

CITY OF SALISBURY  
WORK SESSION  
AUGUST 3, 2015

Public Officials Present

Council Vice President Laura Mitchell  
Councilman Timothy K. Spies

Councilwoman Eugenie P. Shields  
Councilman John "Jack" R. Heath  
\* via teleconference

Public Officials Not Present

Mayor James Ireton, Jr.  
Council President Jacob R. Day

In Attendance

City Clerk Kimberly Nichols, City Administrator Tom Stevenson, Assistant City Administrator Julia Glanz, Public Works Director Mike Moulds, Community Development Administrative Support Technician Ginny Hussey, City Attorney Mark Tilghman and interested citizens and members of the press.

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Salisbury City Council convened in Work Session at 4:33 p.m. in Council Chambers, Room 301 of the Government Office Building. Councilman Heath participated via teleconference.

**Foreclosure Task Force Presentation**

Brandon Brittingham, Realtor joined Council at the table to discuss the Foreclosure Task Force and explained the Foreclosure Task Force was formed because of the following:

- When the real estate crisis was at the lowest, Mr. Brittingham worked with the U.S. Treasury Department, Bank of America, and Fannie & Freddie (all largely associated with the foreclosure crisis) in different capacities to seek a national solution to prevent foreclosures. Maryland was one of the States hardest hit, both as a State and locally.
- The Foreclosure Task Force was formed to examine the current situation, where it was headed, and to make suggestions that did not require funding, but would help educate.

The following is a synopsis of the findings of the Foreclosure Task Force:

- In the last quarter, there was a decrease in foreclosure events and was growth in the past two quarters. This is important because foreclosures are not filed right away. If there is growth in the last four quarters, that means next year there will be a spike in actual people going to foreclosure if they are not prevented.
- Maryland's foreclosure rate was 116% above the National average. 1<sup>st</sup> quarter 2015, Maryland was ranked 2<sup>nd</sup> in the country for foreclosure activity. Delaware was ranked 45<sup>th</sup> in the nation (even though the states are very so close in proximity).

- Total foreclosure activity in Maryland is broken down by quarters back to 2009, the height of Maryland foreclosure activity. The 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2009 (the two highest quarters) when compared to 4<sup>th</sup> quarter of 2014 shows 2014 being similar in activity, indicating significant activity.
- Maryland's foreclosure rate was 50.2% (almost twice the national average of 23.7).
- What happens to Maryland all over the state effects Maryland locally.
- The Notice of Defaults in 1<sup>st</sup> quarter 2014 was the highest since before the crisis and represents the highest spike in Maryland. This indicates a significant wave of foreclosures yet to come. (Notice of Defaults are sent by banks to notify the court system of people behind on their mortgages.)
- Some of the numbers can be artificial because they were down when they stopped but are now being pushed through, however the effects are the same on the community.
- Wicomico County is a "foreclosure hotspot" and 109% – 115 % above the State average for foreclosures per capita.
- There is a substantial amount of foreclosed property still in the area.
- 70% of people in foreclosure are unaware of other options, are hesitant to voice there is a problem, wait until it is too late, and then walk away from the property.
- The State of Maryland adopted a remediation policy to help preventing foreclosures.

Mr. Brittingham noted the problem, still prevalent in the area, has improved as the real estate market has recovered and property values risen. Most of what we see now is the reality of what happened a few years ago because it takes a significant amount of time to foreclose in Maryland.

Council discussion points included:

- Would Mr. Brittingham do a talk show with a local channel? (He answered "Yes" and said SNHS should be included)
- Information packets to be provided at Back to School functions, in church lobbies, etc.
- Banks are required to send information giving alternative options, but anything that looks related to banks in the mail is not usually seen.
- Is it not in the best interest of banks to keep the people who live in the houses in the houses, paying for the houses? (Mr. Brittingham replied that it depends on so many things like who owns the loan and discussed short sales vs. foreclosures.)
- How often is the information updated? (Mr. Brittingham answered it is updated quarterly, and DHCD website provides information back to 2009)
- Are there any other groups that can help? (Mr. Brittingham said that some people are contacted and have short sales done. SNHS and the State of Maryland have done some outreach and there are a couple of non-profit initiatives where property is bought and rented back to the homeowner, or turned into a rental below the rental market.
- Do the figures include the County, not only the City? Water & Sewer bills only go out to people living in the City. (Yes)
- Do we have stats regarding housing cost ranges, new construction versus resale, and socio- economic trends? (Mr. Brittingham responded that new construction is probably less than 5%. Green or new investors who got in when the market was high and tried to flip or rent property represent 20% – 30% , and the greatest percentage in this area is the homeowner who got a mortgage loan they didn't understand and either lost their job or

their financial situation somehow changed In this area, it is mostly the homeowner whose has changed since they took out their mortgage.)

- Posting information on water & sewer bills relating to foreclosure and information on how to contact SNHS, and posting contact and help information on the City website.

Council Vice President thanked Mr. Brittingham for the report.

### **PIRHL Housing Development**

Crawford “C.J.” Tyree, Vice President of PIRHL (Partnership for Income Restricted Housing Leadership) joined Council to discuss the real estate project, located west of West Road, north of Chippewa Boulevard, and south of Queen Avenue.

Mr. Tyree discussed the financing used for PIRHL projects and the company’s commitment to remain involved to create the workforce housing community. The project includes 64 single-family homes, all are three bedroom units, and are approximately 1375 – 1400 square feet. Rent will range from the mid \$400 to \$1,100 per month.

Mr. Tyree explained that PIRHL is purchasing 64 lots from Mr. Blair Rinnier for this project. Ten of the lots will be ranch-style floor plans for disabled persons and the remaining will be two-story, single-family homes. All of the floor plans are identical and each home has a small front porch, large back porch, and trees planted in the front. The color palette will be mixed, stone and brick will be used randomly, and roof pitches will be alternated to create a distinction in the homes. A clubhouse with a small fitness center, community room, and computer lab will be built. There will be a “tot-lot” with a playground area and green space. Since this a federal program, the project must remain as rentals for fifteen years. After that, the DHCD has asked them to remain rentals for fifteen more years. PIRHL has asked that the second fifteen-year restriction be forgiven, and DHCD will remove the restriction if the tenants purchase their respective units.

Mr. Tyree reported the project would be financed utilizing a tax credit program administered by DHCD. The application is due September 8, 2015 and award notification should be in January 2016. If the financing were won, PIRHL would like to begin construction in the fall of 2016. In exchange for receiving the credits, PIRHL will agree to rent the property to people making between 30%-60% of the area medium income (in this area that equals \$25,000 - \$50,000 per year). The timeline is long-term but PIRHL wanted feedback from the City early in the process.

Mr. Tyree reported that PIRHL did not need a Resolution of Support because the requirement ended about a year ago. PIRHL needs a letter to submit with their application stating how the City will support the project. When the DHCD receives the application, they will mail a letter to the City and will ask if the City supports the project.

Mr. Stevenson reported that Mayor Ireton supports the project and waiving the contribution for affordable housing.

Council reached unanimous consensus to authorize Mayor Ireton to sign the submission letter.

### **Acceptance of Portable Stage Donation**

Public Works Director Mike Moulds joined Council and reported Joey Gilkerson, a local resident and businessperson, would like to donate a portable stage and steps to the City of Salisbury to be used for City events within the City limits. This stage has been used in the past for several downtown events including 3<sup>rd</sup> Friday and New Year's Eve. He explained the stage folds up like a ping-pong table and has a separate step. Public Works does not have ample space with concrete flooring, so the stage is being stored in the parking garage utilizing two spaces and will have a security fence built around it.

Council reached unanimous consensus to advance the legislation to consent agenda.

**Accepting POS Funds for Waterside Park**

Community Development Administrative Support Specialist Ginny Hussey joined Council at the table and reported the Program Open Space (POS) funding will be used to restore the existing basketball courts at Waterside Park. The State Board of Public Works has approved the funding in the amount of \$90,000 for the courts to be resurfaced, new line painting and new goals.

Council reached unanimous consensus to advance the resolution to the August 24, 2015 Consent Agenda.

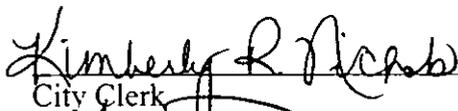
**EDU Capacity Fee Waiver – Pohanka**

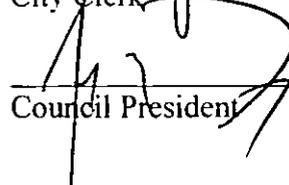
Mr. Moulds joined Council and explained Pohanka of Salisbury's request for a Capacity Fee waiver for the phased development of a property located at the intersection of West Gordy Road and Windsor Drive in the Northwood Industrial Park. This parcel is to be the construction site for an automobile detailing building. The second phase of the project will include a carwash and vehicle storage area. Pohanka would like a Capacity Fee waiver for 4.8 EDUs (Equivalent Dwelling Unit) as part of the EDU Incentive area for the second phase redevelopment. Mr. Moulds reported that Public Works has evaluated the number of EDUs in the request and found the amount to be consistent with MDE's flow projection guidelines.

Council reached unanimous consensus to advance the legislation to the August 24, 2015 regular Legislative Session, and not to be placed on the Consent Agenda.

**Council Discussion**

Mrs. Mitchell reported that August 4, 2015 is the date for National Night Out in the Salisbury City Park and invited the Public to attend the free community event. Thereafter, with no further business to discuss, the Work Session adjourned at 6:06 p.m.

  
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City Clerk

  
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Council President