



## 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:** March 18, 2004

**SUBJECT: Intergovernmental Agreement Regarding Lakeside Terrace Redevelopment**

---

### **Description**

This Memorandum presents a Draft Intergovernmental Agreement between the City of Urbana and the Housing Authority of Champaign County (HACC) regarding redevelopment of the Lakeside Terrace Apartments. The Agreement was prepared pursuant to a Resolution adopted by the City Council on March 1, 2004 (copy attached) directing the Mayor to prepare a Draft Agreement for Council review at the March 22, 2004 Committee of a Whole meeting.

### **Issues**

The Resolution adopted by Council on March 1, 2004 and previous actions and discussions related to redevelopment of Lakeside Terrace identify the following issues:

- Consistency with the City's Consolidated Plan, specifically as it pertains to replacement housing for redevelopment of Lakeside Terrace (i.e., goal to provide a minimum of 80 replacement units consisting of permanent, subsidized housing units that will be affordable to extremely low income families with children, irrespective of their income).
- Relocation provisions for Lakeside Terrace residents.
- The need to have a Redevelopment Plan in place prior to demolition of Lakeside Terrace.
- Optimal use of the HACC's voucher program and other HUD funding sources to provide for replacement housing.
- Deconcentration of poverty through the redevelopment of scattered sites for replacement units.
- Maintenance of a diversity of affordable housing programs and providers in the City.
- Maximization of affordability terms for replacement housing.
- Public input and participation in the redevelopment and relocation planning process.

### **Background**

A significant amount of information regarding the redevelopment of Lakeside Terrace has been assembled and distributed to date. Most recently, the HACC has prepared and distributed two key documents that pertain to the redevelopment effort. First, is a draft "Section 8 Administrative Plan:

Project Based Assistance Plan” which addresses the conversion of tenant-based Section 8 vouchers to project-based status. Implementation of this plan will result in the creation of approximately 150 project-based Section 8 vouchers throughout the HACC system through conversion of tenant-based vouchers. City staff have reviewed this document and provided comments as part of a separate agenda item for Council and Community Development Commission review. Second, is a draft Relocation Plan for Lakeside Terrace, setting forth procedures and policies for the relocation process and assistance. Again, City staff have reviewed this document and provided comments as part of a separate agenda item for Council and Community Development Commission review.

Working with HACC staff, Brinshore, Homestead, and other non-profit housing groups, City staff have continued to work on a Redevelopment Plan for Lakeside Terrace. This Redevelopment Plan will incorporate the objectives outlined in Resolution No. 2004-02-003R and as previously identified by Council and the Community Development Commission in joint meetings held on the topic. It is anticipated that a Draft Redevelopment Plan will be available for Council and Commission review by the April 26, 2004 Committee of the Whole meeting and April 27, 2004 Community Development Commission meeting. The Plan will outline a proposal for replacement units, locations, unit mixes, and developer/HACC/City obligations. It is anticipated that the Redevelopment Plan will involve a combination of on-site redevelopment with tax credit and project-based Section 8 voucher units; scattered site replacement units to be developed by local non-profit organizations, CHDO’s, or other providers with the use of project-based Section 8 vouchers; and public housing replacement units to be provided by HACC under the HUD replacement formula to meet the minimum replacement objectives of the City’s Consolidated Plan.

As a necessary first step in development and implementation of the Relocation Plan, Resolution No. 2004-02-003R directed the Mayor and staff to prepare a Draft Interagency Agreement between the HACC and the City setting forth mutual obligations with respect to providing replacement housing for Lakeside Terrace and other related issues. This Agreement provides the framework for redevelopment activities to take place.

The attached draft Agreement stipulates the following: 1) preparation of a mutually acceptable redevelopment plan; 2) adoption and implementation of a mutually acceptable Section 8 Voucher Plan; 3) application and use of replacement housing funds by the HACC; 4) establishment of maximum permitted affordability periods for all replacement units with a target term of 20 years; 5) adoption and implementation of a mutually acceptable relocation plan for Lakeside residents; 6) provision of appropriate City support for project approval and redevelopment activities; and 7) and provision of City contributions through the Annual Action Plan process for use of CDBG and HOME funds. Contributions may also take the form of staff time, donation or acquisition of property, and ceding of annual IHDA bond cap towards the project.

## **Options**

City Council should review the attached Draft Agreement and offer any suggestions for modifications. If the Draft Agreement is found acceptable, City Council should adopt the attached Ordinance authorizing the Mayor to execute the agreement. Of course, as a two-party document, the

Agreement will also require the review and acceptance by the HACC Board. According to HACC staff, HUD review of the document will be necessary prior to final HACC Board action on the agreement. Any changes requested by HUD or by the HACC Board may necessitate reapproval by the City Council.

## **Fiscal Impacts**

Redevelopment of Lakeside Terrace will have significant fiscal impacts. City participation could involve major allocations of CDBG and HOME funds that could impact the ability to fund other affordable housing initiatives over a limited period of time. Redevelopment activities also affect City resources in that Community Development Services staff continue to contribute significant resources and time toward pre-development activities. This commitment of staff resources and time would extend through the life of the redevelopment project.

Staff have conducted extensive fiscal assessment as a part of previous Memoranda on this topic. Additional, more refined assessment will occur as a part of the Redevelopment Plan preparation and in future Annual Action Plan funding proposals or amendments pertaining to the project.

## **Recommendations**

Staff recommends adoption of the Intergovernmental Agreement as attached.

### Attachments:

1. Ordinance
2. Draft Intergovernmental Agreement Between the City of Urbana and the Housing Authority of Champaign County
3. Resolution No. 2004-02-003R, Resolution Clarifying the Urbana City Council's Position on Redevelopment of Lakeside Terrace.

Cc: Community Development Commission  
Edward Bland, HACC  
Matthew Hogue, HACC  
Clyde Walker, HACC  
Rich Sciortino, Brinshore  
Peter Levavi, Brinshore

ORDINANCE NO. 2004-03-036

AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE AN INTERGOVERNMENTAL AGREEMENT  
BETWEEN THE CITY OF URBANA AND THE HOUSING AUTHORITY OF CHAMPAIGN COUNTY  
REGARDING REDEVELOPMENT OF LAKESIDE TERRACE

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

Section 1. That an Intergovernmental Agreement pertaining to redevelopment of Lakeside Terrace Apartments and related activities, between the City of Urbana and the Housing Authority of Champaign County, in substantially the form of the copy of said Agreement attached hereto and hereby incorporated by reference, be and the same is hereby authorized and approved.

Section 2. That the Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver and the City Clerk of the City of Urbana, Illinois, be and the same is authorized to attest to said execution of said Agreement as so authorized and approved for and on behalf of the City of Urbana, Illinois.

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

**AN INTERGOVERNMENTAL AGREEMENT BETWEEN THE CITY OF URBANA  
AND  
THE HOUSING AUTHORITY OF CHAMPAIGN COUNTY**

**REGARDING REDEVELOPMENT OF LAKESIDE TERRACE**

WHEREAS, the City of Urbana (hereinafter referred to as the "City") and the Housing Authority of Champaign County (hereinafter referred to as "HACC") both have an interest in the provision of housing and related services for very low and low income families, as set forth in the City's Consolidated Plan for Program Years 2000-2004 and other related plans and programs and its status as an entitlement community receiving funds from the U.S. Department of Housing and Urban Development (hereinafter referred to as "HUD") and in the HACC's Annual Plan, Fiscal Year 2004 and other related plans and programs and its status as a Public Housing Authority receiving funds from HUD; and

WHEREAS, the need for redevelopment or improvement of the Lakeside Terrace Apartments has long been recognized by both the City and the HACC and has been reflected in the relevant plans and policies of both agencies, as well as in previous efforts to obtain Federal assistance for the redevelopment of this public housing site; and

WHEREAS, the City's Consolidated Plan states that "the City will assist in the development of a plan which partners with the private sector to use private dollars to leverage HOPE VI or other Federal funds, to replace the demolished units [resulting from redevelopment of Lakeside Terrace] with a combination of new on-site units, scattered site units and Section 8 rent subsidies. Although Section 8 vouchers or certificates may be used to relocate households living at these complexes at the time of redevelopment, at least 80% of demolished units will be replaced with permanent, subsidized housing units that will be affordable to extremely low income families with children, irrespective of their income"; and

WHEREAS, the HACC once again desires to seek assistance from HUD and the Illinois Housing Development Agency for demolition of Lakeside Terrace and is working with a developer, Brinshore Development, to redevelop the existing Lakeside Terrace site with up to 100 tax credit apartments, 24 of which would be reserved for very low income families; and

WHEREAS, on March 1, 2004, the City Council adopted Resolution No. 2004-02-003R, stating that the City opposes any demolition of Lakeside Terrace without the adoption of a Redevelopment Plan that is consistent with the City's Consolidated Plan provision cited above and directing the Mayor to develop an Interagency Agreement committing the HACC to relocation and replacement housing vouchers, conversion of tenant-based Section 8 vouchers to project-based status and use of expected capital fund replacement funds to create new public housing units.

NOW BE IT AGREED on this \_\_\_\_ day of \_\_\_\_\_, 2004, by and between the City of Urbana, Illinois and the Housing Authority of Champaign County as follows:

Section 1. Redevelopment Plan. The City and HACC agree to work together to complete and adopt a Redevelopment Plan for Lakeside Terrace including a combination of on-site redevelopment with tax credit and project-based Section 8 voucher apartments and public housing replacement units to be provided by HACC under the HUD replacement formula. City staff shall prepare a Draft Redevelopment Plan for City Council review by the Council Committee of the Whole meeting of April 26, 2004.

Section 2. Section 8 Voucher Plan. The HACC agrees to adopt and implement a “Section 8 Administrative Plan, Project Based Assistance Plan”. This Plan envisions the allocation of a minimum of 80 project-based Section 8 vouchers to the Lakeside Terrace Redevelopment Plan, at least 24 of which will be provided on-site at the redeveloped Lakeside Terrace site and at least 56 of which will be provided as part of the scattered site element of the Lakeside Redevelopment Plan.

Section 3. Replacement Housing Funds. The HACC agrees to make application to HUD for replacement housing funds to provide as many replacement public housing units as funding will allow throughout Champaign County to offset those lost at Lakeside Terrace, under the terms set forth in the Interoffice Memorandum from HACC Executive Director to the Mayor, dated, February 13, 2004 and to implement the designation or construction of said units as set forth in the mutually agreed upon Redevelopment Plan provided for in Section 1.

Section 4. Affordability Periods. The HACC agrees to maximize the affordability periods for the project-based vouchers (established under Section 2) and the newly created public housing (established under Section 3), by applying the HUD permitted 10-year affordability period with two possible five-year extensions..

Section 5. Relocation Plan. The HACC agrees to adopt and implement a “Lakeside Terrace Relocation Plan” providing for relocation vouchers and assistance for all residents. The HACC further agrees to hold regular resident meetings and to work with the residents of Lakeside Terrace to address relocation needs and concerns.

Section 6. City Support. Pursuant to the terms of Agreement, the City agrees to support the Redevelopment of Lakeside Terrace and shall affirm its support through communication to HUD and IHDA for applications for project approval, funding and tax credits. The City shall further provide for zoning and development approvals necessary for the Redevelopment Plan, insofar as said plans meet the Zoning and Development Ordinances of the City.

Section 7. City Contributions. Through its Annual Action Plan process for review and use of CDBG and HOME funds, the City pledges its financial support for the Lakeside Redevelopment Plan. Said contributions may take the form of CDBG and HOME fund allocations, commitment of Community Development staff to redevelopment planning efforts,

support of affiliated non-profit and CHDO efforts to develop scattered site housing as a part of the Redevelopment Plan, construction of infrastructure improvements (through CDBG fund allocations), donation and/or acquisition of land, and ceding of annual IHDA bond cap towards the project.

Section 8. Amendment or Revocation. This agreement may be amended or revoked only upon the mutual written consent of both parties.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives on the day and date first above written.

CITY OF URBANA

By:

It's:

Attest:

Housing Authority of Champaign County

By:

It's:

Attest:

**RESOLUTION NO. 2004-02-003R**

**RESOLUTION CLARIFYING THE URBANA CITY COUNCIL'S POSITION ON  
REDEVELOPMENT OF LAKESIDE TERRACE**

WHEREAS, lack of affordable housing for extremely low income families with children is a serious problem in Urbana and surrounding communities; and

WHEREAS, the Champaign County Continuum of Care's most recent homeless survey found that more than 100 children are homeless in Champaign County every night; and

WHEREAS, the City of Urbana's Consolidated Plan and Annual Action Plans state:

"If redevelopment of Lakeside Terrace and Dunbar Court is possible without a significant reduction in the total number of permanent, subsidized housing units affordable to the lowest income families with children in the community, the City of Urbana will work with the Housing Authority of Champaign County to develop a HOPE VI application for the redevelopment of Lakeside Terrace and Dunbar Court to create a mixture of public housing, rental or homeownership units and residents representing a mix of incomes. The City will assist in developing a plan which partners with the private sector to use private dollars to leverage HOPE VI or other Federal funds, to replace the demolished units with a combination of new on-site units, scattered site units and Section 8 rent subsidies. Although Section 8 vouchers or certificates may be used to relocate households living at these complexes at the time of redevelopment, at least 80% of demolished units will be replaced with permanent, subsidized housing units that will be affordable to extremely low income families with children, irrespective of their income."



and

WHEREAS, the Housing Authority of Champaign County has submitted an application to the Department of Housing and Urban Development for demolition of Lakeside Terrace proposing replacement of only 24% of the housing units; and

WHEREAS, the Housing Authority of Champaign County's proposal for redevelopment of Lakeside Terrace is not consistent with the City of Urbana's Consolidated Plan; and

WHEREAS, the City of Urbana and the Housing Authority of Champaign County are currently engaged in discussions about redevelopment options.

NOW, THEREFORE, BE IT RESOLVED that the Urbana City Council opposes demolition of Lakeside Terrace until the Housing Authority of Champaign County and the City of Urbana approve a redevelopment plan that is consistent with the City of Urbana's Consolidated Plan 2000-2004.

BE IT FURTHER RESOLVED, that a copy of this resolution be submitted to the U.S. Department of Housing and Urban Development with the application submitted by the Housing Authority of Champaign County for funds for demolition of Lakeside Terrace public housing complex.

PASSED by the City Council this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_

Tod Satterthwaite, Mayor