



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: April 8, 2004

SUBJECT: **Lakeside Terrace Draft Redevelopment Plan**

Description

Consistent with the direction provided in the Draft Intergovernmental Agreement between the City of Urbana and the Housing Authority of Champaign County (HACC) adopted by City Council on April 5, 2004 (Ordinance No. 2004-03-036), City staff have prepared a draft Redevelopment Plan for Lakeside Terrace Apartments for City Council review.

This Redevelopment Plan is based upon the parameters set forth in the Draft Intergovernmental Agreement as well as in the Resolution Clarifying the Urbana City Council's Position on Redevelopment of Lakeside Terrace (Resolution No. 2004-02-003R), adopted by the City Council on March 1, 2004. It is also consistent with Strategy 5D of the City's Consolidated Plan for Program Years 2000-2004 which addresses the need to provide a minimum replacement of 80 units of "permanent, subsidized housing units that will be affordable to extremely low income families with children, irrespective of their income."

The enclosed Draft Redevelopment Plan consists of the following elements:

1. Demolition of the existing Lakeside Terrace Apartments and relocation of all then existing tenants.
2. On-Site Redevelopment with 100 tax credit units, 24 of which shall be designated as replacement units through the use of project-based Section 8 vouchers.
3. Application for Replacement Units funds from HUD by the HACC for a total of approximately 14 new public housing units to be developed at any location throughout Champaign County.
4. Provision of off-site scattered replacement housing by local CHDO's, including Homestead Corporation with 33 single-family residences and the Urban League with 9 redeveloped apartment units. Affordability for these units will be provided through anticipated designation of project-based Section 8 vouchers by the HACC.

Each of these elements is described in greater detail in the Draft Redevelopment Plan. The Summary Table included in the Draft Redevelopment Plan (Table One) shows that a total of 80 replacement units and 101 other affordable units would be created at a total cost of \$21.3 million, with \$915,778

of these funds coming from the City of Urbana. Financing would be provided through a variety of means, including private financing, IHDA tax credits, HOME funds, Federal Home Loan Bank Affordable Housing Program grants, CDBG funds, conversion of bond cap, and HUD replacement funds.

Issues

Previous actions and discussions related to redevelopment of Lakeside Terrace have identified 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. Second, is a draft Relocation Plan for Lakeside Terrace, setting forth procedures and policies for the relocation process and assistance. As a part of actions during previous meetings, City staff, Council, and Community Development Commission have provided comments on these documents to HACC for consideration.

Working with HACC staff, Brinshore, Homestead, and Urban League under the leadership of Mayor Satterthwaite, City staff have prepared the enclosed Draft Redevelopment Plan for Lakeside Terrace. This Redevelopment Plan incorporate the objectives outlined in Draft Intergovernmental Agreement, Resolution No. 2004-02-003R and as previously identified by Council and the Community Development Commission in joint meetings held on the topic. Following initial City Council review, the Draft Redevelopment Plan can be presented to the City's Community Development Commission for further review and comment, as well as to the Board of the HACC and to interested

residents and community members. The comment period and process for this document has not yet been set and will be dependent upon Council direction received on April 12, 2004.

Options

City Council should review the attached Draft Redevelopment Plan and offer any suggestions for modifications. If the Draft Redevelopment Plan is found acceptable as a review draft, City Council should direct staff to have the City's Community Development Commission conduct a public hearing at their next regular meeting (April 27, 2004) to obtain public comment. The Draft can also be reviewed by the HACC Board at their regular meeting in April. Staff would then make revisions and present the Redevelopment Plan for further consideration and adoption by the Council in May.

Fiscal Impacts

As detailed in the attached Draft Redevelopment Plan, the City's portion of the redevelopment plan would consist of a total of \$915,778 programmed over four years, including \$150,000 in bond cap conversion, \$150,000 in CDBG funds, \$513,737 in Urbana's allocation of HOME funds, and \$102,041 in HOME CHDO set-aside funds.

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.

Recommendations

Staff requests that City Council review the enclosed Draft Lakeside Redevelopment Plan, offering any comments or revisions, and then direct that the document be sent to the Community Development Commission for further comment and public review.

Enclosure:

Draft Redevelopment Plan for Lakeside Terrace, April 8, 2004

Cc: Community Development Commission
Edward Bland/Matthew Hogan, HACC
Clyde Walker, HACC
Rich Sciortino/Peter Levavi, Brinshore
Jim Rose, Homestead
Jean Algee, Urban League



Lakeside Terrace Redevelopment Plan

Draft



April 8, 2004



Lakeside Terrace Redevelopment Plan

Draft

April 8, 2004

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LAKESIDE TERRACE REDEVELOPMENT PLAN

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INTRODUCTION

Constructed in 1952 by the Housing Authority of Champaign County (HACC), the Lakeside Terrace apartments contain 99 two-level apartments contained in a total of 22 “barracks style” buildings. The nine-acre site is located in north central Urbana directly east of Crystal Lake Park with access from Lakeside Terrace off of Broadway Avenue. The apartments are bounded to the north by the recently renovated Country Club Apartments and by single-family residences to the north and east. The Saline Ditch extends along the south side of the site and a large vacant property is located to the northeast along Kerr Avenue. The subject site also contains a Don Moyers’ Boys and Girls Club which provides after school activities for children and youth living at the facility. A total of 96 units are currently occupied. HACC records show that the average tenure of the residents is on the order of three years. Two of the units have been occupied by the same residents for over 20 years; 17 have been occupied for 5 to 10 years; 14 units have been occupied for 3 to 4 years; and 61 have been occupied for two or fewer years.

Due to the age and type of construction and limitations of the unit and building layout, the apartments are considered by HACC staff and consulting architects to be of obsolete construction. The need to provide more modern facilities with improved unit access, site improvements, landscaping, unit size, and amenities such as in-unit washers and dryers have been confirmed at resident meetings. HACC studies show that it would take approximately 14.603 million dollars, or \$147,512 per unit, to bring the units up to current standards. U.S. Department of Housing and Urban Development (HUD) policies do not provide for renovation of obsolete public housing facilities. Rather, redevelopment with mixed-income “communities of choice” has been the policy driver of HUD funding for public housing over the past three administrations.

BACKGROUND

This Redevelopment Plan for Lakeside Terrace has been developed based upon a number of contributing sources, including the relevant plans and policies of the City of Urbana and the Housing Authority of Champaign County; the findings of recent joint study sessions conducted by the City Council and the Community Development Commission of the City of Urbana with the assistance of the Housing Authority; statements of policy pertaining to the redevelopment of Lakeside Terrace and adopted by the City Council; and a draft interagency agreement between the City of Urbana and the Housing Authority of Champaign County adopted by the City on April 5, 2004 (copy appended).

The redevelopment of Lakeside Terrace is specifically addressed in Strategy 5D of the City’s Consolidated Plan for Program Years 2000-2004 which states:

“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.”

The above policy was adopted in 2000, following previous unsuccessful attempts to obtain HOPE program funding for the redevelopment of Lakeside Terrace. Since that time, the HACC has hired a developer, Brinshore Development, LLC, to assist in the redevelopment of Lakeside Terrace and has prepared an application for HOPE VI funds for demolition of Lakeside Terrace. A recent submittal of this application to HUD was unsuccessful. Pending the successful adoption of this Redevelopment Plan, the HACC plans to resubmit the demolition application prior to December 2004, for possible funding in 2005. Other documents recently prepared by the HACC to support the redevelopment of Lakeside Terrace include a “Section 8 Administrative Plan: Project Based Assistance Plan” which addresses conversion of Section 8 vouchers to project-based status and a “Lakeside Terrace Relocation Plan”, prepared pursuant to the requirements of HUD and the Uniform Relocation Act.

APPROACH

The overall approach for the Redevelopment Plan is outlined in Council Resolution No. 2004-02-003R, entitled a “Resolution Clarifying the Urbana City Council’s Position on Redevelopment of Lakeside Terrace”, adopted on March 1, 2004 (copy appended). This Resolution recites the lack of affordable housing for extremely low income families with children as being a serious problem in Urbana and surrounding communities and notes that the Champaign County Continuum of Care’s most recent homeless survey found that more than 100 children are homeless in Champaign County every night. The Resolution also references Strategy 5D of the City of Urbana’s 2000-2004 Consolidated Plan.

The Resolution reconfirms the City’s commitment to the preparation and implementation of a viable redevelopment plan that is consistent with the replacement goals of the Consolidated Plan as a necessary precedent to any demolition of Lakeside Terrace. It further sets forth the following parameters to guide the subsequent development of an Interagency Agency Agreement between the City and the Housing Authority to guide the redevelopment effort:

- a. These 80 replacement units will be a combination of public housing units at a mixed-income, multi-family development at the former Lakeside Terrace site, scattered site single-family homes developed by non-profit organizations, and public housing units at mixed-income, multi-family structures acquired or constructed by non-profit organizations.*
- b. Replacement housing will be provided in coordination with Community Housing Development Organizations (CHDO’s) and other non-profit organizations in order to build the capacity of existing CHDO’s and to encourage the creation of new CHDO’s.*

- c. *The replacement housing plan will leverage city money with as many financing tools as possible available to the HACC (such as Public Housing Replacement Funds, Affordable Housing Program Grant Funds, and Illinois Housing Development Authority Trust Funds) so that the City will be able to maintain a diversity of housing programs funded by CDBG and HOME, and preserve its social service funding.*
- d. *Affordability of the replacement housing for the lowest income families with children in our community will be guaranteed for the longest period of time possible with a target of a minimum of 20 years.*

On April 5, 2004, the City of Urbana adopted a Draft Intergovernmental Agreement with the Housing Authority of Champaign County Regarding the Redevelopment of Lakeside Terrace. This Agreement identifies the following essential elements of the redevelopment effort:

- *Adoption of this Redevelopment Plan to include 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.*
- *Adoption and implementation by the HACC of the Section 8 Administrative Plan: Project Based Assistance Plan.*
- *Application to HUD and subsequent use by the HACC 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.*
- *Maximization of the affordability periods for the project-based vouchers and the newly created public housing units.*
- *Adoption and implementation of the Lakeside Terrace Relocation Plan including regular meetings and coordination with residents*
- *City support of Lakeside Terrace redevelopment activities*
- *City contributions to Lakeside Terrace redevelopment through the Annual Action Plan process.*

REDEVELOPMENT ELEMENTS

Based upon the parameters and approach set forth above, the proposed redevelopment of Lakeside Terrace will consist of the following general components:

1. Demolition of the existing Lakeside Terrace Apartments and relocation of all then existing tenants.
2. On-Site Redevelopment with 100 tax credit units, 24 of which shall be designated as replacement units through the use of project-based Section 8 vouchers.
3. Application for Replacement Units funds from HUD by the HACC for a total of approximately 14 new public housing units to be developed at any location throughout Champaign County.
4. Provision of off-site scattered replacement housing by local CHDO's, including Homestead Corporation with 33 single-family residences and the Urban League with 9 redeveloped apartment units.

Each element of the redevelopment is described in greater detail below and is itemized in the attached spreadsheets. Table One provides a summary of the Redevelopment Plan elements, identifying the number of units created, the number of units that will be available to very low income residents (through use of project-based vouchers or other provisions), the number of other affordable units created (if any), unit type (if defined), financing mix, total cost, cost per unit, and form of City contribution to the element.

Demolition/Relocation

The HACC proposes to reapply to HUD for HOPE VI funds for demolition of Lakeside Terrace and relocation activities for the next round of available funding or by December 2004, for possible approval in Spring 2005. As a part of the Demolition, the HACC will follow the provisions outlined in the Lakeside Terrace Relocation Plan to provide for relocation assistance under the terms of the Uniform Relocation Act. This Relocation Plan will involve the close coordination and communication with project residents to assist them in their relocation needs and to apprise them of the redevelopment efforts.

On-Site Project

Once cleared, the 9-acre Lakeside Terrace site will be redeveloped with up to 100 new tax-credit apartments developed by Brinshore Development, LLC. Of these 100 new apartments, 24 are proposed to serve as replacement units for Lakeside Terrace through dedication of project-based Section 8 vouchers by the HACC to guarantee affordability to very low-income residents. As noted in the HACC Project Based Assistance Plan, dedication of these project-based vouchers are awarded on a competitive basis. As the designated developer for Lakeside Terrace, Brinshore should score well under the selection criteria identified by HACC in their Section 8 Administrative Plan. The number of vouchers that may be applied at this location is limited to no more than 25% according to the deconcentration of poverty goals of HUD.

Funding will be provided by a combination of private financing, Illinois Housing Development Authority (IHDA) tax credits, Low Income Housing Tax Credits (LIHTC), IHDA HOME funds, the IHDA Trust Fund, and the Federal Home Loan Bank's (FHLB) Affordable Housing Program (AHP) grant. City contributions will be provided in the form of IHDA bond cap conversion (estimated at \$150,000 over a three-year period) and CDBG-eligible funds (estimated at \$150,000) to serve as gap funding and a local match to IHDA HOME funds. HACC will provide the land, demolition and relocation funding (from HUD grant), and the dedication of 24 project-based Section 8 vouchers to the project.

Architectural plans have not yet been developed by Brinshore Development, LLC, but the firm has successfully developed other tax credit/public housing redevelopment projects at this density elsewhere in Illinois and nearby states. Attached is an elevation depicting a townhouse style that may be employed on the site. Also attached is a summary of similar projects undertaken by Brinshore.

Of the 100 units created by this project, 90 would be affordable at some level, with 24 at public housing levels (i.e., 30% or lower of Area Median Income (AMI), 16 at 50% AMI, 50 at 60%

AMI, and 10 at market rates. The projected cost for this project would be \$13.8 million, for a per unit cost of \$138,000. The unit mix in terms of number of bedrooms has not yet been determined by Brinshore and would be dependent upon market analysis and demand.

Replacement Units

Demolition of the Lakeside Terrace Apartments will allow the HACC to apply to HUD for funding to provide replacement public housing units under the provisions of PIH Notice 2003-10. Based upon the provisions allowed under another HACC project, HACC staff estimate that HUD would provide a replacement fund of \$2,100 per unit over a 5-year period with a possible 5-year extension, for a total of 10 years. Based on this formula, the HACC would receive up to \$207,900 a year for 5 to 10 years, or a total of \$1,039,500 to \$2,079,000. Based upon the per unit cost of new public housing development, this would equate to approximately 14 new public housing units that could be developed from this fund. These replacement units may be developed on scattered sites throughout Champaign County. The HACC would work with HUD on the calculation and disposition of these funds based upon the applicable rules. The location and description of these units has not yet been determined by the HACC.

The HACC has indicated its intention to pursue and utilize these funds to the maximum extent. (See Interoffice Memorandum from Edward Bland to Tod Satterthwaite, dated February 13, 2004). HACC staff have prepared a spreadsheet for the replacement housing plan (attached), showing a two-phased approach with 7 units being provided between 2005 and 2007 and a second 7 units being provided between 2007 and 2009. This replacement housing plan assumes that the HACC will receive \$2,100 per year per demolished public housing unit and that the HACC will receive a five-year funding extension for the early obligation of replacement housing funds by HUD.

Scattered Site Units by Non-Profits

In preparing this Redevelopment Plan, City staff requested proposals from the two Community Housing Development Organizations (CHDO's) currently active in the area - Homestead Corporation and the Urban League - to assist in the provision of replacement units that would be located in scattered sites throughout Champaign County. Funding support for these replacement units would be provided with the help of project-based Section 8 vouchers from the HACC and the dedication of the City's HOME funds and CHDO set-aside funds. The scattered site proposals would include both single-family rental homes (by Homestead) and multi-unit apartment rentals (by the Urban League). The mix of housing types will help to respond to the specific housing needs and preferences of very low-income families, with an emphasis on single-family rental opportunities.

Because both Homestead and the Urban League have proven track records in developing and managing affordable housing in Champaign County and are both recognized by the Champaign County HOME Consortium as CHDO's, it is expected that they would be able to compete successfully for the project-based Section 8 vouchers that are essential to guarantee the affordability and cost-effectiveness of these replacement units.

Homestead Corporation Proposal: Homestead Corporation has previously been designated by HACC and Brinshore Development, LLC, as the selected developer partner for the off-site component of the redevelopment plan. As a part of this plan and in response to a request by City staff, Homestead Corporation has proposed to purchase, lease, and manage 33 single-family housing units over a period of three years (at 11 per year). These single-family homes would consist of 11 two-bedroom homes, 17 three-bedroom homes, and 5 four-bedroom homes. The acquisition of rental homes is an important element of providing housing suitable for families, consistent with this provision of the Consolidated Plan strategy. The unit mix has been chosen to assist in replication of the unit mix found at Lakeside Terrace. The locations of the 33 homes have not yet been identified, but they could be located throughout Champaign County. Locational diversity is important due to the relatively limited stock of available housing. However, to best meet the needs of the residents, proximity to employment, necessary services, and public transit will be essential. For these reasons, it is expected that the selected homes will be within or nearby the cities of Champaign, Urbana, Rantoul, and Savoy.

The total cost of acquisition for the 33 homes is estimated at \$3,108,000, or an average of \$94,180 per unit (\$84,000 for two-bedroom homes; \$94,500 for three-bedroom homes; and \$115,500 for four-bedroom homes). Funding for the 33 homes would be provided through a mix of private mortgages, IHDA Housing Trust Fund, FHLB AHP (Federal Home Loan Bank Affordable Housing Program Direct Subsidies), and the City's HOME Consortium funds and HOME CHDO forgivable loans. The projected City HOME funds would total \$478,000.

Affordability would be assured through the dedication of project-based Section 8 vouchers by the HACC to all 33 homes. The affordability period for the voucher is anticipated to comprise an initial 10 years with two additional five-year extensions, consistent with HUD policies. As set forth in the HACC Section 8 Project-Based Plan, any designation of project-based vouchers to these endeavors would have to be on a competitive basis, through the use of an RFP process. The City has suggested that additional points be awarded for CHDO designation. In addition, Homestead's previous designation as a redevelopment partner by Brinshore and HACC should help to promote their involvement in the Lakeside Redevelopment Plan.

Homestead Corporation is an experienced local affordable housing developer and manager. They currently manage nine rental homes in Champaign-Urbana that they have either developed or purchased, as well as a 32-unit single room occupancy development in Urbana. A summary of Homestead's current single-family home portfolio and their proposal for Lakeside Terrace replacement units is attached.

The Urban League: The Urban League is another experienced affordable housing and social service provider in the area. They are currently funded by the City for a popular "lease-to-purchase" program that provides home ownership opportunities and training for low-income families.

In response to a request by the City, the Urban League has proposed to set aside a total of nine apartments from two apartment acquisition and renovation projects that are planned in the near future to help fulfill the Lakeside Terrace replacement requirements. One of these apartment projects, Crestwood Manor, is located in Urbana on Lierman Avenue. This complex has 20

units, 3 of which are vacant. The second complex is located in Champaign at 302,304 and 306 Park Street. This complex has 24 units, 14 of which are vacant. All of the Crestwood Manor apartments are two-bedroom units and 22 of the Park Street apartments are two-bedroom units, with the remaining two units being one-bedroom apartments.

As shown on the attached project summary, the Urban League has proposed that four of the units at Crestwood Manor and five of the units at Park Place be identified and supported as Lakeside Terrace replacement units through the application of HACC Section 8 Project-Based vouchers and other funding mechanisms. These nine units would be affordable to very low income residents at or below 30% MFI. Consistent with the Urban League's mission to provide affordable housing, all of the remaining units would be affordable to 50% or below MFI. The affordability period for the vouchers is anticipated to comprise an initial 10 years with two additional five-year extensions, consistent with HUD policies. As noted above, according to the HACC Section 8 Project-Based Plan, any designation of project-based vouchers to these endeavors would have to be on a competitive basis, through the use of an RFP process. Additional points may be granted for CHDO designation.

Financing for the purchase and renovation of the apartment complexes is proposed through a combination of a private mortgage, IHDA grant, City HOME funds, and the FHLB. Pursuant to this proposal, the Urban League has submitted a request for FY04-05 funds for \$102,041 of CHDO set-aside funds and \$150,000 in other HOME funds for renovation of the Park Street project. This funding is proposed as part of the current draft of the Annual Action Plan (AAP) for Fiscal Year 04-05 funding. In addition, the current draft of the AAP designates a total of \$35,737 for affordable rental programs to be used towards the Lakeside Terrace Redevelopment Plan which could be applied to the Urban League projects, as shown in the attached spreadsheet.

CITY OBLIGATIONS

As shown in the attached summary table and appended spreadsheets, the City would provide support to the proposed Redevelopment Plan in the form of HOME and CDBG funds and through ceding of the City's bond cap. These obligations would total \$915,778 through the life of the redevelopment plan and would be distributed approximately as follows:

Brinshore On-Site Redevelopment	\$300,000
HOMESTEAD Scattered Site Homes	\$478,000
Urban League Scattered Site Apts.	\$137,778
TOTAL	\$915,778

This funding will be dependent upon final IHDA acceptance of the bond cap ceding (this has been received positively at a preliminary level and continued Federal funding of the HOME and CDBG funding programs to entitlement communities.

Significant City support is also being provided through City staffing. Current staffing needs are being provided by the City's Grants Management Manager and City Planner. As the redevelopment progresses, the City's Planning Manager will address community and site

planning issues, the HOME Consortium Coordinator will administer HOME funds and work with the designated CHDO's, and the Redevelopment Specialist will provide project development support.

FINANCIAL IMPACT

As noted above, the total cost of City obligations for the redevelopment plan will equal approximately \$915,778 spread over four years (2004 – 2007).

The project will also result in some financial benefit to the City, however. Currently, the Lakeside Terrace site and improvements are tax exempt and yield no property taxes. With redevelopment, there would be an increase in EAV and property tax collected even with adjustment for tax credits. This is estimated to total \$174,247 accruing to all taxing districts on an annual basis. Of this amount, \$27,252 will go to the City, \$96,578 to the School District, \$16,062 to the Park District, and \$14,718 to the County.

To the extent that the redevelopment plan achieves a reduction in the concentration of poverty at the site, it may also result in reduced service costs such as public safety calls and costs to the educational system. These reductions are difficult to itemize.

The proposed Redevelopment Plan would allow for continued funding of other affordable housing programs through the use of the City's remaining and previously obligated CDBG and HOME funds. These other programs include those proposed by other housing providers, including Habitat for Humanity and other emerging CHDO's and non-profits, as set forth in the current draft of the City's 04-05 Annual Action Plan. This Annual Action Plan and previous funding year carryovers also include a number of physical improvements to benefit local social service agencies, such as Provena's Mental Health Center Group Home, Family Service, TIMES Center, Developmental Services Center, and the Center for Women in Transition. In addition, City programs pertaining to neighborhood organizations, neighborhood cleanup, home improvement programs, transitional housing, and tenant based rent assistance would be able to continue as evaluated on an annual basis. Social service funding would also be able to continue unreduced by these obligations.

The AAP also provides for continued property acquisition to provide for future affordable housing or economic development opportunities. The current draft of the AAP provides for granting of four currently available affordable housing lots to non-profits for development and designates an additional \$52,865 in CDBG funds for future property acquisition. It also includes a total of \$110,000 in CDBG funds and \$52,903 in HOME funds for acquisition of properties in the Lakeside Drive vicinity (along Kerr Street) to assist in future significant development efforts in this area.

IMPLEMENTATION

There are several steps necessary to achieve implementation of the Lakeside Redevelopment Plan. Specific dates for these steps and tasks can be modified as the plan evolves. These steps in approximate chronological order are set forth in the following table.

IMPLEMENTATION TABLE

TASK	RESPONSIBILITY	TIMELINE
Adopt Intergovt. Agreement	City	April 5, 2004
Review Draft Redevelopment Plan	City Council Committee	April 12, 2004
Draft Redevelopment Plan Presentation	Plan Commission (staff report)	April 22, 2004
Review Draft Redevelopment Plan/Public Hearing	Community Development Commission	April 27, 2004
Lakeside Nbhd. Meeting	HACC/City	April 29, 2004
Adopt Intergovt. Agreement	HACC	April 29, 2004
Review Draft Redevelopment Plan	HACC	April 29, 2004
Adopt Section 8 Plan	HACC	April – May 2004
Adopt Relocation Plan	HACC	April – May 2004
Intergovt. Agreement Review by HUD	HACC	May, 2004
Adopt 04-05 AAP including Lakeside redevelopment supporting items	City	May 2004
Adopt Final Redevelopment Plan	City	May 2004
Request Bond Cap Ceding for Lakeside Terrace	City	April – May 2004
Secure financing & replacement properties	Urban League	April – June 2004
Execute subrecipient agreement with Urban League for replacement units	City/Urban League	June – July 2004
Apply for demolition/relocation funds to HUD	HACC	Next available cycle or by December 2004
Apply for IHDA Tax credits	Brinshore	By December 2004
Apply for Special Use Permit approval	Brinshore/City	January 2005
Include City obligations in AAP for 05-06	City	April – May 2005
Execute subrecipient agreements	City/Brinshore/Homestead/Urban League	May – June 2005
Secure financing and start property acquisition	Homestead	July 2005
Relocation Efforts per Relocation Plan	HACC	January 2005 – April 2005
Demolition of Lakeside	HACC	May 2005
Request Replacement Funds to HUD (must follow demolition)	HACC	May 2005
On-site Construction begins	Brinshore	June 2005
Construction completed, ready for occupancy	Brinshore	By June 2006
Continue scattered site construction	Homestead	Through 2007

TABLE ONE. SUMMARY TABLE

Plan Element	Developer/ Owner	Total Number of Units	Number of Replacement Units	Number of Other Affordable Units	Unit Type	Financing Mix	Total Cost	Cost Per Unit	City Contributions
[Current Lakeside]	HACC	[99 total/ 96 occupied]	NA	NA	Apts.	HACC asset	Unknown	NA	Previous assistance
On-Site Tax Credit Redevelopment	Brinshore Development	100	24	66	Apts./ Townhouse Style	Private/IHDA Tax Credits/LIHTC/IHDA HOME/Trust Fund/AHP Grant/City Bond Cap Conversion/CDBG	\$13.8 M	\$138,000	Bond Cap Conversion (\$150,000) /CDBG (\$150,000)
Replacement Public Housing Units	HACC	14 (for Lakeside formula)	14	NA	Unknown Scattered sites	HUD replacement funds	\$2.079 M	\$148,500	NA
Scattered Sites: Purchase of Single Family Homes	Homestead Corporation	33	33	NA	SF homes: 11 2 bdrm 17 3 bdrm 5 4 bdrm	Private/IHDA HTF/FHLB AHP/HOME/HACC vouchers	\$3.108 M	By size: \$84,000 \$94,500; \$115,500	HOME (\$478,000)
Scattered Sites: Purchase of Apartment Units	Urban League	44 (20 @ Crestwood; 24 @ Park Street)	9 (4 @ Crestwood; 5 @ Park Place)	35 (27 of the 44 units are already occupied.)	Apts. – 9 2 bdrm.	Private mortgage, IHDA, HOME, FHLB, HACC vouchers	\$2.301 M	\$54,778	03-04 AAP HOME Urbana CHDO (\$102,041) Other HOME (\$150,000) Urbana HOME (\$35,737)
TOTALS	NA	191	80	101	NA	NA	\$21.288M	\$54,778 – \$148,500 (\$105,879 is avg.)	\$915,778

Lakeside Terrace Property Tax Revenue

PIN	ADDRESS	BASE EAV	On Site Redev.
91-21-08-257-011	800 N. Broadway	\$0	\$920,000
91-21-08-280-033	800 N. Broadway	\$0	\$920,000
91-21-08-404-031	800 N. Broadway	\$0	\$920,000
		\$0	\$2,760,000
	EAV Over Base*:	\$0	\$2,760,000

Property Tax Increase**		On-Site Redev.
School		\$128,895
City		\$36,371
Park		\$21,437
County		\$19,643
Comm Coll		\$12,840
MTD		\$7,529
Twنشp		\$5,652
Total	N/A	\$237,893

Total w/ Tax Credit Reduction***		\$178,247
School		\$96,578
City		\$27,252
Park		\$16,062
County		\$14,718
Comm Coll		\$9,620
MTD		\$5,642
Twنشp	N/A	\$4,235

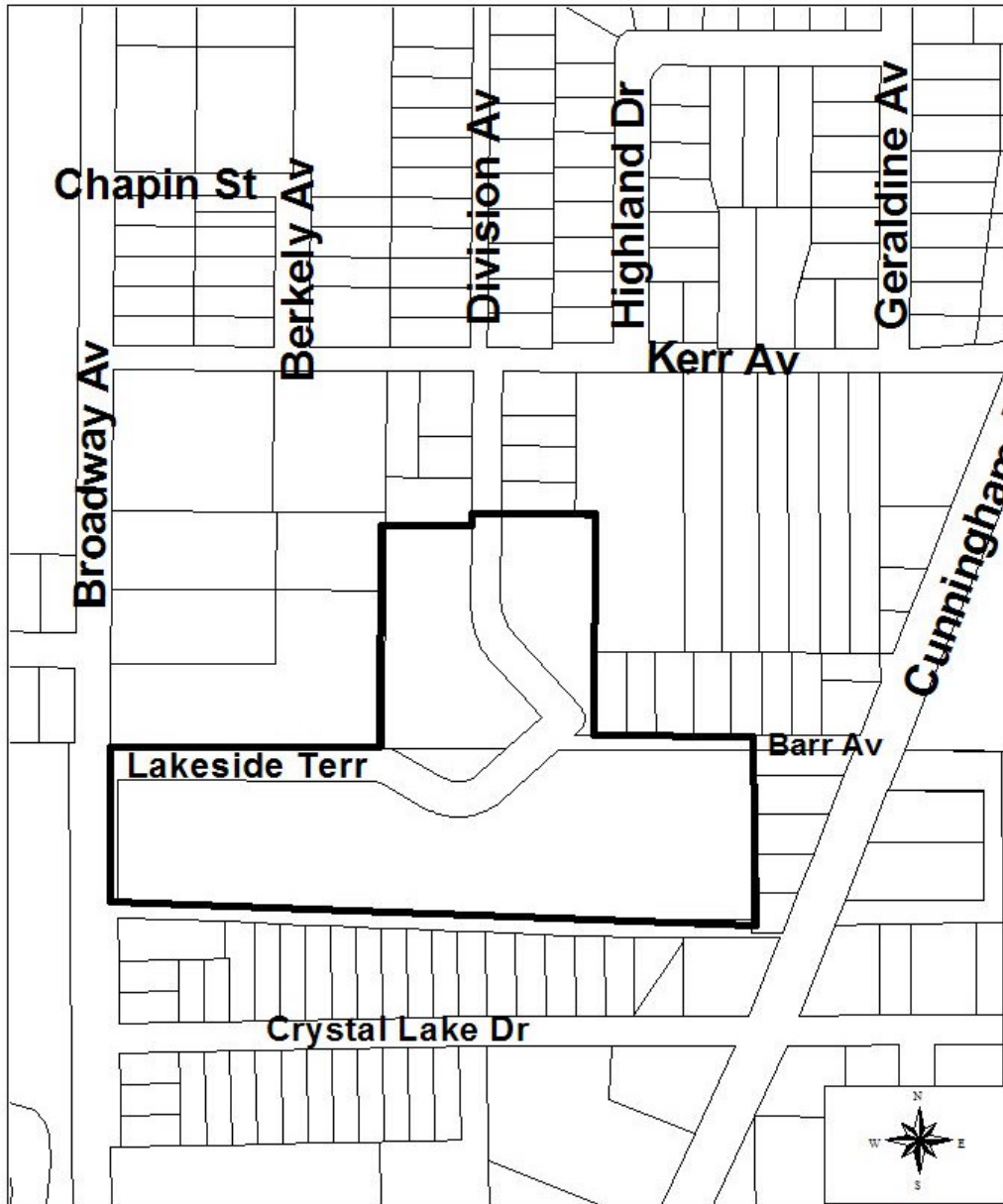
*EAV assumptions based on project costs and comparable unit EAV's

**Upon Completion of project, only applies to Lakeside Terrace development

***LIHTC Value reduces taxable EAV assessment, and is thus reflected in property taxes

Created April 8, 2004 by RLB, City of Urbana Community Development Department

Exhibit "A": Location Map



Grants Management Division

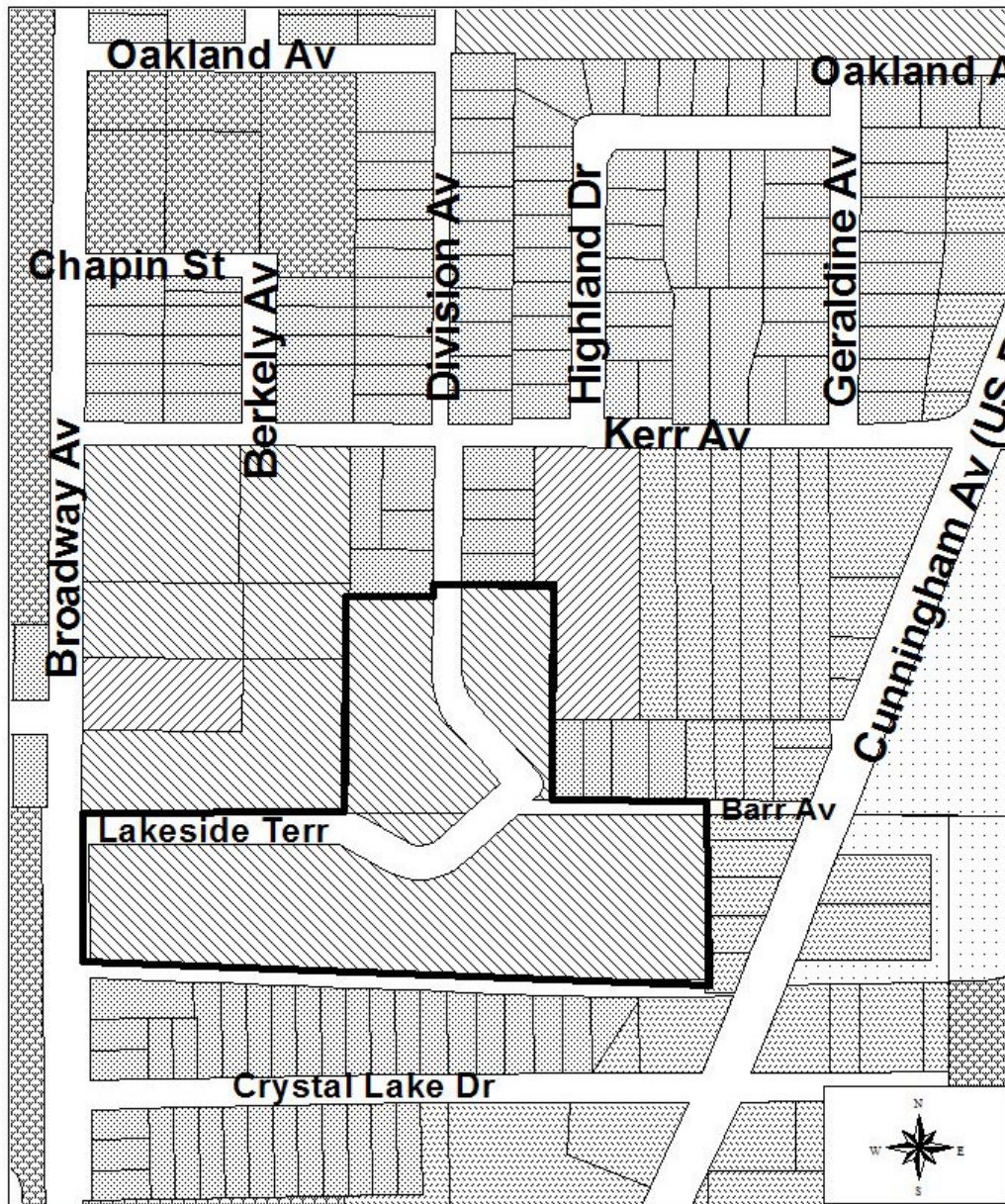
 Subject Property

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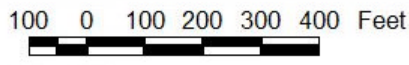


Produced 4/7/04 by
Community Development Services - pdl

Exhibit "B": Zoning Map

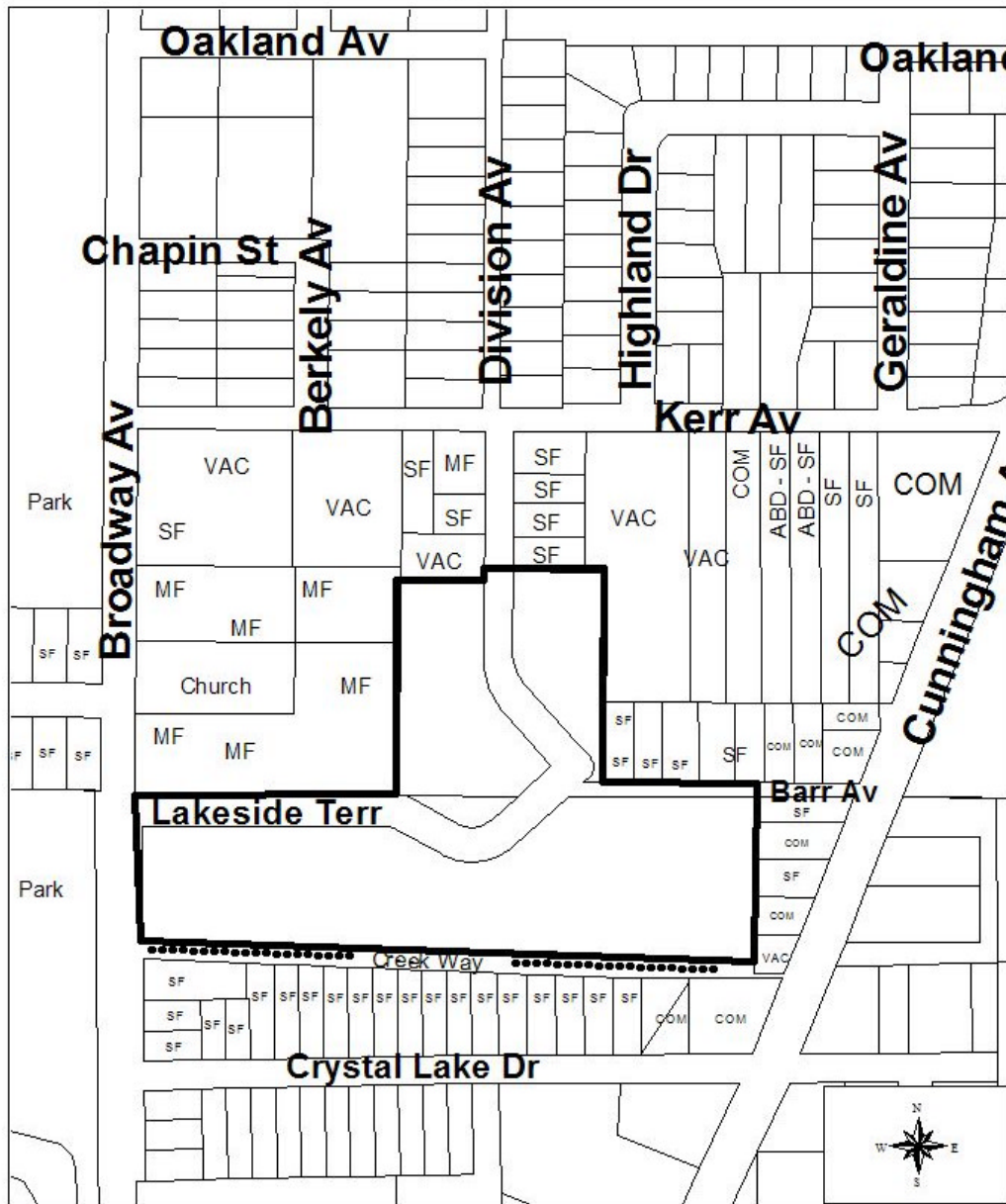


	R3 - Single- and Two-Family
	R4 - Medium Density Multiple-Family
	R5 - Medium High Density Multiple-Family
	B3 - General Business
	AG - Agriculture
	CRE - Conservation-Recreation-Education



Produced 4/7/04 by
Community Development Services - psj

Exhibit "C": Existing Land Use Map



SF - Single Family
 MF - Multi Family
 COM - Commercial
 VAC - Vacant Land
 ABD-SF - Abandoned House

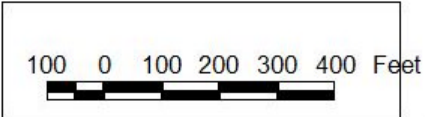
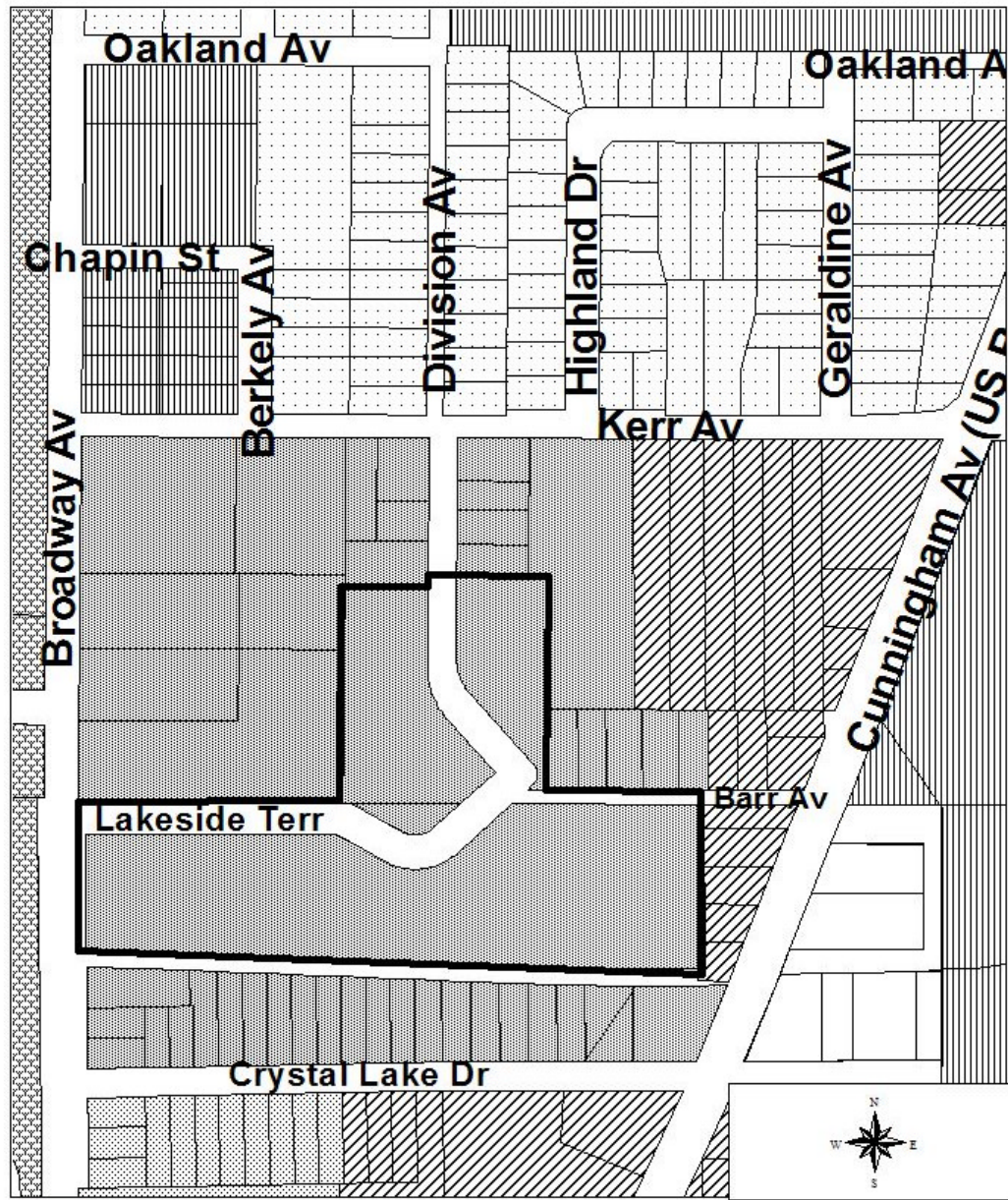








Exhibit "D": Future Land Use Map



Grants
Management
Division

-  Commercial
-  High Density Residential
-  Medium Density Residential
-  Low Density Residential
-  Recreation-Public
-  Institutional

100 0 100 200 300 Feet



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Community Development Services - pdl

Exhibit "E": Aerial Map



Grants
Management
Division



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100 0 100 200 300 Feet



Exhibit "F": Location Photos



A. Division Ave. facing South.



B. Division Ave. facing Southeast.



C. Division Ave. facing Southwest.



D. Don Moyer – Lakeside Terrace @ Bend facing Northwest.



E. Lakeside Terrace at Don Moyer facing South.



F. Lakeside Terrace @ bend facing Southeast.

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 BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the City hereby reconfirms its longstanding position that the demolition of Lakeside Terrace not be initiated without a viable redevelopment plan which is consistent with the provisions of the Consolidated Plan for the replacement of at least 80 permanent housing units that are affordable to extremely low-income families with children irrespective of their income.

Section 2. That the Mayor be authorized to develop for City Council review, no later than March 22, 2004, an Interagency Agreement with the Housing Authority of Champaign County (HACC) that includes HACC's commitment of 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, and the City's commitment to support demolition of Lakeside Terrace after the HACC and the Urbana City Council have approved a plan for replacement of the demolished housing in compliance with the City of Urbana Consolidated Plan.

Section 3. That the Interagency Agreement with the HACC be guided in part by these goals:

a. These 80 replacement units will be a combination of public housing units at a mixed-income, multi-family development at the former Lakeside Terrace site, scattered site single-family homes developed by non-profit organizations, and public housing units at mixed-income, multi-family structures acquired or constructed by non-profit organizations.

b. Replacement housing will be provided in coordination with Community Housing Development Organizations (CHDO's) and other non-profit organizations in order to build the capacity of existing CHDO's and to encourage the creation of new CHDO's.

c. The replacement housing plan will leverage city money with as many financing tools as possible available to the HACC (such as Public Housing Replacement Funds, Affordable Housing Program Grant Funds, and Illinois Housing Development Authority Trust Funds) so that the City will be able to maintain diversity of housing programs funded by CDBG and HOME, and preserve its social service funding.

d. Affordability of the replacement housing for the lowest income families with children in our community will be guaranteed for the longest period of time possible with a target of a minimum of 20 years.

Section 4. That the City Council respectfully requests that the HACC withdraw its application to the U.S. Department of Housing and Urban Development for funds to demolish Lakeside Terrace and if the HACC chooses

not to comply with this request, that a copy of this resolution be submitted to the U.S. Department of Housing and Urban Development in conjunction with the application for demolition funds.

PASSED by the City Council this _____ day of _____

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____

Tod Satterthwaite, Mayor

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 Authority for demolition of Lakeside Terrace and is working with a developer, Brinshore Development, to redevelop Lakeside Terrace with up to 200 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 12, 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, 48 of which may be provided on-site at the expanded Lakeside Terrace site and at least 32 of which will be provided throughout Champaign County 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: