

Aiken City Council Minutes

October 27, 2003

WORK SESSION

Present: Mayor Cavanaugh, Councilmembers Clyburn, Cuning, Smith, Sprawls and Vaughters.

Absent: Councilwoman Price

Others Present: Roger LeDuc, Gary Smith, Bill Huggins, Pete Frommer, Glenn Parker, Richard Pearce, Sara Ridout, Philip Lord of the Aiken Standard, Josh Gelinas of the Augusta Chronicle, and about 11 citizens.

Mayor Cavanaugh called the meeting to order at 7:00 P.M. He stated Council had one item that they would like to discuss in the work session.

AIKEN CORPORATION

Babb House

Blue House

Chesterfield Street S.

Loan

Chesterfield Street

Mr. LeDuc stated that last February Aiken Corporation requested City Council's approval of funds to redevelop property along Chesterfield Street between Hampton and Edgefield. The City received \$135,000 from the sale of the Blue House property (Babb House) on Chesterfield Street, which was originally purchased to help in the development of the Performing Arts Theater. When Aiken Corporation originally requested these funds, City Council asked for a specific plan before giving their approval. Subsequent to this meeting, Aiken Corporation helped fund a land plan for the Toole Hill area and the Chesterfield Corridor. They identified 17 vacant lots in the Chesterfield Street area and several other houses needing to be upgraded or totally rebuilt. The Aiken Corporation felt that, with success in the Chesterfield Street area, other private developers would begin construction in other areas. Originally, Council was going to use a portion of the funds from the Blue House to pay back the city's loan for the construction of the theater. However, since that time the loan has been paid off, and those funds are no longer needed for this purpose.

Council concluded at their February meeting that they wanted more details and an estimated cost for any projects in that area. With the land planning now completed, they have identified several properties that need to be upgraded and about 17 homes that need to be built. The Aiken Corporation Executive Committee voted at their last meeting to use all of their existing housing money, totaling \$128,000, for a no-interest 80% loan to Mr. Darrin Bryant for the remodeling of three homes in that area. One of these homes would be the house currently located on Children's Place, and the other two are located on Chesterfield Street. This loan needs to be paid back in two years, or whenever the house is sold or rented. They feel this type of revolving fund plan can be approved for other builders in this area, and they would like to request the \$135,000 be used to set up a revolving fund for renovation and construction in the Chesterfield area. The loans would be given to private developers with a maximum of \$75,000 per house and a minimum of 20% of the project cost being borne by the developer.

Mr. Wade Brodie, Chairman of the Aiken Corporation Committee, briefly reviewed the details with Council concerning these funds. He stated the plan was to use the funds in the Chesterfield Street area to increase housing density. In February, Council suggested that they come back with a plan. He said the Aiken Corporation hired the Burgess Group, the same group jointly hired with the city to do the Toole Hill project. He said they had developed a plan for the Aiken Corporation. Mr. Brodie said the focus was going to be on the housing infill. He said the area studied was between Barnwell and Hampton and Laurens and Chesterfield. He said they had identified houses that can be

rehabilitated and vacant lots. He said the Housing Committee had recommended to the Aiken Corporation that they hire Darrin Bryant to rehab some of the houses. He said the proposal for the \$135,000 is that it would be a perpetual fund, with the Aiken Corporation loaning the money to individual contractors at 80% of the cost of the project, up to \$75,000. He said the loan would have to be repaid in two years. There would be no interest. If the house sold sooner, or if the house was rented, the loan would be paid off and the Aiken Corporation would have money for another house.

Councilman Cuning, Chairman of the Housing Committee, stated Mr. Bryant already owns three lots on Chesterfield Street and one house. With the proposed funds, he would buy another house and renovate it. Mr. Bryant puts 20% cash in each project, with the Aiken Corporation loaning him 80%. He said the money would be a loan and a first mortgage. He said if Council agrees to loan the \$135,000 to the Aiken Corporation, he would suggest that, if the money is a grant specifically used as a revolving fund, it could be called if Council needs the funds. He pointed out that use of the money in this manner could increase the tax base. The money would be available to contractors to rehabilitate housing in this area.

Mayor Cavanaugh pointed out that one proposed use of the \$135,000 or a portion of it was to repay the city's loan for the Playhouse. He said that loan is already paid.

Councilman Smith stated previously Council had talked about possibly splitting the money between the Playhouse loan and housing. He said he felt the Playhouse loan was ambiguous. He said he did not think it necessarily meant the city's loan related to the Playhouse, but it also meant the Playhouse loans from the city. He said he thought it would go against reducing the loan outstanding for the Playhouse.

Mr. LeDuc pointed out there were two loans, one being the city loan, which is paid off. The other loan is the loan owed by the Playhouse. He said they would probably owe about \$300,000 by the end of the fiscal year. He said his understanding was that the \$135,000 would not go towards paying off the Playhouse's loan because it was the city's money. It would be like the city giving the Playhouse \$135,000.

Councilwoman Vaughters stated she felt the proposed project was a great idea. She said, however, she felt the Blue House was a part of the Playhouse deal. She said she thought the money was to go to get the loans paid off for the Playhouse. She said she had no problem with the proposed project, but felt that money should be found to fund it directly not indirectly through funds from property that belonged to the Playhouse project. She said she also did not see any real design guidelines. She pointed out there are some houses on Toole Hill that have not sold and are not assets. She said she hoped this project is a success, but until she sees that it will work she is reluctant to put money into the project.

Mr. LeDuc explained that each month the difference in the interest rate that Aiken Corporation is paying at 5% versus what the city could be making on the loan which is about 2 ½% goes to pay off the debt of the Playhouse. Last year over \$100,000 was paid on their debt from the loan differential.

Councilman Cuning pointed out that the designs are subject to the approval of the Aiken Corporation. He pointed out that the three loans approved are on existing houses. He said houses have to be designed that are affordable, but attractive, and have a streetscape.

Councilman Cuning stated he voted against using the funds to pay off the Playhouse loan because he felt the Playhouse should stand on its own and pay the debt back by raising the money. He pointed out the Aiken Corporation is paying a lot on the loan with the differential in the interest rate. He said if the city uses the \$135,000 to pay off the Playhouse loan they will not have any more fundraisers. He said he was supportive of the Playhouse but he wanted them to pay off the loan. He said they have been very successful so far in raising funds for the loan.

Council continued to discuss the matter at length. Mayor Cavanaugh pointed out that the Aiken Corporation so far had been very successful in all the projects they have attempted.

He said he felt they would do a good job on this project. He said he would support the money for this project.

Councilwoman Clyburn also stated the Aiken Corporation had done a very good job in the past and she would support the request.

Mr. LeDuc stated the request would be on the next agenda for first reading to loan the \$135,000 from the sale of the Blue House to the Aiken Corporation for a revolving fund loan for housing in the Chesterfield Street area.

PLANNING COMMISSION

Stoddard Property

Annexation

Kroger

Whiskey Road

Mr. LeDuc pointed out that two items from the Planning Commission are not on the Council agenda as the staff is waiting for traffic studies on these properties before giving them to Council for action.

AIKEN MALL

Developments

East Gate Drive

Spencer Drive

Traffic

Councilwoman Vaughters stated she had a question concerning traffic and traffic problems associated with developments. She said one question concerned the new area off East Gate Drive, which will have 200 to 300 homes, and the only exit is East Gate Drive. A question by citizens is why isn't the city doing something now to get another road built around the mall to take care of the traffic for that area.

Mr. LeDuc stated that Spencer Drive will eventually be extended to Target when the next phase is developed. He said the stipulation on development of the next phase was that once the development went over the hill towards Spencer, the roadway needed to be completed to the back of Target.

COURT ASSESSMENTS

Fines

Councilwoman Vaughters also asked about court costs and fines, asking if a traffic offense was really \$232.50.

Mr. LeDuc pointed out that the State Legislature has made more changes to fines and assessments during the past term. There is a new assessment of \$25 which applies to all cases. He pointed out the city receives only \$100 of a traffic offense which generally totals \$232.50 for a basic ticket. He said for a DUI charge there is a fine of \$992 and the city would only retain \$300 and the rest would be sent to the State Treasurer. He said it probably takes at least \$800 for Richard Pearce to try the case. He said every time the city tries a case the city actually loses money.

Mayor Cavanaugh stated he felt this matter should be brought to the attention of the elected representatives and senators. He said in this case taxpayers are supplementing the persons who get tickets if it is costing the city more to try the case than the amount the city receives for the fine.