoken of, and asked the PHA to consider increasing the fees it pays to the City each year, being that they want to take two more lots off the tax rolls. If the PHA commits to this, they could consider his request.

Mr. Holmes said the fact that Mr. Nelson has enough money to build the houses from non-federal funds indicates he has more money for fees.

Mr. Czymbor asked Mr. Nelson to notify him as soon as he receives word on whether or not he has received his extension. They need to put out a Notice of Special Meeting a minimum of 24-hours in advance. There was consensus to tentatively schedule a meeting on February 5 at 6:00 p.m. should the extension be denied to PHA.

ADJOURN – There being no further business to discuss, the meeting was adjourned at 7:50 p.m. upon a motion by Commissioner Norwood.