



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Elizabeth H. Tyler, FAICP, Community Development Director

FROM: John A. Schneider, Manager, Grants Management Division

DATE: August 20, 2010

SUBJECT: AN ORDINANCE APPROVING ADDITIONAL CHANGES AND MODIFICATIONS TO THE CITY OF URBANA AND URBANA/CHAMPAIGN/CHAMPAIGN COUNTY HOME CONSORTIUM FY 2008-2009 AND FY 2009-2010 ANNUAL ACTION PLANS

Description

On the agenda of the August 24, 2010 meeting of the Urbana Community Development Commission is an Ordinance Approving Modifications to the City of Urbana and Urbana HOME Consortium Annual Action Plans for Fiscal Years 2008-2009 and 2009-2010. As lead agency for the Urbana HOME Consortium, City of Urbana staff has identified proposed changes to the City of Urbana and Urbana HOME Consortium Annual Action Plans for City of Urbana projects over two fiscal years.

The proposed amendments were placed on display on August 20, 2010 and will be available for public review and comment at the City Clerk's office, the Department of Community Development Services office, and the Urbana Free Library until 5:00 p.m., September 20, 2010.

Issues

The issue is whether the Community Development Commission should forward the Ordinance to the Urbana City Council with a recommendation for approval.

Background

The amendments reflect proposed project funding and program changes that have occurred since the approval of the Annual Action Plans (AAP) and previous Amendments for FY 2008-2009 and FY 2009-2010. The Department of Housing and Urban Development (HUD) regulations require that in the event significant changes to projects or programs described the Annual Action Plans occur, the plans shall be amended to reflect the changes.

The City of Urbana and Urbana HOME Consortium Consolidated Plan for FY 2010-2014 sets forth a process that must be followed in order to amend Annual Action Plans. The City is required to give notice of public hearings regarding any substantial amendment. In order to provide opportunity for the public comment regarding the proposed AAP Amendments, a public hearing regarding the proposed amendments will be held in the Urbana City Council Chambers at 10:00 a.m. on September 8, 2010.

The amendments propose to reallocate a total of \$164,989 of FY 2008-2009 and FY 2009-2010 City of Urbana HOME funds from the Kerr Avenue Sustainable Development Project to the proposed Aspen Court Rental Rehabilitation Project.

PROPOSED HOME PROGRAM AMENDMENTS

The proposed amendments to reallocate HOME funding are needed to address program viability as well as remain in compliance with HUD commitment and timeliness deadlines. Following is a summary of the proposed HOME Program Amendments:

CITY OF URBANA HOME PROGRAM

Reduce the funding allocated to the Kerr Avenue Sustainable Development as follows:

- a) **FY 2008-2009 KERR AVENUE PROJECT FUNDING:**
~~\$72,750 (\$58,200 HOME; \$14,550 Match)~~ \$ 0.00
- b) **FY 2009-2010 KERR AVENUE PROJECT FUNDING:**
~~\$174,000~~ \$67,211 HOME
- c) **FY 2009-2010 Aspen Court Rental Rehabilitation Program** Funding will be used to assist in the renovation of Aspen Court Apartments, a multifamily rental property in Urbana. Eligible units/properties will be occupied by tenants at or below 60% of the Area Median Family Income and will comply with HOME Program rent restrictions for the area. Long-term affordability restrictions will apply to units renovated through this program, in accordance with the level of HOME subsidy provided to assist each unit.
\$164,989 HOME; (\$41,247 Match to be provided by property owner)

In May 2008, in response to an RFP/RFQ process, Ecological Construction Laboratory (e-co lab) submitted a proposal to the City to serve as a development team leader, CHDO, and designer for development of the Kerr Avenue site. Since that time, staff has worked closely with e-co lab to identify a development partner for the project. However, due to the softening of the housing and lending markets, we have not yet been able to identify a committed developer for the project.

Because progress on the Kerr Avenue Project has slowed, the funds allocated to the project need to be reprogrammed to a project that will begin construction within 12 months of the date of commitment to meet HUD timeliness requirements. The HOME regulations require funds to be committed to a viable project that is likely to begin construction within 12 months of the commitment date. As such, it is necessary to utilize the funding originally allocated to Kerr

Avenue on a project that is ready to begin construction in the near future. The City plans to re-issue an RFP/RFQ for the Kerr Avenue project in the near future, and allocation of additional HOME funding to the project can occur in the next year.

The amendment proposes to reallocate the HOME funds to be utilized for the rehabilitation of up to eleven (11) units in Aspen Court, formerly Scottswood Apartments. The property was originally constructed with HUD assistance and continues to provide HUD assisted housing for eligible tenants. This property was recently acquired from an absentee owner who allowed the property to decline over a five-year period. The new owner, Aspen Court Apartments LLC, has already made significant progress in improving the property, resulting in a positive effect on the surrounding neighborhood. Mr. Chris Saunders of Aspen Court Apartments has met with City staff regarding the company's plans to upgrade the entire complex and to make major site improvements such as resurfaced lots and drives, improved landscaping and installation of a security system. However, because of the amount of work needed to repair and upgrade the 144-unit property, the new owner has requested assistance from the City to improve some of the units.

The assisted units would be required to be rented to households with incomes at or below 60% of the area median and would remain affordable for a five-year period. The assistance would be provided in the form of a five-year forgivable loan, so long as the property remains in compliance with all HOME program guidelines, which includes affordable rents, annual tenant income certification, and regular inspections.

Undertaking rental rehabilitation projects is consistent with a strategy included under the FY 2010-2014 Consolidated Plan goal to preserve and improve supply of affordable housing as a community resource (Goal 3). The strategy, to "Continue and expand city's repair and rehabilitation programs," details the activity of, "Rental Rehabilitation: Provide HOME funds for rehabilitation of rental housing units to rent to households with incomes at or below 60% of the area median."

The Aspen Court rehabilitation project is a project on which these HOME funds can be utilized to ensure the City of Urbana and Urbana HOME Consortium meet the HOME commitment and expenditure requirements.

Options

1. Forward the Ordinance to the Urbana City Council with a recommendation for approval.
2. Forward the Ordinance to the Urbana City Council with a recommendation for approval, with suggested changes.
3. Do not recommend that City Council approve the Ordinance.

Fiscal Impacts

Approving the proposed amendments to the Annual Action Plans will not change the amount of HOME funding provided to the City by HUD and will protect federal funding by meeting timeliness guidelines. There is no fiscal impact to the City budget.

Recommendations

Staff recommends that the Community Development Commission forward the Ordinance to the Urbana City Council with a recommendation for approval.

Memorandum Prepared By:

John A. Schneider
Manager, Grants Management Division

Attachments:

1. AN ORDINANCE APPROVING ADDITIONAL CHANGES AND MODIFICATIONS TO THE CITY OF URBANA AND URBANA/ CHAMPAIGN/ CHAMPAIGN COUNTY HOME CONSORTIUM FY 2008-2009 AND FY 2009-2010 ANNUAL ACTION PLANS
2. PROPOSED AMENDMENT TO CITY OF URBANA and URBANA HOME CONSORTIUM FY 2008-2009 and FY 2009-2010 ANNUAL ACTION PLANS

cc: Chris Saunders, Aspen Court Apartments, LLC

ORDINANCE NO. _____

**AN ORDINANCE APPROVING ADDITIONAL CHANGES AND MODIFICATIONS TO THE CITY OF
URBANA AND URBANA/CHAMPAIGN/CHAMPAIGN COUNTY HOME CONSORTIUM
FY 2008-2009 AND FY 2009-2010 ANNUAL ACTION PLANS**

WHEREAS, the City of Urbana has been designated an entitlement city under the Federal Housing and Community Development Act of 1974, as amended, and as such is eligible for Community Development Block Grant (hereinafter "CDBG") and Home Investment Partnerships Program (hereinafter "HOME") funds upon proper submittal being made to the United States Department of Housing and Urban Development (hereinafter "HUD"); and

WHEREAS, the Urbana City Council previously approved ordinances authorizing submittal to HUD of the Annual Action Plans for FY 2008-2009 and FY 2009-2010 that included proposed budgets for the HOME Programs, and HUD subsequently approved the said Annual Action Plans; and

WHEREAS, on August 20, 2010, the City of Urbana published on the City website a notice of a 30-day public review period regarding said proposed budgetary amendments to the Annual Action Plans for FY 2008-2009 and FY 2009-2010; and

WHEREAS, on September 8, 2010 the City of Urbana, the Grants Management Division of the Community Development Services Department, as lead entity for the Urbana HOME Consortium, held a public hearing on the proposed amendments; and

WHEREAS, at its August 24, 2010 meeting, the Urbana Community Development Commission recommended adoption of the amendment by the Urbana City Council; and

WHEREAS, the City Council now finds it necessary and appropriate to amend the City of Urbana and Champaign/Urbana/Champaign County HOME Consortium Annual Action Plans for FY 2008-2009 and FY 2009-2010.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the City of Urbana, as lead entity for the Urbana HOME Consortium, hereby approves the amendments to the City of Urbana and Champaign/Urbana/Champaign County HOME Consortium Annual Action Plans for FY 2008-2009 and FY 2009-2010, in substantially the same form as such amendments are referenced in the attachment hereto.

Section 2. That the Mayor of the City of Urbana is hereby designated as the authorized representative of the City of Urbana to take any action necessary in conjunction with said attached amendments to the Annual Action Plans for FY 2008-2009 and FY 2009-2010, and any prior approved Annual Action Plan or Amendment, including, without limitations, to execute any documents necessary to commit applicable HOME funds to the projects, submittal of the Annual Action Plan Amendment to the HUD-Regional Field Office and provision of such additional information as may be required.

PASSED by the City Council this _____ day of _____,
_____.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____,
_____.

Laurel Lunt Prussing, Mayor

City of Urbana and Urbana HOME Consortium



Proposed Amendments to FY 2008-2009 and FY 2009-2010 Annual Action Plans

Prepared by:
City of Urbana
Community Development Services
Grants Management Division
400 South Vine Street
Urbana, IL 61801
217.384.2447

Approved by Urbana City Council Ordinance No. _____

PROPOSED AMENDMENTS TO CITY OF URBANA and URBANA HOME CONSORTIUM FY 2008-2009 and FY 2009-2010 ANNUAL ACTION PLANS

The Urbana HOME Consortium proposes to amend the budgets of the FY 2008-2009 and FY 2009-2010 Annual Action Plans (AAPs) to re-allocate City of Urbana HOME funding to the project budget outlined below. Funding for the amended activities was previously allocated to the Kerr Avenue Redevelopment in 2008 and 2009. However, progress on the development has been slowed due to real estate market conditions.

The amendments propose to reallocate a total of \$164,989 of FY 2008-2009 and FY 2009-2010 City of Urbana HOME funds from the Kerr Avenue Sustainable Development Project to the proposed Aspen Court Rental Rehabilitation Project. This new project is for Rental Rehabilitation of up to eleven qualified dwelling units in the City of Urbana.

Following are the proposed City of Urbana HOME Program budget changes for existing projects and programs to be added in the FY 2008-2009 and FY 2009-2010 Annual Action Plans:

REDUCTIONS:

Kerr Avenue Sustainable Development HOME funds are set aside to be used in conjunction with the redevelopment of the City-owned property at 401 E. Kerr Avenue into an affordable, energy efficient sustainable housing development. Project must be consistent with affordable housing goals defined in the 2005-2009 Consolidated Plan, the 2005 Comprehensive Plan, and the 2004 Lakeside Redevelopment Plan, and must comply with applicable regulations.

a) **FY 2008-2009 KERR AVENUE PROJECT FUNDING:**
~~\$72,750~~ (~~\$58,200 HOME~~; ~~\$14,550 Match~~) \$ 0.00

b) **FY 2009-2010 KERR AVENUE PROJECT FUNDING:**
~~\$174,000~~ \$67,211 HOME

ADD NEW PROGRAM:

FY 2009-2010 Aspen Court Rental Rehabilitation Program Funding will be used to assist in the renovation of Aspen Court, a multifamily rental property in Urbana. Eligible units/properties will be occupied by tenants at or below 60% of the Area Median Family Income and will comply with HOME Program rent restrictions for the area. Long-term affordability restrictions will apply to units renovated through this program, in accordance with the level of HOME subsidy provided to assist each unit.

\$164,989 HOME; (\$41,247 Match required to be provided by property owner)

Objective: Provide decent housing by creating affordable housing opportunities for households with annual incomes at or below 60% of Area Median.

Outcome: Affordability for the purpose of providing decent affordable housing.

Outcome Indicators: Number of affordable housing units assisted with households below 60% of Area Median (estimated 11 units).