



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Bruce K. Walden, Chief Administrative Office

FROM: Elizabeth H. Tyler, AICP, City Planner/Director

DATE: June 5, 2003

SUBJECT: AN ORDINANCE APPROVING A SECOND AMENDMENT TO A CERTAIN URBANA HOME CONSORTIUM COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT BETWEEN THE CITY OF URBANA AND HOMESTEAD CORPORATION
(Rental Project – FY2001-2002)

Description

Included on the agenda for the June 9 meeting of the City of Urbana Committee of the Whole is a second amendment to an Urbana HOME Consortium CHDO Agreement between Homestead Corporation and the City of Urbana. The amendment would reduce the number of rental units Homestead will acquire from six (6) to four (4) units.

Issues

The issue is whether the Urbana City Council should approve the proposed second amendment to Homestead's CHDO Agreement.

Background

In December 2001, the City of Urbana entered into a CHDO Agreement with Homestead Corporation to use \$16,770 in HOME CHDO funds and \$100,000 in Urbana HOME funds for the development of single-family rental properties within Urbana and Champaign by December 31, 2002. The agreement called for the acquisition of one (1) property in Champaign using the CHDO funds and two (2) in Urbana using the Urbana HOME funds.

In December 2002, the City of Urbana amended the CHDO Agreement with Homestead Corporation. The amendment contained two provisions:

1. Homestead Corporation was provided additional time to complete their purchase of single-family rental properties. The initial CHDO Agreement contained a termination date of December 31, 2002. The amendment provided a revised date of June 30, 2003.
2. The number of single-family homes to be purchased was increased from two (2) to six (6) single-family homes in Urbana.

To date, Homestead has purchased one (1) property in Champaign and four (4) in Urbana. There is \$35,350 of Urbana HOME funds remaining to develop additional single-family rental properties within Urbana.

Homestead Corporation has indicated that the remaining funds are not sufficient to purchase two (2) additional units in Urbana to meet the provisions of the amended agreement. This is due to limited availability and escalating costs for four bedroom single-family homes and changes to their financing arrangements.

Homestead has further indicated that their banking arrangements have been modified and are not as favorable as the arrangements that provided financing for the earlier purchases. The earlier acquisitions were structured as homebuyer-type mortgages and as such were provided favorable rates and down payment requirements.

Homestead has indicated that their new lending arrangements will view their rental property acquisitions as commercial loan activity and as such require a higher down payment and less favorable loan terms. Specifically, the new loans would be 20-year term rather than 30-year term that they secured previously. Homestead indicated that all their future acquisitions would be viewed as commercial loans, regardless of the specific lender.

Further, because Homestead offers lower rents than what they could collect, the lender has additional concerns about the viability of the business plan and therefore needs a larger down payment to make the loan bankable.

This proposed second amendment to Homestead's CHDO Agreement would change the number of units to be purchased in Urbana from six (6) to four (4) single-family rental properties in Urbana and for the balance of funds (approximately \$35,000) be returned to the Consortium's HOME account.

These returned funds could be used for other HOME eligible projects, such as completing a house at the 914 Eads Street lot that was recently returned to the City by the Urbana School District. Use of these funds will require an amendment to the Annual Action Plan.

Options

The options available to the City of Urbana include the following:

1. Approve the proposed second amendment to the Agreement.
2. Approve the proposed second amendment to the Agreement, with additional provisions.
3. Do not approve the proposed second amendment to the Agreement.

Fiscal Impacts

This second amendment would not have any direct fiscal impact as these monies have been previously budgeted. Funds returned to the Consortium's HOME account could be used for other HOME eligible activities in Urbana.

Recommendations

The HOME Consortium Technical Committee (Urbana, Champaign and Champaign County staff) has reviewed the request for the second amendment. The consensus of the Committee was that Homestead has exceeded the initial number of units to be purchased and recommended approval of the amendment.

The Community Development Commission discussed this item at their April 22 and May 27 meetings. While a quorum was not at the May 27 meeting, the Commission members present expressed favorable comments on the matter and agreed with staff's recommendation.

Staff recommends approval of the second amendment to an Urbana HOME Consortium CHDO Agreement between Homestead Corporation and the City of Urbana.

Memorandum Prepared By:

**Bob Grewe, AICP
Manager, Grants Management Division**

Attachments:

- (1) An Urbana HOME Consortium Community Housing Development Organization Agreement Homestead Corporation – Rental Project (FY2001-2002) dated December 19, 2001.
- (2) An Amendment to a Certain Urbana HOME Consortium Community Housing Development Organization Agreement Between the City of Urbana and Homestead Corporation (Rental Project – FY2001-2002)
- (3) A Second Amendment to a Certain Urbana HOME Consortium Community Housing Development Organization Agreement Between the City of Urbana and Homestead Corporation (Rental Project – FY2001-2002)
- (4) An Ordinance Approving A Second Amendment To A Certain Urbana HOME Consortium Community Housing Development Organization Agreement Between The City Of Urbana and Homestead Corporation (Rental Project – FY2001-2002).

URBANA HOME CONSORTIUM
COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT
HOMESTEAD CORPORATION

Rental Project (FY 2001-2002)

This Recipient Agreement (the "Agreement") is made this _____ day of _____, 2001, by and between Homestead Corporation, a not-for-profit corporation incorporated under the laws of the State of Illinois (hereinafter "Homestead"), and the City of Urbana, Illinois, a unit of local government having its principal offices at 400 South Vine Street, Urbana, Illinois (hereinafter the "City").

WITNESSETH

WHEREAS, the City of Urbana, the City of Champaign, and Champaign County have been jointly designated as a Participating Jurisdiction by the U.S. Department of Housing and Urban Development (hereinafter "HUD") for purposes of receiving HOME Investment partnership (hereinafter "HOME") Program funds in the name of the Urbana HOME Consortium under provisions of Title II of the Cranston-Gonzales National Affordable Housing Act of 1990, as amended (42 U.S.C. 12701 *et seq.*) (hereinafter the "National Affordable Housing Act"); and

WHEREAS, the Urbana HOME Consortium has received HOME Program funds from HUD for the period beginning July 1, 2001, and ending June 30, 2002, to increase affordable housing opportunities for low-income residents of Urbana, Champaign, and unincorporated Champaign County; and

WHEREAS, the Urbana City Council has adopted a Consolidated Plan for Program Years 2000-2004 (hereinafter the "Consolidated Plan") which budgets \$1,036,000 in Urbana HOME Consortium funds for the period beginning July 1, 2001, and ending June 30, 2002, including \$155,400 set aside for use by Community Housing Development Organizations (hereinafter "CHDOs") along with \$100,000 in previously allocated HOME Consortium funds from Fiscal Year 1999-2000 in accordance with an Intergovernmental Agreement Concerning Administration of a Champaign/Urbana/Rantoul/Champaign County HOME Investment Partnerships Consortium executed by Mayor Tod Satterthwaite on behalf of the City of Urbana on July 7, 1999 (hereinafter the "Intergovernmental Agreement"); and

WHEREAS, the Consolidated Plan promotes expansion of rental housing opportunities and recommends that the City expand rental housing opportunities for low-income households; and

WHEREAS, Homestead has been designated as a recipient of CHDO funds for the Urbana HOME Consortium for FY2001-2002; and

WHEREAS, Homestead has fulfilled all HOME Program requirements necessary to be certified as a CHDO; and

WHEREAS, Homestead has applied to the City for FY2001-2002 Urbana HOME Consortium funds to acquire and renovate two residences in Urbana, Illinois, and one residence in Champaign, Illinois for rent to very low- and low-income households (hereinafter the "Project"); and

WHEREAS, the City has the right and authority, pursuant to both the HOME Program and the Intergovernmental Agreement to allocate Urbana HOME Consortium funds to HOMESTEAD for the Project.

NOW, THEREFORE, the parties hereby agree as follows.

1. **PREAMBLE.** The foregoing recitals set forth above are hereby incorporated and made part of this Community Housing Development Organization Agreement (hereinafter the "Agreement).
2. **GENERAL CONDITIONS.** This Agreement shall be subject to the terms and conditions of the Act and the Regulations, as amended and supplemented from time to time.
3. **PURPOSE.** The purpose of this Agreement is to pledge FY2001-2002 Urbana HOME Consortium funds, for the acquisition and renovation of two, single-family residences within the city limits of Urbana, Illinois and one, single-family residence within the city limits of Champaign, Illinois in accordance with this Agreement.
4. **PLEDGE OF HOME AND MATCH FUNDS.** The City pledges to Homestead \$120,963 in Urbana HOME Consortium funds for the Project as follows:
 - \$20,963 in FY2001-2002 Urbana HOME Consortium CHDO funds (\$16,770 HOME, \$4,193 match to be provided by Homestead in accordance with HUD CPD Notice 97-03)
 - \$100,000 from the Urbana share of FY2001-2002 Urbana HOME Consortium funds (\$80,000 HOME, \$20,000 city match)
5. **USE OF HOME AND MATCH FUNDS.** Homestead agrees to utilize \$116,770 in HOME funds pledged by the city and \$4,193 in match funds provided by Homestead to acquire and rehabilitate two (2) single-family homes located within the city limits of Urbana, Illinois and one (1) single-family home located within the city limits of Champaign, Illinois for rent to very low- and low-income households.

Homestead shall not request disbursement of HOME funds until HOME funds are

needed to pay eligible costs related to the Project. The amount of any request for funds shall not exceed the amount needed and shall be supported by appropriate documentation (i.e. payroll documentation, receipts, invoices). The City shall make payment to Homestead within fourteen (14) calendar days of receipt of a complete and acceptable request by the City. The City reserves the right to withhold disbursement of funds until appropriate documentation is submitted. All checks shall be made payable to "Homestead Corporation." All monies granted to Homestead pursuant to this Agreement shall be expended by Homestead by December 31, 2002.

6. **CERTIFICATIONS, COVENANTS, REPRESENTATIONS AND WARRANTIES.** Homestead covenants, represents, and warrants to the City as follows:

- (a) Homestead will hold fee simple title to the properties.
- (b) The properties are and during the term of this Agreement shall remain a rental property.
- (c) HOME and match funds shall be used to pay only Eligible Costs (as that term is defined in 24 CFR Part 92.206 of the Regulations) relating to the acquisition and rehabilitation of units in the Project.
- (d) Homestead shall comply with the occupancy and rental restrictions set forth in Section 9 of this Agreement.
- (e) Homestead possesses legal authority to receive HOME Program funds from the City and to execute the Project as described herein.
- (f) The governing body of Homestead has duly adopted or passed as an official act a resolution, motion, or similar action authorizing execution of this Agreement including all understandings and assurances contained herein, and directing and designating the authorized representative of Homestead to act in connection with this Agreement and to provide such additional information as may be required.
- (g) Homestead, its successors and assigns, agrees to comply with Section 3 of the Fair Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u), which provides that, to the greatest extent feasible, opportunities for training and employment that arise through the Project shall be given to low-income residents of Champaign County and that contracts in connection with the Project be awarded to business concerns located in or owned in substantial part by persons residing in Champaign

County. Homestead agrees to comply with provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of HUD set forth in 24 CFR Part 135, and all applicable rules and orders of HUD issued thereunder. Homestead certifies and agrees that it is under no contractual or other disability that would prevent Homestead from complying with these requirements. The responsibility to comply with Section 3 regulations includes the following.

- Including reference to Section 3 in each subcontract in excess of \$100,000.
- Sending each labor organization or representative of workers with which Homestead has a collective bargaining agreement or other understanding a notice of the Homestead commitment under Section 3.
- Posting copies of the notice in conspicuous places at work sites where both employees and applicants for employment positions can see the notice.
- Refrain from filling any vacant employment and training positions after the contractor is selected but before the contract is executed to circumvent obligations under Section 3.
- Refrain from entering into any contract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of Section 3 regulations.
- Directing efforts to award covered contracts to Section 3 business concerns in order of priority.
- Directing efforts to employ and train Section 3 residents in the order of priority.
- Documenting actions taken to comply with Section 3 requirements.
- Submitting required Section 3 reports.

(h) Homestead shall comply with the regulations, policies, guidelines, and requirements of federal management circulars as they relate to the acceptance and use of federal funds for the Project. Homestead agrees to maintain financial records in accordance with applicable Federal guidelines; OMB circulars A-110, A-122, and A-133; the following requirements of 24 CFR Part 84: 84.2, 84.5, 84.13, 84.16, 84.21, 84.22, 84.26 - 84.28, 84.30, 84.31, 84.34 - 84.37, 84.40 - 84.48, 84.51, 84.60 - 84.62, 84.72, and 84.73. Homestead shall separately and accurately identify use of HOME funds pursuant to this Agreement.

(i) Homestead shall comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and the regulations issued pursuant thereto (24 CFR Part 1), which provides that no person in the United States shall on the ground of race, color, or national origin, be excluded from participation in, be denied

the benefits of, or be otherwise subjected to discrimination under any program or activity for which Homestead receives federal financial assistance.

- (j) Homestead shall comply with Executive Order 11246, and all regulations issued pursuant thereto (24 CFR Part 130), which provide that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of federal or federally-assisted contracts. Such contractors and subcontractors shall take affirmative action to insure fair treatment in employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation and selection for training and apprenticeship.
- (k) Homestead shall establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.
- (l) No Federal appropriated funds have been paid or will be paid, by or on behalf of Homestead, to any person for influencing or attempting to influence an officer or employee of any agency including the City, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

If any funds other than Federal appropriated funds have been paid, or will be paid to any person for influencing or attempting to influence an officer or employee of any agency including the City, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, Homestead will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

- (m) Homestead shall give HUD and the Comptroller General through any authorized representative access to and the right to examine all records, books, papers, or documents related to the Project.
- (n) Homestead authorizes the City and HUD to conduct on-site reviews,

examine personnel records, and to conduct any other procedure or practice necessary to assure compliance with this Agreement. Homestead will ensure that all documents related to this Project shall be kept for a period of five years after the completion of the rental affordability period.

- (o) Homestead shall at all times observe and comply with all laws, ordinances, or regulations of Federal, State, and local governments which may in any manner affect the performance of this Agreement. Homestead shall be liable to perform all acts to the City in the same manner as the City performs these functions to the Federal government.
- (p) Homestead shall be responsible for any and all claims, costs, causes, actions, and expenses, including, but not limited to, attorneys' fees incurred by reason of a law suit or claim for compensation arising in favor of any person, including the employees, officers, independent contractors, subcontractors, or agents of Homestead, on account of personal injuries or death, or damages to property occurring, growing out of, incident to, or resulting under this Project, whether such loss, damage, injury, or liability is contributed to by the negligence of the City or its officers, employees, or agents, or by the premises themselves or any equipment thereon whether latent or patent, or from other causes whatsoever, except that Homestead shall have no liability for damages or the costs incident thereto caused by the sole negligence of the City, or its officers, employees, or agents.
- (q) Homestead shall have full control of the ways and means of performing the services referred to herein. Homestead acknowledges and agrees that its employees, representatives, subcontractors, and agents may in no respect be considered employees of the City.
- (r) Homestead agrees that, to the greatest extent feasible, all construction-related expenditures made for the Project shall be made to Champaign County firms or individuals.

7. PROGRAM REQUIREMENTS.

- (a) Governmental Approvals. Homestead shall obtain all Federal, State, and local governmental approvals required by law for the Project.
- (b) Project Standards. Homestead shall cause the Project to comply with all local codes, ordinances, zoning ordinances, and HUD Section 8 Housing Quality Standards.

- (c) Inspection. The City of Urbana and the City of Champaign each shall have the right to inspect the properties within their jurisdiction during the course of the Project and during the Affordability Period (as defined in Sections 9(a) and 9(d)) to insure the Project's compliance with the property standards described above in Section 7(b).
- (d) Insurance Proceeds. If Homestead receives insurance proceeds for any damage or destruction to the Property prior to the expiration of the Affordability Period, Homestead shall apply such proceeds to the repair of such damage or destruction, if practicable.
- (e) Cooperation. Homestead understands and agrees that Homestead shall cooperate at all times with the City of Urbana and Homestead's contractors and will do all acts necessary to facilitate the Project.

8. **CONSTRUCTION CONTRACTS**. Homestead shall be responsible for (i) construction means, methods, techniques, or sequences of construction, (ii) procedures for safety precautions in connection with the Project, (iii) selection of the contractor, (iv) the contractor's work, and (v) the contractor's failure to carry out the Project.

9. **OCCUPANCY AND RENTAL RESTRICTIONS**. Homestead further covenants that:

- (a) Occupancy Restrictions. The three houses in the Project rehabilitated with HOME and Match funds shall provide affordable housing to very-low and low-income families for the period described in Section 9(d) (the "Affordability Period).
- (b) Rental Restrictions. During the Affordability Period the rents for the units in the Project shall comply with the Regulations, including, without limitation, 24 CFR Part 92.252. On an annual basis the City shall review and approve rents proposed by Homestead for utilities and services to be paid by the tenant. Homestead shall recalculate the maximum monthly rents annually and may change such maximum rents as changes in the applicable gross rent amount, the income adjustments, or the monthly allowance for utilities and services warrant, within the limits allowed by the Regulations. Any increases are subject to provisions of outstanding leases, and in any event, Homestead must provide tenants of the unit not less than thirty (30) days prior written notice before implementing any increase in rent.
- (c) Certification of Income. On forms provided by the City, Homestead shall obtain from each family applying for the unit in the Project, prior to

admission into the Project, a certification of income (the "Certification"), and at such intervals thereafter as required by the City, but not less than annually during the Affordability Period, a recertification of such income (the "Recertification") from each such Family. Homestead shall submit such Certifications and Recertifications and such other certifications as the City may require to the City in the manner prescribed by the City.

- (d) Occupancy and Rent Limitation. Subject to termination in the event of foreclosure or transfer in lieu of foreclosure as provided in Section 92.252(a)(5) of the Regulations, the occupancy and rent limitation provisions of this Section 7 shall remain in effect for a period of ten (10) years from the date of "project completion" (as such term is defined in the Regulations), such period to be incorporated in the Mortgage on the Property, or in other documents, to be recorded as the City may approve, in its sole discretion, as restrictive covenants running with, binding, and burdening the Project. At the City's request Homestead shall execute a written memorandum, prepared by the City, which memorandum shall memorialize said date of project completion and the foregoing Affordability Period, provided that any waiver by the City of its right to prepare or record any such memorandum and any failure by Homestead to execute and deliver the same shall not affect the validity or enforceability of the occupancy and rent restriction provisions of this Section 9. Homestead acknowledges and agrees that the Affordability Period shall apply notwithstanding any contrary affordability period set forth in the Regulations, unless the affordability period set forth in the Regulations is longer. In the event of a foreclosure or deed in lieu of foreclosure relating to any other loan encumbering the Project, the City shall have the right, but not the obligation, to acquire the Project prior to such foreclosure or deed in lieu of foreclosure to preserve the foregoing affordability provisions as provided in Section 92.252 of the Regulations.

10. RECORDS. At the request of the City, Homestead shall furnish such records and information as required by the City in connection with the maintenance, occupancy, and physical condition of the Property.

11. INDEMNIFICATION.

- (a) Homestead shall indemnify the City and the City's officers, agents, employees, or servants against, and hold them harmless from, liabilities, claims, damages, losses, and expenses, including, but not limited to, legal defense costs, attorneys' fees, settlements, or judgements, whether by direct suit or from third parties, arising out of Homestead's performance under this Agreement or the work performed by a contractor in connection with the

Project, in any claim or suit brought by a person or third party against the City or the City's officers, agents, employees, or servants.

- (b) If a claim or suit is brought against the City or the City's officers, agents, employees, or servants, for which Homestead is responsible pursuant to Subsection (a) of this Section 11, Homestead shall defend, at Homestead's cost and expense, any suit or claim, and shall pay any resulting claims, judgments, damages, losses, costs, expenses, or settlements against the City or the City's officers, agents, employees, or servants.

12. **VIOLATION OF AGREEMENT.** Upon violation of any of the provisions of this Agreement by Homestead, the City shall give written notice thereof to Homestead, as provided in Section 14 hereof. If such violation is not corrected to the satisfaction of the City within thirty (30) days after the date such notice is given, or within such further time as the City in its sole discretion permits, the City may declare a default under this Agreement, effective on the date of such declaration of default and notice thereof to Homestead, and upon such default the City may exercise such rights or remedies as may be available to the City, at law or in equity.

The City's remedies are cumulative, and the exercise of one remedy shall not be deemed an election of remedies nor foreclose the exercise of any other remedy by the City. No waiver of any breach of this Agreement by the City shall be deemed to be a waiver of any other breach or a subsequent breach. If the City fails to exercise, or delays in exercising, any right under this Agreement, such failure or delay shall not be deemed a waiver of such right or any other right.

13. **AMENDMENT.** This Agreement shall not be altered or amended except in a written amendment signed by the parties.

14. **NOTICES.** Any notice, demand, request, or other communication that any party may desire or may be required to give to any other party hereunder shall be given in writing, at the addresses set forth above, by any of the following means: (a) personal service; (b) electronic communication, whether by telegram or telecopier, together with confirmation of transmission; (c) overnight courier; or (d) registered or certified United States mail, postage prepaid, return receipt requested.

Such addresses may be changed by notice to the other party given in the same manner as herein provided. Any notice, demand, request, or other communication sent pursuant to either subsection (a) or (b) hereof shall be served and effective upon such personal service or upon confirmation of transmission by such electronic means. Any notice, demand, request, or other communication sent pursuant to subsection (c) shall be served and effective upon deposit with the overnight courier. Any notice, demand, request or other communication sent pursuant to subsection (d)

shall be served and effective three (3) business days after proper deposit with the United States Postal Service.

15. **SUCCESSORS.** This Agreement shall bind, and the benefits shall inure to, the parties hereto, their legal representatives, successors in office or interest and assigns, provided that Homestead may not assign this Agreement, its right to the Loan proceeds, or any of its obligations hereunder without the prior written approval of the City.
16. **SURVIVAL OF OBLIGATIONS.** Homestead's obligations, as set forth in this Agreement, or the application thereof to any circumstance, shall survive the disbursement of the funds, and Homestead shall continue to cooperate with the City and furnish any documents, exhibits, or showings required.
17. **CONSTRUCTION OF AGREEMENT.**
 - (a) **Partial Invalidity.** If any term, covenant, condition, or provision of this Agreement, or the application thereof to any circumstance, shall, at any time or to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement, or the application thereof to circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant, condition, and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
 - (b) **Gender.** The use of the plural in this Agreement shall include the singular, the singular shall include the plural, and the use of any gender shall be deemed to include all genders.
 - (c) **Captions.** The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of the intent of any provision of the Agreement.
 - (d) **Construction.** This Agreement shall be construed and interpreted in accordance with the laws of the State of Illinois.
18. **COUNTERPARTS.** This Agreement may be executed in counterparts, and each counterpart shall, for all purposes for which an original of this Agreement must be produced or exhibited, be the Agreement, but all such counterparts shall constitute one and the same agreement.
19. **WAIVER OF JURY TRIAL.** The parties waive trial by jury in any action, proceeding, or counterclaim brought by either of the parties hereto against the other

on any matter whatsoever arising out of or in any way connected with the program or this agreement.

20. FUNDING. The parties acknowledge that the grants are to be funded with monies provided by HUD and that significant time delays might result from the provision of such monies by HUD. In no event shall the City be liable to Homestead for any damages whatsoever that might result in whole or in part from any delays in funding any proceeds of the Loan.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first above written.

FOR HOMESTEAD CORPORATION:

BY: _____

DATE: _____

ATTEST: _____

FOR CITY OF URBANA, ILLINOIS:

BY: _____

DATE: _____

ATTEST: _____

**AMENDMENT
TO A CERTAIN URBANA HOME CONSORTIUM
COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT
BETWEEN THE CITY OF URBANA AND HOMESTEAD CORPORATION
(Rental Project – FY2001-2002)**

THIS AGREEMENT is made this ____ day of _____, _____, by and between the City of Urbana, an Illinois Municipal Corporation, acting as lead entity for the Urbana HOME Consortium (hereinafter the "City"), and the Homestead Corporation, an Illinois Not-For-Profit Organization (hereinafter "Homestead").

WITNESSETH

WHEREAS, the Congress of the United States has enacted the Cranston-Gonzales National Affordable Housing Act of 1990 which created the HOME Investment Partnerships Program (hereinafter the "HOME Program") to provide funds to states and local governments for affordable housing assistance; and

WHEREAS, the City of Urbana, the City of Champaign, the Village of Rantoul and unincorporated Champaign County have been jointly designated as a Participating Jurisdiction by the U.S. Department of Housing and Urban Development for purposes of receiving HOME Program funds in the name of the Urbana HOME Consortium (hereinafter the "HOME Consortium"); and

WHEREAS, the Urbana City Council has adopted a Consolidated Plan for Program Years 2000-2004 which budgets \$1,036,000 in HOME Consortium funds for the year beginning July 1, 2001, and ending June 30, 2002 in accordance with an Intergovernmental Agreement Concerning Administration of a Champaign/Urbana/Rantoul/Champaign County HOME Investment Partnerships Consortium executed by Mayor Tod Satterthwaite on behalf of the City on July 7, 1999 (hereinafter the "Intergovernmental Agreement"); and

WHEREAS, on December 19, 2001, the City and Homestead entered into an Urbana HOME Consortium Community Housing Development Organization Agreement (hereinafter the "CHDO Agreement"), through which the City allocated \$116,770 of FY2001-2002 HOME Consortium funds to Homestead for the development of 2 single-family houses in Urbana and 1 single-family houses in Champaign for rent to very low- and low-income families; and

WHEREAS, Homestead has developed four (4) houses in Urbana and one (1) in Champaign and desires to develop more single-family properties in Urbana; and

WHEREAS, the City and Homestead now desire to amend the CHDO Agreement to allocate additional time for Homestead to develop more rental properties.

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants and agreements herein contained, the parties agree as follows.

1. Section 5 of the CHDO Agreement is hereby amended to read as follows.

Homestead agrees to utilize \$116,770 in HOME funds pledged by the city and \$4,193 in match funds provided by Homestead to acquire and rehabilitate six (6) single-family homes located in Urbana, Illinois and one (1) single-family home located within Champaign, Illinois for rent to very low- and low-income households.

Homestead shall not request disbursement of HOME funds until HOME funds are needed to pay eligible costs related to the Project. The amount of any request for funds shall not exceed the amount needed and shall be supported by appropriate documentation (i.e. payroll documentation, receipts, invoices). The City shall make payment to Homestead within fourteen (14) calendar days of receipt of a complete and acceptable request by the City. The City reserves the right to withhold disbursement of funds until appropriate documentation is submitted. All checks shall be made payable to "Homestead Corporation." All monies granted to Homestead pursuant to this Agreement shall be expended by Homestead by June 30, 2003.

2. All other provisions of said CHDO Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, and have caused this instrument to be executed by their duly authorized officials and corporate seals affixed hereto, all on the day and year first above written.

CITY OF URBANA

BY: _____

ATTEST: _____

HOMESTEAD CORPORATION

BY: _____

ATTEST: _____

**SECOND AMENDMENT
TO A CERTAIN URBANA HOME CONSORTIUM
COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT
BETWEEN THE CITY OF URBANA AND HOMESTEAD CORPORATION
(Rental Project – FY2001-2002)**

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WITNESSETH

WHEREAS, the Congress of the United States has enacted the Cranston-Gonzales National Affordable Housing Act of 1990 which created the HOME Investment Partnerships Program (hereinafter the "HOME Program") to provide funds to states and local governments for affordable housing assistance; and

WHEREAS, the City of Urbana, the City of Champaign, the Village of Rantoul and unincorporated Champaign County have been jointly designated as a Participating Jurisdiction by the U.S. Department of Housing and Urban Development for purposes of receiving HOME Program funds in the name of the Urbana HOME Consortium (hereinafter the "HOME Consortium"); and

WHEREAS, the Urbana City Council has adopted a Consolidated Plan for Program Years 2000-2004 which budgets \$1,036,000 in HOME Consortium funds for the year beginning July 1, 2001, and ending June 30, 2002 in accordance with an Intergovernmental Agreement Concerning Administration of a Champaign/Urbana/Rantoul/Champaign County HOME Investment Partnerships Consortium executed by Mayor Tod Satterthwaite on behalf of the City on July 7, 1999 (hereinafter the "Intergovernmental Agreement"); and

WHEREAS, on December 19, 2001, the City and Homestead entered into an Urbana HOME Consortium Community Housing Development Organization Agreement (hereinafter the "CHDO Agreement"), through which the City allocated \$116,770 of FY2001-2002 HOME Consortium funds to Homestead for the development of 2 single-family houses in Urbana and 1 single-family houses in Champaign for rent to very low- and low-income families; and

WHEREAS, on December 16, 2002, Urbana City Council approved an Amendment to the CHDO Agreement to change the termination date from December 31, 2002 to June 30, 2003 and changed the number of number of single family houses in Urbana from two (2) to six (6); and

WHEREAS, due to a change in the financing of rental properties, the City and Homestead now desires to make a second amendment to the CHDO Agreement to reduce the number of rental properties that Homestead is required to purchase.

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants and agreements herein contained, the parties agree as follows.

1. Section 5 of the CHDO Agreement is hereby amended to read as follows.

Homestead agrees to utilize \$116,770 in HOME funds pledged by the city and \$4,193 in match funds provided by Homestead to acquire and rehabilitate four (4) single-family homes located in Urbana, Illinois and one (1) single-family home located within Champaign, Illinois for rent to very low- and low-income households.

2. The remaining funds budgeted for Homestead Corporation's Rental Project – FY2001-2002 (approximately \$35,000) will be returned to the Consortium's HOME account.
3. All other provisions of said CHDO Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, and have caused this instrument to be executed by their duly authorized officials and corporate seals affixed hereto, all on the day and year first above written.

CITY OF URBANA

BY: _____

ATTEST: _____

HOMESTEAD CORPORATION

BY: _____

ATTEST: _____

ORDINANCE NO. 2003-06-056

An Ordinance Approving a Second Amendment
To a Certain Urbana HOME Consortium Community Housing Development
Organization Agreement With Homestead Corporation

(Rental Project -- FY 2001-2002)

WHEREAS, the City of Urbana, the City of Champaign, the Village of Rantoul, and Champaign County have been jointly designated as a Participating Jurisdiction by the U.S. Department of Housing and Urban Development (hereinafter "HUD") for the purpose of receiving HOME Investment Partnership (hereinafter "HOME") Program funds in the name of the Urbana HOME Consortium; and

WHEREAS, the Urbana HOME Consortium received HOME Program funds from HUD for the period beginning July 1, 2001, and ending June 30, 2002; and

WHEREAS, the Urbana City Council has adopted a Consolidated Plan for Program Years 2000-2004 (hereinafter the "Consolidated Plan") which budgeted \$1,036,000 in Urbana HOME Consortium funds for the period beginning July 1, 2001, and ending June 30, 2002, including \$155,400 set aside for use by Community Housing Development Organizations (hereinafter "CHDOs") in accordance with an Intergovernmental Agreement Concerning Administration of a Champaign/Urbana/Rantoul/Champaign County HOME Investment Partnerships Consortium executed by Mayor Tod Satterthwaite on behalf of the City on July 7, 1999 (hereinafter the "Intergovernmental Agreement"); and

WHEREAS, the Consolidated Plan promotes expansion of rental housing opportunities for low-income households; and

WHEREAS, Homestead Corporation (hereinafter "Homestead") was designated as a recipient of CHDO funds for the Urbana HOME Consortium for FY2001-2002; and

WHEREAS, Homestead has fulfilled all HOME Program requirements necessary to be certified as a CHDO; and

WHEREAS, Homestead was awarded FY2001-2002 Urbana HOME Consortium funds through an *Urbana HOME Consortium Community Housing Development Organization Agreement - Homestead Corporation - Rental Project - FY2001-2002* (hereinafter the "CHDO Agreement") to develop two (2) single-family houses in Urbana and one (1) single-family house Champaign, Illinois, for rent to very-low and low-income households (hereinafter the "Project"); and

WHEREAS, the CHDO Agreement has been amended to require six (6) single-family houses in Urbana; and

WHEREAS, due to a change in the financing of rental properties, the City and Homestead now desires to make a second amendment to the CHDO Agreement to reduce the number of rental properties that Homestead is required to purchase; and

WHEREAS, the City has the right and authority, pursuant to both the HOME Program and the Intergovernmental Agreement to reduce the number of units to Homestead for the Project.

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

Section 1. That the City of Urbana, acting as lead entity for the Urbana HOME Consortium approves a *Second Amendment To A Certain Urbana HOME Consortium Community Housing Development Organization Agreement Between The City Of Urbana And Homestead Corporation, Rental Project (FY2001-2002)*, a copy of which is attached hereto and incorporated herein by reference, and authorizes the Mayor of the City of Urbana to execute the same on behalf of the City of Urbana.

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

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

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

Tod Satterthwaite, Mayor