



LEGAL DIVISION
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Memorandum

DATE: October 28, 2004
TO: Mayor Satterthwaite and the Urbana City Council
FROM: Steve Holz
RE: Former Alderperson Laura Huth – conflict of interests – resubmittal to Council of Ordinance Authorizing Request for HUD Waiver

INTRODUCTION. More than two months ago, on August 16, 2004, I submitted to the Urbana City Council an ordinance that would have authorized me to seek a waiver from HUD for Laura Huth's conflict of interests. The City Council did not act on that request because, on that same date, then-alderwoman Laura Huth asked that the City Council not consider the waiver request. I and the City Council complied with Ms. Huth's wishes and removed the waiver question from the Council agenda for August 16, 2004.

Despite the intervening circumstances, a waiver from HUD is still needed. I reminded Ms. Huth of that fact in a letter dated October 12, 2004, and informed her that I would bring the matter to the City Council Committee of the Whole on October 25, 2004. After receiving that letter, Ms. Huth announced that she would resign her City

Council position. Ms. Huth also requested that I delay bringing the matter to City Council, until November 1, 2004. I agreed with her request.

With this memorandum, I again submit to the Urbana City Council the ordinance that I first provided on August 16, 2004 (with changes to reflect the changed circumstances). Also accompanying this memo are copies of correspondence that have been exchanged since the date of my August 13, 2004 memo to you.

The reason that a waiver from HUD is still required, despite Ms. Huth's resignation from the City Council, is that the Federal regulations contain "revolving door" prohibitions that disallow a person in a position of authority with the government, who has the authority to make decisions about giving HUD funds to not-for-profits, to take a job with one of those not-for-profits for a period of one year after leaving the government position, unless a waiver is obtained from HUD. Note that HUD regulations use the word "exception" rather than "waiver." The words mean the same thing in this context.

SIGNIFICANT EVENTS SINCE AUGUST 13, 2004.

My memorandum to you dated August 13, 2004, contains an overall explanation of the situation as it existed at the time, and contained a number of attachments (labeled **A-P**). The attachments to this memorandum are labeled alphabetically, picking up at **Attachment Q**. I summarize the attachments and events below:

- For your convenience, I have included a copy of the entire August 13, 2004 memorandum from me, together with all of its attachments, as it was presented at the August 16, 2004 meeting.
- A few hours before the August 16, 2004 meeting at which the City Council was to consider asking HUD for a waiver for Ms. Huth's conflict, Ms. Huth submitted a letter (See **Attachment Q.**), dated August 16, 2004, to Urbana CAO Bruce Walden. In that letter, the local Habitat affiliate announced that it was withdrawing its previously made request for funding of \$39,000.00 and three Urbana-based lots, all of which were connected with HUD monies. These were the funds and the lots that Ms. Huth personally lobbied for before the Urbana Community Development Commission.

Along with that letter on August 16, 2004, Ms. Huth asked that I make an immediate public statement that that letter resolved all the conflict of interest problems under the Federal regulation. I declined, noting that although the August 16th letter might constitute a significant change, I needed to be able to evaluate whether it had any effect on the need for a Federal waiver. However, I acceded to Ms. Huth's request to ask that Council remove the waiver item from the Council agenda of August 16, 2004. The City Council agreed, and no action was taken on the ordinance that would have authorized me to seek a waiver.

- The following morning, Tuesday, August 17, 2004, I telephoned HUD's attorney, and left her a voice mail message summarizing Habitat's August 16th letter, and asking whether HUD viewed that letter as making any difference in the waiver

situation. The HUD attorney responded the same day, and left me a voice mail message saying that the letter did not change the analysis, and that an exception from HUD for Ms. Huth's conflict would still be required. Rather than relying on a simple voice mail exchange, I sent a letter to HUD on August 19, 2004, attaching information for HUD's consideration, including Habitat's August 16th letter, and asked for HUD's opinion in writing. (See **Attachment R.**) (HUD's formal written response to this letter is at **Attachment V.**)

- On September 9, 2004, a letter was sent by the Habitat local to HUD, describing the relationship between Habitat and Ms. Huth. (See **Attachment S.**) The letter also contained certain statements about the City's involvement with Ms. Huth. No City officials, including myself, were formally copied on the letter. However, a copy of the letter was slipped under the door of the Urbana Community Development Department Director, Dr. Elizabeth Tyler, and during the week of September 13, 2004, Dr. Tyler provided a copy of it to me. (I responded to the statements about the City's involvement with Ms. Huth and her conflict situation in a later letter from myself to HUD, dated September 17, 2004 (See **Attachment U.**))

- On September 13, 2004, the City of Urbana City Council Committee of the Whole held a regularly scheduled meeting. Ms. Huth was at that time a member of that Committee, but Ms. Huth did not attend the meeting as a Committee member. Instead, Ms. Huth appeared for the "public comment" portion of the meeting, and read a statement to the Committee. She provided a written copy of that statement to the City Clerk at the meeting. (See **Attachment T.**) The statement refers to her

conflict of interest as a “potential appearance of a conflict of interest situation”. The statement also requested that a copy of the communication be reflected in the minutes of the Committee of the Whole meeting.

It bears noting that there was no agenda item regarding the disclosure at that meeting, nor was there an action item for the Committee or public notice that there would be discussion or disclosure at that meeting about the conflict of interest. There was no opportunity for discussion of the matter by the Committee.

- On September 15, 2004, Ms. Huth read the same statement (see **Attachment T**), or a similar one, to the City of Champaign City Council. It is my understanding that Ms. Huth offered to answer questions from the Champaign City Council. However, there was no public notice of her announcement, nor any agenda or action item for the Champaign City Council, and no questions were asked, and no discussion was held. Likewise, it is my understanding that Ms. Huth appeared sometime after that at a County Board meeting and read the statement to the Champaign County Board members.

- On September 17, 2004, I wrote a letter (See **Attachment U**) to HUD to update him on the situation with respect to Ms. Huth’s conflict. In that letter, I stated that I would review my April 21, 2004 opinion letter, in light of additional facts to determine whether I need to amend it or retract it. I also corrected inaccuracies that were contained in the letter dated September 9, 2004, from the Habitat Board President to HUD (discussed above at **Attachment S**). My letter also supplemented my August 13, 2004 summary of Council votes by Ms. Huth with respect to the Home

Consortium, and pointed out that on May 3, 2003, and on June 2, 2003, Ms. Huth voted on Home Consortium resolutions. I also supplemented the previously disclosed information about HUD-funded lots that Habitat received in 2003, noting that I had overlooked informing HUD that Habitat had received a HOME-funded lot through the Urbana HOME Consortium through the City of Champaign's Lot Acquisition Program. Lastly, I pointed out that the City of Urbana had not yet made any decision about whether to seek a waiver from HUD, because the City Council action item in support of a request for a waiver was removed from the August 16, 2004 City Council agenda at Ms. Huth's request.

- On September 20, 2004, HUD sent a letter (see **Attachment V**) that responded to my letter of August 19, 2004 (discussed above at **Attachment R**), in which I asked whether Habitat's decision to forego HUD funding meant that Laura Huth would no longer have a conflict of interest, and would no longer need to seek a waiver. HUD's September 20, 2004 response stated,

“We have determined that despite Habitat's decision to forego future funding, the need for the City and the Consortium to request an exception from HUD for Ms. Huth's conflict continues. Ms. Huth remains in a conflict of interest situation under 24 C.F.R. 92.356 and 24 C.F.R. 570.611. Her acceptance of a position with a subrecipient while serving on the City Council created the conflict.”

In addition, HUD stated that they would need a history of Habitat for Humanity's dealings with the jurisdictions dating back to 1997 (not merely back to the beginning of 2003, which was the information that I had previously provided) in order to review a waiver request.

- On October 12, 2004, I wrote a letter (see **Attachment W**) to HUD regarding the State law compliance letter that I had originally mailed on April 21, 2004. In my October 12th letter, I explained that, because of the passage of time, my discovery of facts that I did not know at the time I wrote the letter, and the development of additional facts since that time, the conclusions of the April 21, 2004 compliance letter would need to be reevaluated, and that therefore, the April 21st letter is no longer valid.

- Also on October 12, 2004, I wrote a letter (see **Attachment X**) to Ms. Huth, copied to HUD, regarding her options in dealing with the conflict of interest. I reminded her that on September 20, 2004, HUD had sent a letter saying that despite Habitat's decision to forego federal funding, a waiver for her conflict of interest was still needed from HUD. I pointed out that the next step for the City and the Home Consortium would depend on her decision, and spelled out her four options. Those options were:
 1. To remain in both her Habitat position and her City Council position, in which case a waiver from HUD would be needed;

 2. To resign her City Council position and keep her Habitat position, in which case, again, a waiver from HUD would still be needed;

 3. To keep her City Council position, but resign the Habitat position, in which case, no HUD waiver would be needed;

4. To resign both the City Council position and the Habitat position, in which case, again, no HUD waiver would be needed.

I also pointed out that I had not heard from Ms. Huth about what course of action she would take. I informed her that, therefore, I was assuming she would keep both her City Council position and her Habitat position, and that, unless I heard otherwise from her, I would ask that the waiver request be placed on the October 25, 2004 meeting agenda for the Committee of the Whole.

- On October 17, 2004, Ms. Huth issued a press release announcing her decision to resign from the Urbana City Council. Ms. Huth's attorney delivered a letter (see **Attachment Y**) to that effect, dated October 17, 2004, to Mayor Satterthwaite on October 18, 2004. By operation of Illinois law, the delivery date governs the date of the resignation; therefore, the effective date of Ms. Huth's resignation from the Urbana City Council was October 18, 2004.

COUNCIL ACTION AND OTHER JURISIDCTIONS.

It is up to the City Council to approve or disapprove the ordinance that I have tendered along with this memorandum. The ordinance would expressly authorize me to make a request to HUD for a waiver for Ms. Huth's conflict of interest, which would allow Ms. Huth to keep her Habitat position. Because the HOME Consortium consists of not

only the City of Urbana, but also the City of Champaign and Champaign County, those jurisdictions will also need to consider whether to approve a request for a waiver.

FURTHER ACTION BY THE OFFICE IF CITY ATTORNEY

If the Urbana City Council approves the ordinance authorizing me to request a waiver, I will forward these packet materials to the City of Champaign and Champaign County with a request that they take such action as they deem appropriate with respect to the waiver request. If those jurisdictions approve of a waiver request, I will forward the packet materials to HUD with a waiver request.

As discussed above, I have told HUD that my letter dated April 21, 2004 to HUD addressing the question of Ms. Huth's compliance with State law, is no longer valid. Part of the application packet that I will send to HUD will be a new letter addressing that topic. The packet will also include, as requested by HUD on September 20, 2004, a history of Habitat for Humanity's dealings with the jurisdictions dating back to 1997.

ORDINANCE

The ordinance follows on the next page.

ORDINANCE NO. 2004-11-139

A Revised Ordinance Authorizing the City Attorney to Request that the U.S. Department of Housing and Urban Development Grant Exceptions for Conflicts of Interest of Former Alderperson Laura Huth

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

Section 1.

That the City Council has been informed of the existence of the conflict of interest of former Urbana Alderperson Laura Huth, pursuant to 24 C.F.R. 92.356 and 24 C.F.R. 570.611, resulting from Ms. Huth's positions on the Urbana City Council and with the local affiliate of Habitat for Humanity as its Executive Director.

Section 2.

That the Council has had the opportunity to discuss the matter at a meeting of the Council.

Section 3.

That the Council hereby directs that the record of the disclosure be reflected in the official minutes of the meeting.

Section 4.

That the Council hereby authorizes the City Attorney to submit to the U.S. Department of Housing and Urban Development a request for a waiver (referred to in the regulations as an "exception") for the conflict of interests of Ms. Huth on behalf of the City, in accordance with the above-mentioned regulations.

This Ordinance is hereby passed by the affirmative vote, the "ayes" and "nays" being called, of a majority of the members of the Council of the City of Urbana, Illinois, at a regular meeting of said Council.

PASSED by the City Council this _____ day of _____, 2004.

Aye:

Nay:

Abstained:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____, 2004.

Tod Satterthwaite, Mayor



HABITAT FOR HUMANITY

OF CHAMPAIGN & PIATT COUNTIES

Building houses in partnership with families in need

16 August 2004

Mr. Bruce Walden
Chief Administrative Officer
City of Urbana
400 South Vine Street
Urbana, Illinois 61801

Dear Mr. Walden:

With this letter, I am informing you that Habitat for Humanity of Champaign & Piatt Counties is formally withdrawing our previously-made request for funding of \$39,000 and three Urbana-based lots. This request was made during the 2004 funding cycle.

As you know, our organization has been working with the city and the U.S. Housing and Urban Development Department to obtain a waiver to permit our organization to continue to pursue monies and lots from the city. A recent hire has created an unusual circumstance that required such a waiver from HUD. After considerable deliberation and thought – and especially considering recent news from the city and HUD regarding the "non-retroactiveness" of such a waiver on currently pending requests — we feel that it is in everyone's best interest to withdraw the current funding and lot request.

We appreciate your time and help in researching this matter and helping us work through this issue. It is our sincere hope that in the future, Habitat for Humanity and the City of Urbana will again be able to partner together to bring simple, decent, and affordable housing to families in need in our community.

Sincerely,

Ronald W. Lyman
Vice-President
Habitat for Humanity of Champaign & Piatt Counties

CC: Mr. Ray Willis, U.S. Housing and Urban Development Department

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August 19, 2004

Mr. Ray Willis, Director
Community Planning and Development Department
Department of Housing and Urban Development
77 West Jackson Boulevard, 24th Floor
Chicago, IL 60604-3507

Dear Mr. Willis:

I am writing to follow up on the latest developments with respect to Urbana Alderperson Laura Huth's conflict of interests. On Monday evening, August 16, 2004, the City of Urbana City Council had on its meeting agenda an ordinance that, if passed, would have been a request to HUD to grant an exception for Ms. Huth's conflict. Shortly before the meeting began, the local Habitat affiliate delivered to the City a letter stating that they would forego receiving funding and lots from the City of Urbana and from the Urbana HOME Consortium. As a consequence of my receiving that letter, I asked that the Council defer any discussion on the request for exception until I could review the letter and discuss it with your office.

The letter says that decision applies to the CDBG funds and the HOME-financed lots that were allocated to Habitat after Ms. Huth accepted the executive director position at Habitat. It also suggests, but does not expressly state, that Habitat will not seek federal funds or lots from the City of Urbana or the Urbana HOME Consortium in the future.

On Tuesday, August 17, 2004, I telephoned Ms. Janet Elson about the developments, and left her a voice mail message. She responded shortly afterward with a voice mail to me. As I understand Ms. Elson's voice mail response of August 17, 2004, Habitat's decision to forego funding does not change the need for the City and the Consortium to request an exception from HUD for Ms. Huth's conflict. It's my understanding that, despite the decisions by Habitat, Ms. Huth remains in a conflict of interest situation under 24 C.F.R. 92-356, and that an exception from HUD for Ms. Huth's conflict is still required.

I want to be sure that I provide you all the pertinent information before I inform the City Council and Ms. Huth of the continuing need to seek an exception. In order to ensure that you have all the information you need, I have enclosed copies of the following:

R

Mr. Ray Willis
August 19, 2004
Page Two

- -My memorandum dated August 13, 2004 (without attachments) to the Urbana Mayor and City Council, regarding Ms. Huth's conflict of interests;
- -The letter from Habitat, dated August 16, 2004, to Bruce Walden, Urbana Chief Administrative Officer;
- -A newspaper article that appeared the following day, August 17, 2004 regarding the conflict of interest.

Upon your review of this information, does Ms. Huth still have a conflict of interests that requires the City and the Consortium to seek a HUD exception for Ms. Huth's conflict? If you need any additional information, please let me know.

Sincerely,

Steve Holz

City Attorney

SH/Inp

Enclosures

cc: Janet Elson
Bruce Walden
Laura Huth



**HABITAT FOR HUMANITY
OF CHAMPAIGN & PIATT COUNTIES**

Building houses in partnership with families in need

9 September 2004

Mr. Ray Willis
U.S. Housing and Urban Development Department
Community Planning & Development Department
77 West Jackson Boulevard, 24th Floor
Chicago, Illinois 60604-3507

Dear Mr. Willis:

This letter will describe the relationship between Habitat for Humanity of Champaign & Piatt Counties of Illinois and **Laura Huth**, Executive Director of the same Habitat affiliate mentioned above and a councilperson for the City of Urbana. My name is Bob Kary, president of the board of Habitat for Humanity of Champaign & Piatt Counties. I was a member of the search committee that hired **Laura Huth** in late December of 2003.

It is valuable to know that the search for a new executive director took place over a two-month span of time in which we reviewed the applications of more than 35 individuals before narrowing the field of applicants to **Laura Huth** and one other applicant **Laura** was not recruited for the position - she applied on her own - and she was given absolutely no preferential treatment over any of the other candidates who applied.

Based on our criteria for this position and **Laura's** superior qualifications over all the other candidates, after a tedious interview and selection process, we chose to hire her in late December of 2003. At the time of the hiring, Habitat was seeking a candidate with outstanding qualifications in the areas of fundraising, outreach, strategic planning and visioning, and program development. It was clear from **Laura's** resume and experiences that her skills in these precise areas were highly honed and just what we needed.

The search committee was aware of **Laura's** position as a councilperson for the City of Urbana and aware that there could be an issue regarding a conflict of interest between the works she would do for Habitat and the city council work as it pertains to grants and lots. Upon receiving council from two different city officials (one being the attorney for the city and the other being the Chief Administrative Officer) in late November/early December, **Laura** reported to the search committee that the city had reported to her that the possibility of a conflict

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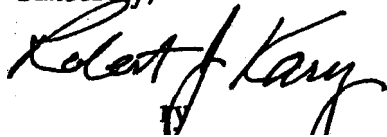
could be resolved easily by recusing herself or abstaining from voting on any issues that would relating to such matters. Further assurances from the City of Urbana occurred in April of 2004 when the city attorney of Urbana sent a letter to HUD stating that a conflict does not exist and the only remaining requirement would be to receive a waiver or exemption from HUD. All of this information has already been communicated to the HUD office in Chicago in far detail than I have outlined.

The important point to convey in this letter relates to the work that our executive director, Laura Huth, does for Habitat for Humanity in Champaign & Piatt Counties. Habitat is a Christian based organization working to provide affordable housing for a segment of the population that cannot otherwise afford a decent place for their families to live. With that as our mission, we expect to employ the most qualified person available to accomplish that task.

Laura Huth has exceeded expectations in the short eight *months she* has been our Executive Director. We have gone from a severe deficit position in our finances - upwards of \$100,000 to a surplus condition of over \$20,000, which was unheard of prior to Laura coming on board. She has upgraded staffing positions with high quality, energetic people and provided the leadership to bring about many positive changes in our operation. She has adeptly led the efforts for our upcoming strategic planning retreat this September, and her efforts to make Habitat more visible in the community have resulted in an unusually high amount of outstanding media exposure. In short, Laura Huth has displayed all of the characteristics of leadership we were looking for and have confirmed that we made the right choice.

We hope this letters clarifies our position and support of Laura Huth and provides the needed information to extend the waiver being requested.

Sincerely,

A handwritten signature in black ink that reads "Robert Kary". The signature is written in a cursive style with a large, prominent "R" and "K".

Robert Kary
Habitat for Humanity of Champaign & Piatt Counties Board
President

9/14/04

Rec'd from Elaine Taylor.
Copy of statement read by
Huth at "Public Comment" portion
of meeting of 9/13/04

13 September 2004

As you all know, I am a member of the Urbana City Council, a position I have held for nearly 8 years. As you all likely also know, I recently accepted the position of Executive Director at Habitat for Humanity of Champaign & Piatt Counties — I joined the staff in early January. Over the last 12 years Habitat has been doing work in the community, they have occasionally used city or HOME Consortium monies to prep lots for building home for low income families in our community. However, in all of 2003, no monies were awarded to Habitat from either HOME or CDBG funds (none were requested). Also, no lot approvals were voted on either in 2003 for Habitat. I should also note that to date during my tenure at Habitat, the organization has also not accepted any monies or property from the City of Urbana or from the Consortium.

Earlier this year, it was brought to the city's attention and to my attention that a waiver or exception from the U.S. Housing and Urban Development Department was needed due to a potential appearance of a conflict of interest situation. We did not realize that recusals and vote abstentions do not meet HUD requirements, although these are procedures acceptable under state law. HUD regulations require that I disclose this potential conflict to all participating Consortium members publicly in order to apply for and receive this waiver with HUD, and that is what I am here before you tonight to do.

Habitat for Humanity is actively seeking to move forward to address this issue and we appreciate your time. I would respectfully request that a copy of this communication be reflected in this body's minutes.

-Laura Huth

T

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COPY

September 17, 2004

Mr. Ray Willis, Director
Community Planning and Development Department
Department of Housing and Urban Development
77 West Jackson Boulevard, 24th Floor
Chicago, IL 60604-3507

VIA FEDERAL EXPRESS #8359 5654 2081

Dear Mr. Willis:

I'm writing to update you on the situation with respect to Ms. Laura Huth's conflict of interests.

Opinion letter regarding compliance with State law

I am in the process of reviewing my letter dated April 21, 2004 to you, in which I stated that Ms. Huth's activities do not violate state law as long as she abstains from discussion and voting on the matters as to which she has a conflict. Because of various activities of Ms. Huth that I was not aware of at the time I wrote that letter, the letter was not based on full information. I have become concerned that my conclusion in that letter, to the effect that Ms. Huth is not in violation of State law, might no longer be valid.

I will complete my review of that letter in the next few days, and will let you know as soon as possible whether that letter is still valid or whether I need to amend it or retract it entirely.

Correction of inaccuracies in Bob Kary letter

A few days ago, I was given a copy of a letter, dated September 9, 2004, that is directed to you and is over Bob Kary's signature.

The letter contains two factual inaccuracies. First, it states that before Habitat hired Ms. Huth ("in late November/early December") she received counsel "from the attorney for the city" to the effect that she would have no conflict problem. This is not correct. Neither Ms. Huth nor anyone on her behalf ever consulted me about any conflict of interest issues involving her City Council seat and any Habitat employment before she applied for or accepted the Habitat position. The first conversation I had with Ms. Huth regarding her conflict of interests was on January 26, 2004, which was about three weeks after she started the Habitat job. Similarly,

Bruce Walden, Urbana Chief Administrative Officer, informs me that he gave Ms. Huth no such advice.

Second, Mr. Kary's letter states that I informed HUD in my letter of April 2004 that "a conflict does not exist." That is also inaccurate. I stated that she could avoid her conflict problems under state law by disclosing the conflict and abstaining. The state law conflict remains, and she remains subject to the disclosure and abstention requirement at every vote related to Habitat.

Votes by Ms. Huth

On August 19, 2004 I sent you a copy of a memorandum, from myself to the Urbana City Council, dated August 13, 2004. That memorandum (at page 9) states that, prior to accepting the Habitat position, the most recent action Ms. Huth took on a vote to provide funding to Habitat was on December 14, 2002. That statement is accurate. However, it should be supplemented by the following:

- On May 3, 2003, Ms. Huth voted in favor of a resolution approving the Urbana HOME Consortium FY 2003-04 Annual Action Plan. This vote, although not directly on a Habitat matter, is relevant to the conflict because Habitat was to be funded through the HOME program. She did not abstain.
- On June 2, 2003, Ms. Huth voted in favor of a resolution authorizing execution of an agreement by the City to participate in the HOME Consortium for 2004-2006. In addition, Ms. Huth voted on that date in favor of a resolution authorizing execution of an intergovernmental agreement concerning administration of the HOME Consortium for 2004-2006. These votes, although not directly on Habitat matters, are relevant to the conflict because Habitat was to be funded through the HOME program. Ms. Huth did not abstain from either of those votes.

HOME-funded lots received by Habitat in 2003

My memo of August 13, 2004 discloses that Habitat received one HUD-funded lot from Urbana in 2003. However, I overlooked noting that Habitat received a lot from the City of Champaign (as opposed to the City of Urbana), and that that lot was funded with HOME funds through the Urbana HOME Consortium.

Details of that transaction are as follows: On April 17, 2003, the City of Champaign executed a contract with Habitat (signed by the executive director at that time, Ms. Huth's predecessor) to provide HOME funding in the amount of \$8,800 for the agency to acquire and clear a privately owned lot at 1403 N. Walnut. The funding was provided through the City of Champaign's Lot Acquisition program, which is HOME funded. \$6010.08 has been paid out on that contract. That payment was made on Sept. 11, 2003.

No City request for exception

Mr. Ray Willis
September 17, 2004
Page 3

As of this writing, the City of Urbana has not made any decision on whether to support Ms. Huth's request for an exception for her conflict of interests. A City Council action item in support of a request for an exception was on the Council's agenda on August 16, 2004. However, that item was removed from consideration at that meeting upon Ms. Huth's request.

I enclose for your information a set of articles regarding this matter that appeared in the local print media, The News-Gazette, on September 5, 2004.

Should you have any questions or need further information, please feel free to call.

Sincerely,

Steve Holz City
Attorney

cc: Laura Huth
Bruce Walden, City of Urbana CAO
Elizabeth Tyler, Director of Urbana Community Development Services Dept.
Bob Kary, Board President, Habitat for Humanity of Champaign & Piatt Counties
Pat Hanlon, Habitat Board member

SH/lmp



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Illinois State Office . 77 W.
Jackson Blvd. Chicago, Illinois
60604-3507

OFFICE OF COMMUNITY PLANNING & DEVELOPMENT .

September 20, 2004

Steve Holz, City Attorney
City of Urbana
400 South Vine Street
Urbana, IL 61801

Dear Mr. Holz:

SUBJECT: Potential Conflict of Interest

This letter is in response to your latest correspondence dated August 19, 2004, containing additional information on behalf of Ms. Laura Huth. You requested that we review the additional information and determine whether Ms. Huth still has a conflict of interest that requires the City and the Consortium to seek a HUD exception for Ms. Huth's conflict.

For our reference and review you requested that we consider copies of the following:

- Steven Holz's memorandum dated August 13, 2004 (without attachments) to the Urbana Mayor and City Council, regarding Ms. Huth's conflict of interest;
- The letter from Habitat, dated August 16, 2004, to Bruce Walden, Urbana Chief Administrative Officer;
- A newspaper article that appeared the following day, August 17, 2004 regarding the conflict of interest.
- Steven Holz's letter dated August 19, 2004 to the Department of HUD. regarding the continuing need to seek 'an exception.

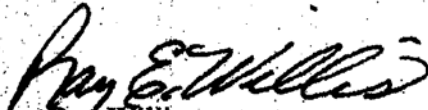
We examined the materials and also forwarded them to our Counsel for review . Based on our analysis of the additional information, we have determined that despite Habitat's decision to forego future funding, the need for the City and the Consortium to request an exception from HUD for Ms. Huth's conflict continues. Ms. Huth remains in a conflict of interest situation under 24 C.F.R. 92.356 and 24 C.F.R. 570.611. Her acceptance of a position with a subrecipient while serving on the City Council created the conflict.

A large, bold, handwritten checkmark in black ink, located in the bottom right corner of the page.

We would suggest that if the City and Consortium decide to request an exception, a history of Habitat for Humanity's dealings with the jurisdictions beginning in 1997 would be helpful. Your earlier correspondence refers only to activity "from time to time."

We remain committed to assisting you in this situation. If you should require additional assistance, please do not hesitate to contact Community Planning and Development Representative Amy Hudson-Davis. She may be reached at (312) 353-1696 extension 2726.

Sincerely,



Ray Willis
Director

cc: **Laura Huth**
Bruce Walden
Janet Elson

COPY

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October 12, 2004

Mr. Ray Willis, Director
Community Planning and Development Department
Department of Housing and Urban Development
77 West Jackson Boulevard, 24th Floor
Chicago, IL 60604-3507

Via Facsimile: (312) 353-5417
Original to follow by mail.

Re: Huth conflict of interest – State law
compliance letter

Dear Mr. Willis:

This letter is to notify you that my letter to your office of April 21, 2004 (copy enclosed), regarding Ms. Laura Huth's compliance with Illinois law, is no longer valid. That letter stated that, in essence, if Ms. Huth took appropriate actions with respect to her conflict of interest, her conflict would not violate Illinois law. That letter was written based on a certain set of facts that were set forth in it. Because of the passage of time, my discovery of facts that I did not know at the time I wrote the letter, and the development of additional facts since that time, the conclusions in that letter would need to be reevaluated.

In the event that the City of Urbana and the Urbana HOME Consortium decide in the future to seek an exception under HUD regulations for Ms. Huth's conflict of interests, I will need to write a new letter regarding compliance with Illinois law, based on the facts and circumstances that I have become aware of and that have developed in the time since I wrote the original letter.

I note that there is presently no request pending by either the City of Urbana or by the HOME Consortium for an exception for Ms. Huth's conflict of interests. Although the City of Urbana City Council had a request for an exception pending as a Council action item on its agenda of August 16, 2004, that request was withdrawn from the Council's consideration upon Ms. Huth's request.

To date, the City of Urbana administration has blocked transfer of any HUD-related funds and HUD-funded lots to Habitat. There will be no such transfer unless and until express approval for such transfers is received from your office.

Mr. Ray Willis, Director
October 12, 2004 Page
Two

Lastly, to my knowledge, Ms. Huth is presently still a member of the City of Urbana City Council, and is also still the Executive Director of Habitat for Humanity of Champaign and Piatt Counties. I have sent Ms. Huth a letter (copy enclosed) in which I point out that, according to your letter dated September 20, 2004, addressed to me, Ms. Huth remains in a conflict of interest situation, and in which I request that she inform us of how she intends to resolve it.

Sincerely,

Steve Holz
City Attorney

SH/lmp

cc: Janet Elson
Laura Huth ✓
Bob Kary
Pat Hanlon
BruceWalden ✓
ElizabethTyler
Fred Stavins ✓





City of Urbana
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Urbana, IL 61801

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JACK WAALER
Special Counsel
E-mail: jwaale raa city.urbana.IL.us

April 21, 2004

TO: U.S. Department of Housing and Urbana Development (HUD)

RE: Ms. Laura Huth, request for exception for potential conflict of interests.

This letter is written in compliance with 24 CFR Section 923 56(d)(2), as documentation supporting a request by Ms. Laura Huth for an exception for potential conflict of interests. That provision states that HUD may grant exceptions on a case-by-case basis.

FACTS

My understanding of the facts is as follows. Ms. Huth is an elected member of the City of Urbana City Council, and has held that office for some years. As a member of the City Council she votes on matters that require council action. Examples of such matters include the City's participation in certain federal programs administered by the U.S. Department of Housing and Urban Development (HUD). One such program is known as the HOME program. The City of Urbana, the City of Champaign, and Champaign County participate jointly in that program via a Consortium Agreement developed by HUD and via an intergovernmental agreement. Other matters that require council action include any types of gifts or sale of real estate owned by the City, and budget items affecting such decisions.

Recently, Ms. Huth accepted the salaried position of Executive Director of the local affiliate of Habitat for Humanity, Habitat for Humanity of Champaign and Piatt Counties ("Habitat"). As Executive Director, she is responsible for the day-to-day operation of all aspects of Habitat's work, and reports directly to Habitat's board of directors. Her pay is not based on any type of commission, incentives, or bonuses.

Habitat from time to time purchases lots within the Cities of Urbana or Champaign, and applies to the City of Champaign for reimbursement of costs for the purchase and preparation of the lots for purposes of building homes. The funds for that type of reimbursement typically come

through HUD's HOME program. In addition, Habitat has from time to time received gifts of real estate from the City of Urbana, and may do so in the future.

FEDERAL ("HOME") REGULATION

There is a potential federal statutory conflict of interest arising from this situation. This is via federal regulations pertaining to the HOME Investment Partnerships Program at 24 C.F.R. Part 92, Section 92.356.

This regulation applies to "any person who is an employee, agent, consultant, officer, or elected official or appointed official of the participating jurisdiction, state recipient, or subrecipient which are receiving HOME funds." (29 C.F.R. Section 92.356(c).) Thus, these regulations could apply to Ms. Huth in her capacity as an elected official of the City. They could also apply to Ms. Huth in her capacity as an employee of Habitat, if Habitat is a subrecipient receiving HOME funds.

The regulation states that no such persons "who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision-making process or gain inside information with respect to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter." (29 C.F.R. Section 92.356(b)).

In her capacity as a member of the Urbana City Council, Ms. Huth could be seen to be "in a position to participate in a decision-making process" with respect to HOME funds or activities. In addition, because of her status as Executive Director of the local Habitat affiliate, one could conclude that she would "obtain a financial interest or benefit from a HOME-assisted activity ... either for [herself] or those with whom [she has] . . . business ties"

The HOME regulations permit HUD to waive this conflict. The regulations (at subparagraphs (d) and (e)) set forth the threshold requirements and factors to be considered for exceptions or waivers of the conflict. The threshold requirements include:

"(1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

(2) An opinion of the participating jurisdiction's or state recipient's attorney that the interest for which the exception is sought would not violate state or local law."

In addition, the regulations establish several criteria to be used by HUD in reviewing waiver requests. Those criteria are set forth at 24 CFR 92.356(e). It is my understanding that Ms. Huth will address those criteria in her request for the exception.

So, essentially, as a threshold matter, HUD would require public disclosure of a conflict and an opinion from my office that Ms. Huth's position with Habitat does not create a conflict with her duties as a City Council member, under State law or Urbana Ordinances. It is the

second of those threshold requirements—non-violation of state and local law that is the purpose of this letter.

STATE & LOCAL LAW

I have reviewed the pertinent provisions of Illinois law that define conflicts of interest as they relate to activities of city council members. In particular, these are 65 ILCS 5/3.1-55-10, and 50 ILCS 105/3(a). In addition, I have reviewed the common law regarding conflicts of interest in Illinois.

In my opinion, Ms. Huth's activities as a member of the City of Urbana City Council, while simultaneously working as the paid Executive Director of the local Habitat affiliate, will not constitute violations of Illinois law, so long as she complies with the disclosure and abstention requirements of Illinois law as set forth at 65 ILCS 5/3.1-55-10(b-5) and 50 ILCS 105/3(b-5).

In order to avoid a conflict of interest under Illinois state and local law, Ms. Huth will need to do the following at votes on items related to Habitat:

1. She must publicly disclose the nature and extent of her interest before or during deliberations concerning that item; and
2. She must abstain from discussing and voting on the item, though the Council shall consider you present for the purposes of establishing a quorum.

I note that these disclosure and abstention requirements under Illinois and local law are more than those required by the federal regulations.

Accordingly, I conclude that the exception requested by Ms. Huth would not violate Illinois state or local law.

Sincerely,



Steve Holz
City Attorney

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October 12, 2004

Laura Huth, Director
Habitat for Humanity of Champaign and Piatt Counties
40 E. University
Champaign, IL 61820

Via email (hard copy to follow):

lehuth@city.urbana.il.us

lhuth@prairienet.org

hfhhuth@soltec.net

Re: Conflict of interest - options

Dear Ms. Huth,

I am writing to follow up on the letter from Ray Willis of the U. S. Department of Housing and Urban Development ("HUD"), dated September 20, 2004. The letter was addressed to myself and copied to you, among others (copy enclosed). Mr. Willis's letter was a response to my own letter dated August 19, 2004, in which I asked Mr. Willis whether Habitat's decision to forego HUD funding meant that you no longer have a conflict of interest under HUD regulations.

According to HUD's September 20, 2004 letter, despite Habitat's decision to forego future federal funding, you will still need an exception from HUD for your conflict of interest. That is because your acceptance of the position with Habitat for Humanity, while serving on the Urbana City Council, created the conflict of interest. As I understand the situation, if you remain in the Habitat position, regardless of any decision to seek HUD funding, you have a conflict.

The next step for the City and for the Urbana HOME Consortium will depend on what decision you make. Your options include the following:

1. Remain in both positions and seek an exception from HUD for your conflict of interest to allow you to keep both positions. This option would require full disclosure of the situation to the Urbana City Council as well as to the governing board of each member of the Consortium, i.e., the Urbana City Council, the Champaign City Council and Champaign County Board. It would also require



each of those three governments to make a decision about whether or not to support a request for an exception. It would require also that the request for the exception be justified under the factors listed in the HUD regulation. The ultimate decision of whether to grant the exception rests with HUD.

2. Resign your City Council position, but keep your Habitat position, and seek an exception from HUD, for your conflict. According to the HUD regulations and several conversations that you, Bruce Walden, and I have had with HUD officials, this option would also require you to seek an exception from HUD for the conflict of interest, under the "revolving-door" provisions of the regulation. Therefore, this option would require you to take the same steps as I have listed in option number (1) above. This option would require full disclosure of the situation to the Urbana City Council as well as to the governing board of each member of the Consortium, i.e., the Urbana City Council, the Champaign City Council and Champaign County Board. It would also require each of those 3 governments to make a decision about whether or not to support a request for an exception. It would require also that the request for the exception be justified under the factors listed in the HUD regulation. The ultimate decision of whether to grant the exception rests with HUD.
3. Keep your City Council position, and resign your Habitat position. This option would effectively eliminate the conflict, and would therefore eliminate the need for obtaining an exception from HUD. If you choose this option, no further action by the City Council or the HOME Consortium would be required.
4. Resign both your City Council position and the Habitat position. Like option number (3), this option would eliminate the conflict of interest, and no further action by the City Council or the HOME Consortium would be required.

It has now been well over two months since Bruce Walden (by letter dated August 6, 2004) assured HUD that all parties would act promptly to resolve the conflict. I have not received word from you about your plans following your receipt of HUD's September 20, 2004 letter. I recognize that these are significant decisions, yet we must move forward in a timely manner. Since you continue to hold both of your positions, I must assume that you will choose option (1). In order to move the matter forward, unless I hear otherwise from you, I will ask that the matter be placed on the October 25, 2004 meeting agenda for the Urbana City Council Committee of the Whole.

Please let me know by Tuesday, October 19, which of the above options you will choose. This will afford me the time to prepare the appropriate materials for the Committee's consideration.



Laura Huth, Director
October 12, 2004
Page Three

Lastly, I want to discuss the requirement of the HUD regulations that HUD will not grant, or even consider, a request for an exception, unless HUD receives from my office a letter stating that you are in compliance with state law. As you will recall, I sent a letter to that effect to HUD on April 21, 2004. That letter was premised on a certain set of facts that were set forth in that letter, and was also premised on your diligent compliance with the requirements of state law. I wrote the letter in anticipation of a timely request for an exception for your conflicts of interest. It has now been nearly six months since I wrote that letter. During that time I have learned additional facts that impact the analysis of whether you have been in compliance with state law. Some of those facts are related to your activities, of which I was not aware, before I wrote the April 21 letter. Other facts consist of your activities from April 21 till the present.

I am now of the view that I would need to review the situation again, with a fresh eye for the facts. Accordingly, I have written a letter to HUD stating that my April 21, 2004 letter is no longer valid, simply because of the passage of time, the discovery of facts that I did not know of at the time that I wrote the April 21, 2004 letter, and the development of facts that have occurred since the time I wrote that letter. Therefore, if you choose one of the options above that require an exception to be granted by HUD, I will need to write a new letter regarding compliance with state law.

I have been told that you have hired an attorney to represent your personal interests in this matter. I am available to discuss this with you and your attorney.

Sincerely,

Steve Holz,
City Attorney

cc: Ray Willis
Janet Elson
Bruce Walden
Fred Stavins
Bob Kary
Pat Hanlon



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Illinois State Office
77 W. Jackson Blvd.
Chicago, Illinois 60604-3507

OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT

September 20, 2004

Steve Holz, City Attorney
City of Urbana
400 South Vine Street
Urbana, IL 61801

Dear Mr. Holz:

SUBJECT: Potential Conflict of Interest

This letter is in response to your latest correspondence dated August 19, 2004, containing additional information on behalf of Laura Huth. You requested that we review the additional information and determine whether Ms. Huth still has a conflict of interest that requires the City and the Consortium to seek a HUD exception for Ms. Huth's conflict.

For our reference and review you requested that we consider copies of the following:

- Steven Holes memorandum dated August 13, 2004 (without attachments) to the Urbana Mayor and City Council regarding Ms. Huth's conflict of interest;
- The letter from Habitat, dated August 16, 2004, to Bruce Walden, Urbana Chief Administrative Officer;
- A newspaper article that appeared the following day, August 17, 2004 regarding the conflict of interest.
- Steven Holz's letter dated August 19 2004 to the Department of HUD regarding the continuing need to seek an exception.

We examined the materials and also forwarded them to our Counsel for review . Based on our analysis of the additional information, we have determined that despite Habitat's decision to forego future funding, the need for the City and the Consortium to request an exception from HUD for Ms. Huth's conflict continues. Ms. Huth remains in a conflict of interest situation under 24 C.F.R. 92.356 and 24 C.F.R. 570.611. Her acceptance of a position with a subrecipient while serving on the City Council created the conflict.

COPY

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August 19, 2004

**Mr. Ray Willis, Director
Community Planning and Development Department
Department of Housing and Urban Development 77
West Jackson Boulevard, 24th Floor
Chicago, IL 60604-3507
Dear Mr. Willis:**

I am writing to follow up on the latest developments with respect to Urbana Alderperson Laura Huth's conflict of interests. On Monday evening, August 16, 2004, the City of Urbana City Council had on its meeting agenda an ordinance that, if passed, would have been a request to HUD to grant an exception for Ms. Huth's conflict. Shortly before the meeting began, the local Habitat affiliate delivered to the City a letter stating that they would forego receiving funding and lots from the City of Urbana and from the Urbana HOME Consortium. As a consequence of my receiving that letter, I asked that the Council defer any discussion on the request for exception until I could review the letter and discuss it with your office.

The letter says that decision applies to the CDBG funds and the HOME-financed lots that were allocated to Habitat after Ms. Huth accepted the executive director position at Habitat. It also suggests, but does not expressly state, that Habitat will not seek federal funds or lots from the City of Urbana or the Urbana HOME Consortium in the future.

On Tuesday, August 17, 2004, I telephoned Ms. Janet Elson about the developments, and left her a voice mail message. She responded shortly afterward with a voice mail to me. As I understand Ms. Elson's voice mail response of August 17, 2004, Habitat's decision to forego funding does not change the need for the City and the Consortium to request an exception from HUD for Ms. Huth's conflict. It's my understanding that, despite the decisions by Habitat, Ms. Huth remains in a conflict of interest situation under 24 C.F.R. 92-356, and that an exception from HUD for Ms. Huth's conflict is still required.

I want to be sure that I provide you all the pertinent information before I inform the City Council and Ms. Huth of the continuing need to seek an exception. In order to ensure that you have all the information you need, I have enclosed copies of the following:

-Mr. Ray Willis
August 19, 2004
Page Two

- -My memorandum dated August 13, 2004 (without attachments) to the Urbana Mayor and City Council, regarding Ms. Huth's conflict of interests;
- -The letter from Habitat, dated August 16, 2004, to Bruce Walden, Urbana Chief Administrative Officer;
- -A newspaper article that appeared the following day, August 17, 2004 regarding the conflict of interest.

Upon your review of this information, does Ms. Huth still have a conflict of interests that requires the City and the Consortium to seek a HUD exception for Ms. Huth's conflict? If you need any additional information, please let me know.

Sincerely,

Steve Holz
City Attorney

SH/lmp

Enclosures

cc: Janet Elson
Bruce Walden
Laura Huth

Laura Huth
808 S. Race, Urbana, Illinois 61801

17 October 2004

Dear Mr. Satterthwaite and members of the Urbana City Council:

It is with deep regret that I submit to you, effective today, my resignation from the Urbana City Council. This resignation is offered in an effort to move forward a waiver request from the City to the US Housing and Urban Development Department that must originate from and be sent by the City officials.

After serving seven and half faithful years, this is certainly a regretful way for my service to end. However, I have many proud accomplishments to point to that I hope the council and mayor will continue to work on, including:

- the Downtown Action Plan passed unanimously by the City Council earlier this year. This plan has already sparked new businesses downtown and was widely embraced by the business and residential community;
- an aggressive brick sidewalk restoration plan that is revitalizing historic neighborhoods in our community and across Ward 5,
- incentive packages for small, local businesses to spark new opportunities, and
- helping to found the Historic East Urbana Neighborhood Association (HEUNA), which is an active and effective community group making a real difference in Ward 5.

This is a decision arrived at after much discussion among my constituents. Happily, I am pleased to offer my full support to Dennis Roberts, who has offered to fill out my term to continue to serve the residents of Ward 5. Mr. Roberts has been a resident of Ward 5 for nearly eight years, living in the heart of this wonderful area of town, and is one of the original founding members of the Historic East Urbana Neighborhood Association (and currently serves as president). For years, he has been active and involved in working side-by-side with the city on revitalizing the brick sidewalks through a novel neighborhood "sweat equity" program, helping to restore the parks in Ward 5, and has helped expand HEUNA's ranks three-fold under his tenure. Currently, he is working with his neighbors to define a comprehensive plan for the Ward 5 area, in close coordination with the city. His commitment to Ward 5 is unmistakable, his role in expanding city involvement in this area of town is impressive, and his knowledge of city council business is strong. I urge council members and the mayor to move swiftly in appointing Mr. Roberts to serve out the remaining six and a half months of my term to maintain a high level of service and representation to the residents of Ward 5.

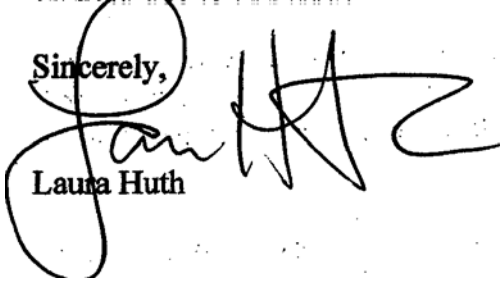
I deeply and truly enjoyed serving my constituents while on council. My commitment to my ward and my neighbors will definitely not end with my resignation, but just change how I serve my community. I look forward to getting more involved in HEUNA to increase their



power. I will also obviously be serving my community through my work at Habitat — building simple, decent, and affordable housing for so many families in our community who are struggling.

After having complied with all HUD requirements to seek a waiver request, the ball is now in the city's court to pursue the waiver request, which, if granted, will clear up not only my conflict of interest issue, but release nearly \$750,000 in CDBG funds from HUD to the City on hold due to this issue.

Sincerely,

A handwritten signature in black ink, appearing to read 'Laura Huth', written over a dotted line. The signature is stylized and cursive.

Laura Huth

Y



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FAX: (217) 384-2460

STEVE HOLZ
City Attorney
sjholz@city.urbana.il.us

JACK WAALER
Special Counsel
jwaaler@city.urbana.il.us

Memorandum

DATE: August 13, 2004

TO: Mayor Satterthwaite and the Urbana City Council

FROM: Steve Holz, City Attorney

RE: Alderperson Laura Huth -- Conflict of Interests

Introduction

A difficult situation has arisen with respect to Alderperson Laura Huth's simultaneous holding of 2 positions—the political position of City of Urbana Alderperson and the employment position as a paid staff Director for the local affiliate of Habitat for Humanity. Because she holds these two positions, Ms. Huth has a conflict of interests.

This conflict arises under both state law and federal law. The state law conflict in this particular circumstance is relatively easy to deal with, as it requires essentially disclosure and abstention, and does not cause significant difficulty. For that reason, this memorandum does not focus on the state conflict issues. (Further information on the state law conflict is contained in the letter dated April 21, 2004, from myself to Ms. Huth, which is attached to this memorandum as **Attachment B**.)

On the other hand, the federal law conflict can be dealt with only by either resigning one of the positions that causes the conflict (this is discussed later in this memorandum), or by obtaining exceptions for the conflict from the U.S. Department of Housing and Urban

Development (“HUD”). HUD personnel have informed me, together with Bruce Walden and Ms. Huth that, under federal regulations, Ms. Huth does in fact have a present, prohibited, conflict of interests. Attached to this memorandum is a proposed ordinance in support of requests to HUD for exceptions from the federal conflict of interest regulations for Ms. Huth’s conflict.

Source of the conflict of interests.

The federal conflict of interests arises out of the fact that, as a city council member, Ms. Huth has decision-making authority with respect to federal funds administered by HUD while, at the same time, Ms. Huth is now the paid executive director of an organization (the local affiliate of Habitat for Humanity) that seeks and receives funds administered by HUD.

The concerns of the federal regulations are:

- Appearance of impropriety. This concern is that, even if nothing improper is going on, the relationship is such that it gives reason to question the impartiality with which the funds are being awarded.
- Revolving door. The concern here is that a government decision-maker could be rewarded for favorable votes by the recipient organization giving that government official a job and, later, continued employment or pay raises. The regulations in this case prohibit anyone from accepting a position with a recipient (such as Habitat) for one year after resigning from a government position with decision-making authority over funds that go to the recipient organization.
- Improper influence. This concern is that the government decision-maker could influence or steer the movement of city contracts, funds, or property to the organization in which the official has a particular interest.

Overview of the HUD conflict exception process.

HUD regulations allow for HUD to grant exceptions for conflicts. However, the HUD exceptions are not necessarily easy to obtain. A request for an exception requires:

- (1) A statement from the attorney of the participating jurisdiction that the situation does not violate state law (This was provided by my office on April 21, 2004);
- (2) Disclosure of the conflict by the individual who has the conflict. The disclosure should be made to the governing body of the participating jurisdiction (i.e., in the case of the

City of Urbana, the City Council). This should be discussed by the City Council, and must be reflected in the minutes of the meeting at which the disclosure was made. In addition, the participating jurisdiction should give assurance to HUD that the disclosure was made, and should describe to HUD how the disclosure was made.

- (3) Justification for the requested exception, on the basis of various factors outlined in the federal regulations. This is discussed later in this memorandum.

Complicating the matter in this case is that there are two “participating jurisdictions.” One is the City of Urbana, because the City receives Community Development Block Grant (“CDBG”) funds from HUD, and distributes those funds to recipient organizations. The other “participating jurisdiction” is the Urbana HOME Consortium, which, itself, is comprised of three entities – the City of Urbana, the City of Champaign, and Champaign County.

This affects the disclosures discussed above. When seeking an exception for the conflict of interest with respect to the CDBG funds that are administered solely by the City of Urbana, the disclosures discussed above need to be made only to the Urbana City Council. However, HUD officials have informed us that, because the HOME funds come through all three organizations that are members of the HOME Consortium, the disclosures about that conflict of interests must be made to the governing bodies of all three jurisdictions, i.e., the Urbana City Council, the Champaign City Council, and the Champaign County Board. Likewise, there must be discussion of the conflict situation by all three governing bodies, and the discussions must be reflected in the minutes of the meetings of each governing body.

Timeline of significant events.

The following is a timeline of significant formal events relating to Ms. Huth’s situation.

1. 1997; Ms. Huth elected to Urbana City Council. Council members have the authority to vote on all City of Urbana ordinances and resolutions. These include, among many other matters, city budgets and programs involving federal funds. Council members also vote to approve or disapprove of mayoral appointments to commissions.
2. January 2004; Ms. Huth begins working as paid executive director at local Habitat affiliate.

3. January 2004; City of Champaign staff receives requests from Habitat for donation of a lot funded by HUD monies, and questions whether the request violates HUD conflict of interest regulations because of Ms. Huth's dual roles. Champaign staff communicates that concern to Urbana Grants Management staff. Urbana staff, in turn communicates the concern to myself as Urbana City Attorney.
4. January 26, 2004; I, as Urbana City Attorney, inform Ms. Huth that she is in a conflict situation. This occurs by delivery to Ms. Huth of a draft letter (See **Attachment A**), together with a conversation between Ms. Huth and myself on that same date.
5. April 21, 2004; letter from City Attorney to Ms. Huth (See **Attachment B**):
 - a. With proper disclosure of conflict and abstaining from votes, state law conflict can be avoided.
 - b. Ms. Huth needs to apply to HUD for waiver of the conflict arising out of federal regulations.
 - c. If HUD does not grant waiver, Ms. Huth and Habitat will need to evaluate other options.
 - d. Diligence is required on Ms. Huth's part as a council member and as a person with internal knowledge of Habitat's activities, to identify situations that might affect the conflict of interest.
6. April 21, 2004; letter from City Attorney to HUD in support of requested waiver for Ms. Huth's federal conflict situation (See **Attachment C**), and noting that, with proper disclosure of conflict and abstaining from votes, state law is not violated.
7. June 30, 2004; letter from HUD to City Attorney (See **Attachment D**):
 - a. Disclosure of the conflict has not been adequate; disclosure must be made to each member of the participating jurisdiction (the HOME Consortium), i.e., the city councils of both Cities, and to the County Board, with discussion at each of those meetings.
 - b. The Consortium must provide a rationale for why HUD should grant an exception.
 - c. The process of seeking a HUD exception should have been started and completed before Ms. Huth accepted employment with Habitat.

- d. HUD requires a separate request for waiver of the conflict as it applies to any CDBG funds.
8. August 6, 2004; Letter from Bruce Walden to HUD that, in the next thirty days, Ms. Huth will appear before the Urbana City Council and the other HOME consortium member agencies to make the appropriate disclosures and request concurrence on her waiver requests, and that prompt action will be taken. (See **Attachment E.**)

In addition to these formal events, there were numerous intervening conversations and communications between Ms. Huth, Mr. Walden, HUD officials, and myself.

Alderperson Huth's requests for City funding for Habitat.

As part of the process of requesting exceptions for Ms. Huth, it is important that we make full disclosure of Ms. Huth's activities as they relate to the conflict of interests. After the June 30, 2004 letter from a HUD official, and subsequent phone conversations with HUD officials, I investigated the level of activities by Ms. Huth. City records show the following:

On March 11, 2004, Ms. Huth submitted applications on behalf of Habitat, to the City of Urbana Community Development Department, for CDBG and HOME funds. (See **Attachment F.**)

On March 23, 2004, Ms. Huth appeared before the Urbana Community Development Commission. The minutes of that meeting state that Ms. Huth "noted that she was addressing the CD Commission as a staff representative of Habitat for Humanity." At that meeting, she addressed the Commission in support of Habitat's requests for funding in the following amounts: CDBG: \$90,000.00; HOME: \$178,000.00. The staff recommendation at that meeting was to donate four building lots to Habitat rather than provide the \$90,000.00. (See **Attachment G.**)

On March 24, 2004, the Habitat Board Chair sent a memorandum to the CD Commission and Grants Management Division staff reducing Habitat's total request down to \$39,000. (See **Attachment H.**)

On April 12, 2004, the City of Urbana Committee of the Whole, with Ms. Huth in attendance as a member of the Committee, approved a resolution approving the HOME consortium (FY 2004-05 Annual Action Plan) as well as an ordinance modifying the HOME

Consortium Annual Action Plan (FY 2002-03). Minutes of that meeting reflect that Ms. Huth “recused herself” from those discussions “due to a conflict of interest.” (See **Attachment I.**)

On April 13, 2004, Habitat submitted a written application to the City of Urbana for social service funding for FY 2004-05. The application requested \$9,960.00 in grant funds from the City of Urbana. (See **Attachment J.**)

On May 3, 2004, The City of Urbana City Council passed a resolution approving the HOME Consortium FY 2004-05 Annual Action Plan. Ms. Huth voted “aye.” Later in that same meeting, Alderwoman Patt moved to reconsider that resolution. Upon reconsideration the matter passed again, but with Ms. Huth abstaining “due to a conflict of interest.” (See **Attachment K.**)

On June 14, 2004, the City of Urbana Committee of the Whole voted to send to the City Council, with a recommendation for approval, an ordinance approving the City’s FY 2004-05 budget. Ms. Huth abstained “due to a potential conflict of interest.” (See **Attachment L.**)

On June 21, 2004, the City Council passed an ordinance approving the City’s FY 2004-05 budget. Ms. Huth abstained “due to a potential conflict of interest.” (See **Attachment M.**)

Between January and May 2004, Ms. Huth also worked with Urbana Community Development Department staff to identify appropriate locations for Habitat projects and to pursue possible donations of lots for building sites from the City of Urbana to Habitat. These possible donations were discussed by staff and the CD Commission during the review process for HOME and CDBG funds as a means of best leveraging entitlement funds to promote affordable housing, especially in light of significant funds being dedicated to the Lakeside Redevelopment Plan. The lots under discussion were all purchased and/or prepared with federal HOME funds. No lot dedications have been processed by staff, pending resolution of the conflict issue.

On July 23, 2004 Ms. Huth inquired of myself as to whether the City could transfer a HUD-funded lot directly to a Habitat family or whether the City could transfer the lot to a private individual or another organization, who would then provide the lot to Habitat or to a Habitat family. I informed Ms. Huth that a transfer of this type would violate HUD regulations.

In August 2004, Ms. Huth contacted myself and Mr. Walden to inquire as to whether Habitat could purchase the lot at 1310 Dublin St. for fair market value. I informed Ms. Huth

that, without an exception granted by HUD, even a purchase of the lot would violate the conflict of interest regulations.

On August 11, 2004, Ms. Huth inquired of Mr. Walden as to whether the City could transfer a HUD-funded lot directly to a Habitat family or whether the City could transfer the lot to a private individual or another organization, who would then provide the lot to Habitat or to a Habitat family. Mr. Walden informed Ms. Huth that the City could not participate in transfers of this nature without disclosing their true nature to HUD.

Funding provided to Habitat by the City or the Consortium.

In FY 2003-04, Habitat received the following federal funding through Urbana or the Consortium:

- CDBG: None. (None requested.)
- HOME: None. (None requested.)
- Lots: The City of Urbana provided one lot, 808 Romine, valued at approximately \$5,000.00 to Habitat. The lot was purchased by the City, with the use of HUD funds. Although the transfer occurred in 2003, the council action authorizing the transfer occurred in December 2002.

In FY 2004-05, the following federal funding activity has taken place:

- CDBG: \$90,000 requested of Urbana by Habitat. [Funding request later reduced by Habitat to \$39,000 for CDBG and HOME combined.]
\$5,000 budgeted for Habitat in City's Annual Action Plan.
\$0 released.
- HOME: \$178,000 requested by Habitat. [Funding request later reduced by Habitat to \$39,000 for CDBG and HOME combined.]
\$33,000 budgeted for Habitat in City's Annual Action Plan.
\$0 released.
- Lots: 3 lots slated to be donated by City to Habitat. No transfers have been approved or prepared, pending resolution of the conflict issue.
- Social Service funding: \$9,960 requested of Urbana by Habitat.
\$0 budgeted for Habitat by the City.

Justification for the requested exceptions.

As mentioned briefly above (in “Overview of the HUD conflict exception process”), the regulations set forth factors that HUD must use in determining whether HUD should grant an exception for a particular conflict situation. For example, the HOME regulation states as follows:

“(e) Factors to be considered for exceptions. In determining whether to grant a request of exception after the participating jurisdiction has satisfactorily met the requirements of paragraph (d) of this section [the disclosure and the opinion of the participating jurisdiction’s attorney], HUD will consider the cumulative effect of the following factors, where applicable:

(1) whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;

(2) whether the person affected is a member of a group or class of low income persons intended to be the beneficiaries of the assisted activity, and the exception would permit such person to receive generally the same interest or benefits as are being made available or provided to the group or class;

(3) whether the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted activity in question;

(4) whether the interest or benefit was present before the affected person was in a position as described in paragraph (c) of this section [i.e., whether the interest existed before the individual held the positions that created the conflict];

(5) whether undue hardship will result either to the participating jurisdiction or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

(6) any other relevant considerations.” (24 C.F.R. § 92.356(e).)

As explained by HUD officials, it is not enough to simply ask for an exception; in order to obtain an exception, the request for the exception must be justified under these factors quoted above. I do not believe that the City Councils and the County Board are required to make any findings with respect to those factors. However, the factors must be addressed in a communication to HUD.

Among the factors that HUD might consider would be a resignation by Ms. Huth of either her City Council seat or her Habitat position. According to HUD staff, this is the means by which most conflicts at this level are resolved. Note, however, that the only resignation that is certain to clear up all future conflict between these two positions would be for Ms. Huth to resign the Habitat position. This is because of the one-year revolving door prohibition in the regulations; even if Ms. Huth were to resign her council seat immediately, the regulations could prohibit her from accepting the Habitat position for one year after that. In that regard it is worth noting that, prior to Ms. Huth accepting the Habitat position, the most recent council action to provide funding to Habitat was a December 14, 2002 ordinance authorizing transfer of a building lot to Habitat. (See **Attachment N**.)

Another factor that HUD might consider would be a decision by Habitat not to seek federal funding through the City of Urbana or the Consortium.

The federal regulations are found at:
24 C.F.R. 92.356 (HOME program)(See **Attachment O**); and
24 C.F.R. 570.611 (CDBG program)(See **Attachment P**).

Follow-up communications with HUD.

If the appropriate disclosures, discussions, and minute entries are made, I will then write to HUD requesting an exception for Ms. Huth's conflict with respect to the HOME program or the CDBG program, or both, as the case may be.

Note that, although I have tendered an ordinance by which the Council may voice its approval of exception requests, the HUD regulations neither mention nor require that the Council pass an ordinance or resolution. As far as city council involvement goes, the regulations require only the disclosures, discussions, and reflections of those disclosures and discussions in the council minutes. This has been confirmed by HUD staff. As long as the disclosure-related items, the discussion, and the minute entries are completed and my office prepares a letter stating that the activities don't violate state law (that letter has already been sent to HUD), HUD defers to local practice with respect to which official for the participating jurisdiction should send a request for an exception. HUD officials have stated that they could be satisfied by a letter from the mayor or the director of Community Development, unsupported by any additional resolution or ordinance of the council. I have opted to seek approval by ordinance because of the fact that three separate jurisdictions are involved.

ORDINANCE NO. Ordinance No. 2004-08-102

An Ordinance Requesting that the U.S. Department of Housing and Urban Development Grant Exceptions for Conflicts of Interest of Alderperson Laura Huth

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

Section 1. That Alderperson Laura Huth, with the assistance of the City Attorney, has disclosed to the City Council the existence of conflicts of interest of Ms. Huth, pursuant to 24 C.F.R. 92.356 and 24 C.F.R. 570.611, resulting from Ms. Huth's positions on the Urbana City Council and with the local affiliate of Habitat for Humanity as its Executive Director.

Section 2. That the Council has discussed the matter at a meeting of the Council.

Section 3. That the Council hereby directs that the record of the discussion be reflected in the official minutes of the meeting.

Section 4. That the Council hereby authorizes the City Attorney to submit to the U.S. Department of Housing and Urban Development requests for exceptions to the conflicts of interests of Ms. Huth on behalf of the City, in accordance with the above-mentioned regulations.

This Ordinance is hereby passed by the affirmative vote, the "ayes" and "nays" being called, of a majority of the members of the Council of the City of Urbana, Illinois, at a regular meeting of said Council.

PASSED by the City Council this _____ day of _____, 2004.

Aye:
Nay:
Abstained:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____, 2004.

Tod Satterthwaite, Mayor

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City Attorney
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JACK WAALER
Special Counsel
E-mail: jwaaler@city.urbana.il.us

*This Draft given to
Laura on 1/26/04,
and discussed w/ her*

January 26, 2004

Ms. Laura Huth
808 South Race Street
Urbana, IL 61801

RE: Potential Conflicts of Interests

Dear Laura,

It is possible that because of your new position as paid Executive Director of the local Habitat for Humanity affiliate, you might now have a conflict of interests, either statutory or common law, with respect to your elected office as a member of the Urbana City Council. This is potentially a very serious matter, and could even mean potential felony criminal liability. At this point, I am not making a recommendation or giving advice, except as indicated in the next sentence, but, rather, I am bringing the matter up in an effort to help us gain a better understanding of the subject. I strongly urge you to discuss these matters with your own, private attorney, to obtain advice about your potential courses of action.

There are at least two potential statutory conflicts of interest. The first is via federal regulation pertaining to the HOME Investment Partnerships Program at 24 C.F.R. Part 92, Section 92.356 (copy attached).

This regulation applies to "any person who is an employee, agent, consultant, officer, or elected official or appointed official of the participating jurisdiction, state recipient, or sub recipient

A

which are receiving HOME funds.” (29 C.F.R. Section 92.356(c).) Thus, these regulations could apply to you in your capacity as an elected official of the City. They could also apply to you in your capacity as an employee of Habitat, if Habitat is a sub recipient receiving HOME funds.

The regulation states that no such persons

“who exercise or have exercised any functions ^{or} responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision-making process or gain inside information with respect to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have an interest in any contact, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.” (29 C.F.R. Section 92.356(b)).

In your capacity as a member of the Urbana City Council, you would likely be seen to be “in a position to participate in a decision-making process” with respect to HOME funds or activities. In addition, because of your status as Executive Director of the local Habitat affiliate, one could conclude that you would “obtain a financial interest or benefit from a HOME-assisted activity . . . either for [yourself] or those with whom [you] have . . . business ties”

The pleasant news about this possible statutory conflict is that the HOME regulations also make the conflict waivable by HUD. The regulations (at subparagraphs

So, essentially, HUD would require public disclosure of a conflict and an opinion from my office that your position with Habitat does not create a conflict with your duties as a City Council member, under State law or Urbana Ordinances. It is the second of those threshold requirements—nonviolation of state law—that is likely to cause the difficulty, both with regard to this federal regulation, as well as with ^{Illinois} ~~the state~~ conflict of interest law ^S ~~itself~~.

The Illinois Municipal Code contains a provision entitled "Interestⁱⁿ on contracts" (65 ILCS 5/3.1-55-10, a copy of which I have included with this letter.) The provision is too lengthy to quote in its entirety, but it is worth quoting the initial language of prohibition:

"(a) A municipal officer shall not be financially interested directly in the officer's own name or indirectly in the name of any other person, association, trust, or corporation, in any contract, work, or business of the municipality or in the sale of any article whenever the expense, price, or consideration of the contract, work, business, or sale is paid either from the treasury or by an assessment levied by statute or ordinance. A municipal officer shall not be interested, directly or indirectly, in the purchase of any property that (i) belongs to the municipality, (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the municipality." 65 ILCS 5/3.1-55-10(a).

Might apply

Does not apply.

Note that the first sentence relates to "any contract, work, or business" of the City or to "the sale of any article whenever the price for the work or sale is paid from the City treasury or from an assessment levied by the City". By contrast, the second sentence

prohibits an interest. Presumably, a financial interest is narrower than in interest, although that's not certain. It is possible that the term "financially interested" and "interested" mean essentially the same thing, and that those terms are interchangeable. This view appears to be supported by language later on in this same state law provision that refers to an officer not being "interested" if the officer holds an "interest" of 1% or less in the officer's own name in any particular company. This appears to refer to financial interest such as ownership of stock, which suggests that the drafters of the statute used that the term "interest" and "financial interest", interchangeably with one another.

Secondly, I assume that your contract with Habitat does not make you personally financially interested in receiving any property or any HOME funds from the City in any direct manner, such as by tying incentives, bonuses, or commissions to your efforts to obtain property or HOME funds from the City on behalf of Habitat. It is possible, however, that, because your position with Habitat is a paid position, the possibility of your continued employment or future raises in compensation might be factored on your ability to obtain properties and HOME funds from the City, and that this itself could be seen as a prohibited financial interest.

..... first two sentences, the statute goes on to set forth a few exceptions

does not mean that other situations involving a de minimis financial interest would not also be exceptions. So, if your sole financial interest is the theoretical possibility that your job performance or future raises might be connected with your ability to get HOME funds or property donations from the City, that might be seen as a de minimis financial interest, or not even an actual financial interest at all, and therefore, might be seen as an interest that is not prohibited by this statute. So, it could be that whatever interest you might have would not be seen as sufficient to constitute a violation of this statute.

Other exceptions also do not appear to apply. One of them allows an elected member of a governing body to "provide materials, merchandise, property, services, or labor, as long as the elected official meets certain criteria, including owing less than a 7 ½% share in the ownership of the contract to provide these types of materials, merchandise, services or labor to the City. (65 ILCS 5/3.1-55-10(b) and (b-5).) I do not see this exception as applying because Habitat receives things such as property and funds from the City, and does not ~~contract for work to be done by Habitat for the City~~ "provide" anything to the City. Another exception applies only to municipalities under 20,000 population. (65 ILCS 5/3.1-55-10(f).)

There is not much case law about these provisions, and I found no case law that specifically addresses the pertinent question that applies to you. Do you have an

As noted at the beginning of this letter, this is a serious question. The statute provides that "an officer who violates this section is guilty of a Class 4 Felony." 55 ILCS 5/3.1-55-10(d).

In addition to statutory conflicts, such as those discussed above, it is possible that you could be viewed as having a common law conflict of interest. This arises essentially at any time when there is an appearance of impropriety or when you don't feel that you would be able to be impartial in your vote on something. This is easily remedied, however, simply by your abstaining from the votes on any matters as to which you have a common law conflict.

I am sorry to have to bring these matters to your attention. Once again, I very strongly urge you to contact an attorney of your own choosing to discuss these matters and obtain advice. In addition, I will make myself available at any time to discuss these matters with you or your attorney.

Sincerely,

Steve Holz
City Attorney

SH/lnp

Enclosure



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Final

April 21, 2004

Ms. Laura Huth
808 South Race Street
Urbana, IL 61801

RE: Potential Conflicts of Interests

Dear Laura,

Over the last few months, we have discussed the possibility that, because of your new position as paid Executive Director of the local Habitat for Humanity affiliate, you might now have a conflict of interests, either statutory or common law, with respect to your elected office as a member of the Urbana City Council. The possibility was initially called to my attention as a result of concerns by staff at the City of Champaign who raised the question in the context of the federal (HUD) regulations. The possibility of a federal or state conflict of interest caused me concern with respect to the validity of Council actions, because the existence of a conflict can result in council actions being voided by a court. In addition, I felt that it was quite likely you would be facing the potential of serious criminal liability if you took inappropriate actions so, although I had not researched it fully, I immediately brought the matter to your attention.

council seat. As long as the procedures are followed properly, I do not feel that there is any real threat to the validity of the Council actions. However, with respect to the HUD conflict of interest, you will need to get a waiver from HUD.

I do recommend that you get an opinion from your own, private attorney with respect to your possible criminal exposure. I recognize that that is an expense, but that's not really avoidable as it is a very serious matter that affects you personally.

FACTS

My understanding of the facts is as follows. You are an elected member of the City of Urbana City Council, and have held that office for some years. As a member of the City Council you vote on matters that require council action. Examples of such matters include the City's participation in certain federal programs administered by the U.S. Department of Housing and Urban Development (HUD). One such program is known as the HOME program. The City of Urbana, the City of Champaign, and Champaign County participate jointly in that program via a Consortium Agreement developed by HUD and via an intergovernmental agreement. Other matters that require council action include any types of gifts or sale of real estate owned by the City, and budget items affecting such decisions.

Recently, you accepted the salaried position of Executive Director of the local affiliate of Habitat for Humanity, Habitat for Humanity of Champaign and Piatt Counties ("Habitat"). As Executive Director, you are responsible for the day-to-day operation of all aspects of Habitat's work, and you report directly to Habitat's board of directors. Your pay is not based on any type of commission, incentives, or bonuses but, I assume, your work for Habitat and Habitat's performance under your tenure will be subject to regular performance evaluation by Habitat's board of directors.

FEDERAL ("HOME") REGULATION

One potential statutory conflict of interest is federal. This is via federal regulations pertaining to the HOME Investment Partnerships Program at 24 C.F.R. Part 92, Section 92.356 (copy attached).

This regulation applies to "any person who is an employee, agent, consultant, officer, or elected official or appointed official of the participating jurisdiction, state recipient, or subrecipient which are receiving HOME funds." (29 C.F.R. Section 92.356(c).) Thus, these regulations could apply to you in your capacity as an elected official of the City. They could also apply to you in your capacity as an employee of Habitat, if Habitat is a subrecipient receiving HOME funds.

The regulation states that no such persons

"who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision-making process or gain inside information with respect to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter." (29 C.F.R. Section 92.356(b)).

In your capacity as a member of the Urbana City Council, you would likely be seen to be "in a position to participate in a decision-making process" with respect to HOME funds or activities. In addition, because of your status as Executive Director of the local Habitat affiliate, one could conclude that you would "obtain a financial interest or benefit from a HOME-assisted activity . . . either for [yourself] or those with whom [you] have . . . business ties"

The HOME regulations permit HUD to waive this conflict. The regulations (at subparagraphs (d) and (e)) set forth the threshold requirements and factors to be considered for exceptions or waivers of the conflict. The threshold requirements include:

In addition, the regulations establish several criteria to be used by HUD in reviewing waiver requests.

So, essentially, HUD would require public disclosure of a conflict and an opinion from my office that your position with Habitat does not create a conflict with your duties as a City Council member, under State law or Urbana Ordinances. It is the second of those threshold requirements—non-violation of state law—that is a bit more problematic.

STATE STATUTES

Illinois law contains at least two provisions that define conflicts of interest as they relate to activities of city council members. The Illinois Municipal Code contains a provision entitled “Interests on contracts” (65 ILCS 5/3.1-55-10, a copy of which I have included with this letter.) The provision is too lengthy to quote in its entirety, but it is worth quoting the initial language of prohibition:

“(a) A municipal officer shall not be financially interested directly in the officer’s own name or indirectly in the name of any other person, association, trust, or corporation, in any contract, work, or business of the municipality or in the sale of any article whenever the expense, price, or consideration of the contract, work, business, or sale is paid either from the treasury or by an assessment levied by statute or ordinance. A municipal officer shall not be interested, directly or indirectly, in the purchase of any property that (i) belongs to the municipality, (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the municipality.” 65 ILCS 5/3.1-55-10(a).

Illinois law also contains another, very similar, provision in another chapter (Chapter 50, “Local Government”), entitled the “Public Officer Prohibited Activities Act”, formerly known as the “Corrupt Practices Act” (copy attached). That law contains the following language:

“(a) No person holding any office, either by election or appointment under

procured in violation hereof is void. This Section shall not apply to any person serving on an advisory panel or commission or to any director serving on a hospital district board as provided under subsection (a-5) of Section 13 of the Hospital District Law." 50 ILCS 105/3(a).

Clearly, the laws overlap substantially, and are designed to prohibit much the same type of conduct. In my view, the language quoted above covers your situation – i.e., that of a council member who has authority to vote on matters related to funding of activities of a non-profit corporation while also serving that corporation as its paid executive director.

The courts interpreting the meaning of these two laws have historically given them a broad, sweeping scope, sometimes covering even activities that don't appear to create any real risk of wrongdoing. For example, in the case of Brown vs. Kirk, 64 Ill.2d 144, 355 N.E.2d 12 (1976), the Supreme Court of Illinois faced the question of whether tenants of a public housing authority had a conflict of interest that prevented them from serving as commissioners of the housing authority. The Supreme Court held that the language of the Corrupt Practices Act (now the Prohibitive Activities Act) "is aimed not only at the actual bad faith abuse of power for an officer's own personal benefit, but is also designed to prevent the creation of relationships which carry in them the potential of such abuse, by removing the possibility of temptation." Brown, 64 Ill.2d at 151. Quoting an opinion of a Connecticut court, the Illinois Supreme Court noted that decisions of the housing authority commission could ultimately include actions that would result in raising rents for tenants of the authority, and that that would create a conflict prohibited by the Act. The Illinois Supreme Court approvingly quoted the Connecticut court as stating "whether or not the tenant as a housing authority commissioner is in fact benefiting himself individually by his vote, his personal interests are always directly or indirectly involved in his vote on the commission." Brown, 64 Ill.2d at 150. Clearly, the Illinois Supreme Court viewed the language

could a tenant of an airport owned by the Joliet Park District serve as a member of the Board of Commissioners of that park district, without violating the conflict of interest statute? The plaintiff in Croissant argued that the Court's decision in Brown -- that a landlord-tenant relationship was automatically disqualifying under the broad conflict of interest statutes -- likewise required the Court to conclude that the airport tenant could not serve on the park district board.

The Court disagreed, partly because of a statutory amendment that was enacted after the Court's earlier decision in Brown. The Court noted that, after the Court decided Brown, the state legislature amended a law regarding housing authorities. That amendment permitted at least one tenant of a housing authority to serve as a commissioner of that housing authority. The Court recognized that amendment as a rejection by the legislature of the Court's decision in Brown that a landlord-tenant relationship was automatically disqualifying under the broad conflict of interest statutes. See Croissant v. Joliet Park District, 141 Ill.2d 449, 461-62, 152 Ill.Dec. 561, 567, 566 N.E.2d 248, 254 (1990). The statutory amendment at issue really did not at all affect any landlord-tenant relationship other than in housing authorities, and certainly did not mention park district airports. Nevertheless, partly as a consequence of that legislative history, in Croissant the Illinois Supreme Court backed off from the sweeping approach of the Brown decision, and instead looked at additional factors and determined, ultimately, that no conflict existed in Croissant.

Now, obviously, in your situation we're not talking about a landlord-tenant situation. The point of the previous discussion, however, is that the existence of more recent statutory amendments does limit the broad sweep of earlier decisions by the courts. And, there is in fact an amendment to both of the Illinois conflict of interest laws that affects the analysis of your situation.

- B. the award of the contract is approved by a majority vote of the governing body of the municipality provided that any such interested member shall abstain from voting; and
- C. such interested member publicly discloses the nature and extent of his interest before or during deliberations concerning the proposed award of the contract; and
- D. such interested member abstains from voting on the award of the contract, though he shall be considered present for the purposes of establishing a quorum.”

65 ILCS 5/3.1-55-10(b-5); 50 ILCS 105/3(b-5).

I have researched the legislative history of the b-5 exception and found that it was added to both laws quite recently, by Public Act 90-0364, in 1998. The timing is significant, in my view, because it evidences a legislative intent to restrict the broad sweep that court decisions have given to both of the laws.

Certainly the language itself of the b-5 exception has a broad sweep that countervails the broad prohibitory language of both laws. Under the b-5 exception, as long as you own less than a 1% interest in a corporation, disclose that, and abstain, then there is no violation. The b-5 exception is so broad that it actually swallows up at least one of the exceptions that pre-date it. For example, the Prohibited Activities Act contains an exception that likewise applies to ownership of less than 1% of a company, but that expressly is limited to companies that are traded on a nationally recognized securities market. See 50 ILCS 105/3(e). The b-5 exception covers that situation, as it applies to any corporation, regardless of whether that corporation is traded on a securities market.

One could argue that the b-5 exception does not apply to non-profit corporations such as the Habitat affiliate, because no person can own any percentage of such corporations. I do not agree with that view, simply because the broad language of the b-5 exception is not so limited; the b-5 exception by its terms applies to a “person, firm, partnership, association, corporation, or

Activities Act, you will need to do the following at every vote on every item that is related to Habitat, (which, in my view, includes all votes on budget items relating to HOME funds):

1. You must publicly disclose the nature and extent of your interest before or during deliberations concerning that item; and
2. You must abstain from discussing and voting on the item, though the Council shall consider you present for the purposes of establishing a quorum.

NEXT STEPS

As for the federal HOME regulations, you will need to apply to HUD for a waiver, in accordance with the requirements of the federal regulations at 29 C.F.R. Section 92.356(c), (d), and (e). As part of that process, I have prepared for you a letter stating (as required by the HOME regulations) that in my opinion the situation does not violate Illinois state or local law. (That letter is enclosed.) Assuming that HUD grants the requested waiver, you will be able to carry on your duties as council member and as Executive Director of the Habitat Affiliate. However, if HUD does not grant the waiver, then you and Habitat will have to evaluate other options.

COMMON LAW CONFLICT

In addition to statutory conflicts such as those discussed above, it is possible that you could be viewed as having a common law conflict of interest. This arises essentially at any time when there is an appearance of impropriety or when you don't feel that you would be able to be impartial in your vote on something. This is easily remedied, however, simply by your abstaining from the votes on any matters as to which you have a common law conflict.

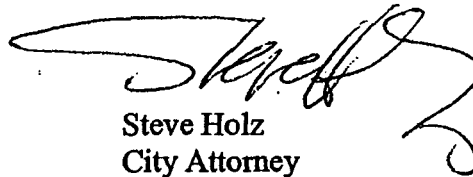
CHANGED FACTS

POTENTIAL CRIMINAL LIABILITY

I want to remind you that I have done this work and written this letter in my capacity as Urbana City Attorney. In this situation, I am not your private attorney or a private attorney for Habitat, nor am I permitted to be. Obviously, the City of Urbana has an interest in seeing to it that its council actions are not voided because of the existence of a conflict, and generally helping its officers avoid a conflict of interest as a result of their City of Urbana positions, so there is good cause for me to spend time on this matter. Pursuant to my analysis above, I feel comfortable that the City is not at risk.

But remember – that is very different from your own, personal interest in avoiding criminal liability. Both Illinois statutes provide that an officer who violates them is guilty of a Class 4 Felony. See 65 ILCS 5/3.1-55-10(d); 50 ILCS 105/4. I know that you realize this is potentially a very serious matter. Again, I strongly urge you to discuss these matters with your own, private attorney, to obtain advice about your potential courses of action. I will make myself available at any time to discuss these matters with you or your attorney.

Sincerely,



Steve Holz
City Attorney

SH/lmp

Enclosure

cc: Bruce Walden

65 ILCS 5/3.1-55-10

Formerly cited as IL ST CH 24 ¶ 3.1-55-10

- ▶ WEST'S SMITH-HURD ILLINOIS COMPILED STATUTES ANNOTATED
- ▶ CHAPTER 65. MUNICIPALITIES
- ▶ ACT 5. ILLINOIS MUNICIPAL CODE
- ▶ ARTICLE 3.1. OFFICERS
- ▶ DIVISION 55. MISCELLANEOUS PROVISIONS
- ▶ 5/3.1-55-10. Interests in contracts

§ 3.1-55-10. Interests in contracts.

(a) A municipal officer shall not be financially interested directly in the officer's own name or indirectly in the name of any other person, association, trust, or corporation, in any contract, work, or business of the municipality or in the sale of any article whenever the expense, price, or consideration of the contract, work, business, or sale is paid either from the treasury or by an assessment levied by statute or ordinance. A municipal officer shall not be interested, directly or indirectly, in the purchase of any property that (i) belongs to the municipality, (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the municipality. For the purposes of this Section only, however, a municipal officer shall not be deemed interested if the officer is an employee of a company or owns or holds an interest of 1% or less in the municipal officer's individual name in a company, or both, that company is involved in the transaction of business with the municipality, and that company's stock is traded on a nationally recognized securities market, provided the interested member (i) publicly discloses the fact that he or she is an employee or holds an interest of 1% or less in a company before deliberation of the proposed award of the contract; (ii) refrains from evaluating, recommending, approving, deliberating, or otherwise participating in the negotiation, approval, or both, of the contract, work, or business; (iii) abstains from voting on the award of the contract though he or she shall be considered present for purposes of establishing a quorum; and (iv) the contract is approved by a majority vote of those members currently holding office.

A municipal officer shall not be deemed interested if the officer owns or holds an interest of 1% or less, not in the officer's individual name but through a mutual fund, in a company, that company is involved in the transaction of business with the municipality, and that company's stock is traded on a nationally recognized securities market.

This Section does not prohibit any person serving on a municipal advisory panel or commission or nongoverning board or commission from having an interest in a contract, work, or business of the municipality unless the municipal officer's duties include evaluating, recommending, approving, or voting to recommend or approve the contract, work, or business.

(b) Any elected or appointed member of the governing body may, however, provide materials, merchandise, property, services, or labor, subject to the following provisions under either (1) or (2):

(1) If:

(A) the contract is with a person, firm, partnership, association, corporation, or cooperative association in which the interested member of the governing body

of the municipality member has less than a 7 1/2 % share in the ownership;

(B) the interested member publicly discloses the nature and extent of the interest before or during deliberations concerning the proposed award of the contract;

for the purposes of establishing a quorum).

(b-5) In addition to the above exemptions, any elected or appointed member of the governing body may provide materials, merchandise, property, services, or labor if:

- (1) the contract is with a person, firm, partnership, association, corporation, or cooperative association in which the interested member of the governing body of the municipality, advisory panel, or commission has less than a 1% share in the ownership; and
- (2) the award of the contract is approved by a majority vote of the governing body of the municipality provided that any such interested member shall abstain from voting; and
- (3) such interested member publicly discloses the nature and extent of his interest before or during deliberations concerning the proposed award of the contract; and
- (4) such interested member abstains from voting on the award of the contract, though he shall be considered present for the purposes of establishing a quorum.

(c) A contract for the procurement of public utility services by a municipality with a public utility company is not barred by this Section by one or more members of the governing body being an officer or employee of the public utility company, or holding an ownership interest in no more than 7 1/2 % in the public utility company, or holding an ownership interest of any size if the municipality has a population of less than 7,500 and the public utility's rates are approved by the Illinois Commerce Commission. An elected or appointed member of the governing body or a nongoverning board or commission having an interest described in this subsection (d) does not have a prohibited interest under this Section.

(d) An officer who violates this Section is guilty of a Class 4 felony. In addition, any office held by an officer so convicted shall become vacant and shall be so declared as part of the judgment of the court.

(e) Nothing contained in this Section, including the restrictions set forth in subsections (b) and (c), shall preclude a contract of deposit of moneys, loans, or other financial services by a municipality with a local bank or local savings and loan association, regardless of whether a member of the governing body of the municipality is interested in the bank or savings and loan association as an officer or employee or as a holder of less than 7 1/2 % of the total ownership interest. A member holding an interest described in this subsection (e) in a contract does not hold a prohibited interest for purposes of this Act. The interested member of the governing body must publicly state the nature and extent of the interest during deliberations concerning the proposed award of the contract but shall not participate in any further deliberations concerning the proposed award. The interested member shall not vote on the proposed award. A member abstaining from participation in deliberations and voting under this Section may be considered present for purposes of establishing a quorum. Award of the contract shall require approval by a majority vote of those members presently holding office. Consideration and award of a contract in which a member is interested may only be made at a regularly scheduled public meeting of the governing body of the municipality.

(f) Notwithstanding any other provision of this Section or any other law to the contrary, until January 1, 1994, a member of the city council of a municipality with a population under 20,000 may purchase real estate from the municipality, at a price of not less than 100% of the value of the real estate as determined by a written MAI certified appraisal or by a written certified appraisal of a State certified or licensed real estate appraiser, if the purchase is approved by a unanimous vote of the city council members then holding office (except for the member desiring to purchase the real estate, who shall not vote on the question).

CREDIT(S)

C

Formerly cited as IL ST CH 102 ¶ 3

WEST'S SMITH-HURD ILLINOIS COMPILED STATUTES ANNOTATED
CHAPTER 50. LOCAL GOVERNMENT
OFFICERS AND EMPLOYEES
ACT 105. PUBLIC OFFICER PROHIBITED ACTIVITIES ACT
INTEREST IN CONTRACTS
105/3. Prohibited interest in contracts

§ 3. Prohibited interest in contracts.

(a) No person holding any office, either by election or appointment under the laws or Constitution of this State, may be in any manner financially interested directly in his own name or indirectly in the name of any other person, association, trust, or corporation, in any contract or the performance of any work in the making or letting of which such officer may be called upon to act or vote. No such officer may represent, either as agent or otherwise, any person, association, trust, or corporation, with respect to any application or bid for any contract or work in regard to which such officer may be called upon to vote. Nor may any such officer take or receive, or offer to take or receive, either directly or indirectly, any money or other thing of value as a gift or bribe or means of influencing his vote or action in his official character. Any contract made and procured in violation hereof is void. This Section shall not apply to any person serving on an advisory panel or commission or to any director serving on a hospital district board as provided under subsection (a-5) of Section 13 of the Hospital District Law. [FN1]

(b) However, any elected or appointed member of the governing body may provide materials, merchandise, property, services, or labor, subject to the following provisions under either paragraph (1) or (2):

(1) If:

A. the contract is with a person, firm, partnership, association, corporation, or cooperative association in which such interested member of the governing body of the municipality has less than a 7 1/2 % share in the ownership; and

B. such interested member publicly discloses the nature and extent of his interest prior to or during deliberations concerning the proposed award of the contract; and

C. such interested member abstains from voting on the award of the contract, though he shall be considered present for the purposes of establishing a quorum; and

D. such contract is approved by a majority vote of those members presently holding office; and

E. the contract is awarded after sealed bids to the lowest responsible bidder if the amount of the contract exceeds \$1500, or awarded without bidding if the amount of the contract is less than \$1500; and

D. such interested member publicly discloses the nature and extent of his interest prior to or during deliberations concerning the proposed award of the contract; and

E. such interested member abstains from voting on the award of the contract, though he shall be considered present for the purposes of establishing a quorum.

(b-5) In addition to the above exemptions, any elected or appointed member of the governing body may provide materials, merchandise, property, services, or labor if:

A. the contract is with a person, firm, partnership, association, corporation, or cooperative association in which the interested member of the governing body of the municipality, advisory panel, or commission has less than a 1% share in the ownership; and

B. the award of the contract is approved by a majority vote of the governing body of the municipality provided that any such interested member shall abstain from voting; and

C. such interested member publicly discloses the nature and extent of his interest before or during deliberations concerning the proposed award of the contract; and

D. such interested member abstains from voting on the award of the contract, though he shall be considered present for the purposes of establishing a quorum.

(c) A contract for the procurement of public utility services by a public entity with a public utility company is not barred by this Section by one or more members of the governing body of the public entity being an officer or employee of the public utility company or holding an ownership interest of no more than 7 1/2 % in the public utility company, or holding an ownership interest of any size if the public entity is a municipality with a population of less than 7,500 and the public utility's rates are approved by the Illinois Commerce Commission. An elected or appointed member of the governing body of the public entity having such an interest shall be deemed not to have a prohibited interest under this Section.

(d) Notwithstanding any other provision of this Section or any other law to the contrary, until January 1, 1994, a member of the city council of a municipality with a population under 20,000 may purchase real estate from the municipality, at a price of not less than 100% of the value of the real estate as determined by a written MAI certified appraisal or by a written certified appraisal of a State certified or licensed real estate appraiser, if the purchase is approved by a unanimous vote of the city council members then holding office (except for the member desiring to purchase the real estate, who shall not vote on the question).

(e) For the purposes of this Section only, a municipal officer shall not be deemed interested if the officer is an employee of a company or owns or holds an interest of 1% or less in the municipal officer's individual name in a company, or both, that company is involved in the transaction of business with the municipality, and that company's stock is traded on a nationally recognized securities market, provided the interested member: (i) publicly discloses the fact that he or she is an employee or holds an interest of 1% or less in a company before deliberation of the proposed award of the contract; (ii) refrains from evaluating, recommending, approving, deliberating, or otherwise participating in

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10/1/04
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HOME Investment Partnerships Program

Final Rule

24 CFR Part 92

September 16, 1996

project is covered by the construction contract. Once they are determined to be applicable, the wage provisions must be contained in the construction contract so as to cover all laborers and mechanics employed in the development of the entire project, including portions other than the assisted units. Arranging multiple construction contracts within a single project for the purpose of avoiding the wage provisions is not permitted.

- (3) Participating jurisdictions, contractors, subcontractors, and other participants must comply with regulations issued under these acts and with other Federal laws and regulations pertaining to labor standards and HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Development Programs), as applicable. Participating jurisdictions must require certification as to compliance with the provisions of this section before making any payment under such contract.
- (b) *Volunteers.* The prevailing wage provisions of paragraph (a) of this section do not apply to an individual who receives no compensation or is paid expenses, reasonable benefits, or a nominal fee to perform the services for which the individual volunteered and who is not otherwise employed at any time in the construction work. See 24 CFR part 70.
- (c) *Sweat equity.* The prevailing wage provisions of paragraph (a) of this section do not apply to members of an eligible family who provide labor in exchange for acquisition of a property for homeownership or provide labor in lieu of, or as a supplement to, rent payments.

§ 92.355 Lead-based paint.

Housing assisted with HOME funds is subject to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821 *et seq.*) and 24 CFR part 35. The lead-based paint provisions of § 982.401(j), except 24 CFR 982.401(j)(1)(i), also apply, irrespective of the applicable property standard under § 92.251. In a project in which not all units are assisted with HOME funds, the lead-based paint requirements apply to all units and common areas in the project. Unless otherwise provided, the participating jurisdiction is responsible for testing and abatement activities.

apply.

- (b) ***Conflicts prohibited.*** No persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decisionmaking process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.
- (c) ***Persons covered.*** The conflict of interest provisions of paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the participating jurisdiction, State recipient, or subrecipient which are receiving HOME funds.
- (d) ***Exceptions: Threshold requirements.*** Upon the written request of the participating jurisdiction, HUD may grant an exception to the provisions of paragraph (b) of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the HOME Investment Partnerships Program and the effective and efficient administration of the participating jurisdiction's program or project. An exception may be considered only after the participating jurisdiction has provided the following:
- (1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
 - (2) An opinion of the participating jurisdiction's or State recipient's attorney that the interest for which the exception is sought would not violate State or local law.
- (e) ***Factors to be considered for exceptions.*** In determining whether to grant a requested exception after the participating jurisdiction has satisfactorily met the requirements of paragraph (d) of this section, HUD will consider the cumulative effect of the following factors, where applicable:

activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

- (3) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decisionmaking process with respect to the specific assisted activity in question;
- (4) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (c) of this section;
- (5) Whether undue hardship will result either to the participating jurisdiction or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
- (6) Any other relevant considerations.

(f) *Owners and Developers.*

- (1) No owner, developer or sponsor of a project assisted with HOME funds (or officer, employee, agent or consultant of the owner, developer or sponsor) whether private, for profit or non-profit (including a community housing development organization (CHDO) when acting as an owner, developer or sponsor) may occupy a HOME-assisted affordable housing unit in a project. This provision does not apply to an individual who receives HOME funds to acquire or rehabilitate his or her principal residence or to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.
- (2) *Exceptions.* Upon written request of a housing owner or developer, the participating jurisdiction (or State recipient, if authorized by the State participating jurisdiction) may grant an exception to the provisions of paragraph (f)(1) of this section on a case-by-case basis when it determines that the exception will serve to further the

beneficiaries of the assisted housing, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

- (ii) Whether the person has withdrawn from his or her functions or responsibilities, or the decisionmaking process with respect to the specific assisted housing in question;
- (iii) Whether the tenant protection requirements of § 92.253 are being observed;
- (iv) Whether the affirmative marketing requirements of § 92.351 are being observed and followed; and
- (v) Any other factor relevant to the participating jurisdiction's determination, including the timing of the requested exception.

§ 92.357 Executive Order 12372.

- (a) *General.* Executive Order 12372, as amended by Executive Order 12416 (3 CFR, 1982 Comp., p. 197 and 3 CFR, 1983 Comp., p. 186) (Intergovernmental Review of Federal Programs) and HUD's implementing regulations at 24 CFR part 52, allow each State to establish its own process for review and comment on proposed Federal financial assistance programs.
- (b) *Applicability.* Executive Order 12372 applies to applications submitted with respect to HOME funds being competitively reallocated under subpart J of this part to units of general local government.

§ 92.358 Consultant activities.

No person providing consultant services in an employer-employee type relationship shall receive more than a reasonable rate of compensation for personal services paid with HOME funds. In no event, however, shall such compensation exceed the limits in effect under the provisions of any applicable statute (e.g., annual HUD appropriations acts



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400 South Vine Street
Urbana, IL 61801

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STEVE HOLZ
City Attorney
E-mail: sjholz@city.urbana.il.us

JACK WAALER
Special Counsel
E-mail: jwaaler@city.urbana.il.us

April 21, 2004

TO: U.S. Department of Housing and Urbana Development (HUD)

RE: Ms. Laura Huth, request for exception for potential conflict of interests.

This letter is written in compliance with 24 CFR Section 92.356(d)(2), as documentation supporting a request by Ms. Laura Huth for an exception for potential conflict of interests. That provision states that HUD may grant exceptions on a case-by-case basis.

FACTS

My understanding of the facts is as follows. Ms. Huth is an elected member of the City of Urbana City Council, and has held that office for some years. As a member of the City Council she votes on matters that require council action. Examples of such matters include the City's participation in certain federal programs administered by the U.S. Department of Housing and Urban Development (HUD). One such program is known as the HOME program. The City of Urbana, the City of Champaign, and Champaign County participate jointly in that program via a Consortium Agreement developed by HUD and via an intergovernmental agreement. Other matters that require council action include any types of gifts or sale of real estate owned by the City and

through HUD's HOME program. In addition, Habitat has from time to time received gifts of real estate from the City of Urbana, and may do so in the future.

FEDERAL ("HOME") REGULATION

There is a potential federal statutory conflict of interest arising from this situation. This is via federal regulations pertaining to the HOME Investment Partnerships Program at 24 C.F.R. Part 92, Section 92.356.

This regulation applies to "any person who is an employee, agent, consultant, officer, or elected official or appointed official of the participating jurisdiction, state recipient, or subrecipient which are receiving HOME funds." (29 C.F.R. Section 92.356(c).) Thus, these regulations could apply to Ms. Huth in her capacity as an elected official of the City. They could also apply to Ms. Huth in her capacity as an employee of Habitat, if Habitat is a subrecipient receiving HOME funds.

The regulation states that no such persons "who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision-making process or gain inside information with respect to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter." (29 C.F.R. Section 92.356(b)).

In her capacity as a member of the Urbana City Council, Ms. Huth could be seen to be "in a position to participate in a decision-making process" with respect to HOME funds or activities. In addition, because of her status as Executive Director of the local Habitat affiliate, one could conclude that she would "obtain a financial interest or benefit from a HOME-assisted activity . . . either for [herself] or those with whom [she has] . . . business ties"

The HOME regulations permit HUD to waive this conflict. The regulations (at subparagraphs (d) and (e)) set forth the threshold requirements and factors to be considered for exceptions or waivers of the conflict. The threshold requirements include:

"(1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

second of those threshold requirements—non-violation of state and local law—that is the purpose of this letter.

STATE & LOCAL LAW

I have reviewed the pertinent provisions of Illinois law that define conflicts of interest as they relate to activities of city council members. In particular, these are 65 ILCS 5/3.1-55-10, and 50 ILCS 105/3(a). In addition, I have reviewed the common law regarding conflicts of interest in Illinois.

In my opinion, Ms. Huth's activities as a member of the City of Urbana City Council, while simultaneously working as the paid Executive Director of the local Habitat affiliate, will not constitute violations of Illinois law, so long as she complies with the disclosure and abstention requirements of Illinois law as set forth at 65 ILCS 5/3.1-55-10(b-5) and 50 ILCS 105/3(b-5).

In order to avoid a conflict of interest under Illinois state and local law, Ms. Huth will need to do the following at votes on items related to Habitat:

1. She must publicly disclose the nature and extent of her interest before or during deliberations concerning that item; and
2. She must abstain from discussing and voting on the item, though the Council shall consider you present for the purposes of establishing a quorum.

I note that these disclosure and abstention requirements under Illinois and local law are more than those required by the federal regulations.

Accordingly, I conclude that the exception requested by Ms. Huth would not violate Illinois state or local law.

Sincerely,



Steve Holz
City Attorney



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The HOME regulations permit HUD to waive this conflict. The regulations (at subparagraphs (d) and (e)) set forth the threshold requirements and factors to be considered for exceptions or waivers of the conflict. The threshold requirements include:

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Sincerely,



Steve Holz
City Attorney



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Illinois State Office
77 W. Jackson Blvd.
Chicago, Illinois 60604-3507

OFFICE OF COMMUNITY PLANNING & DEVELOPMENT

June 30, 2004

Steve Holz, City Attorney
Legal Division, City of Urbana
400 South Vine St.
Urbana, IL 61801

Dear Mr. Holz:

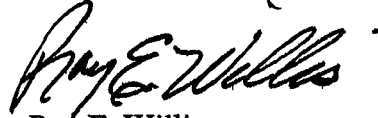
SUBJECT: Request for Exception for Potential
Conflict of Interests
RE: Ms. Laura Huth

This is in response to your request dated April 24, 2004 regarding documentation supporting a request by Ms. Laura Huth for an exception for potential conflict of interests. We solicited assistance from our Legal Department and as a result of their analysis more material is needed before HUD can undertake an appropriate review. The HOME conflict of interest regulation at 24 CFR 92.356 requires that the Participating Jurisdiction, the HOME consortium, provides certain materials which support the PJ's request for an exception. *The PJ is supposed to disclose the nature of the conflict and provide an assurance that there has been public disclosure. The PJ should describe how the disclosure was made. Normally there is discussion at a City Council or County Board meeting. In this case, the PJ has three members, the cities of Champaign and Urbana and Champaign County. Therefore there would need to be three disclosures. These disclosures are documented in the three meetings. The PJ should also provide a rationale for why HUD should grant an exception.*

We would like to point out that this process should have been started, and completed, before Ms. Huth took her position as executive director of Habitat. She is ordinarily prohibited during her tenure and for one year thereafter, so she is currently

Should you have any questions or comments, please contact Community Planning and Development Representative Amy Hudson-Davis, at (312) 353-1696, extension 2726.

Sincerely,

A handwritten signature in black ink, appearing to read "Ray E. Willis". The signature is written in a cursive style with a large initial "R".

Ray E. Willis
Director

CC:

Laura Huth, Urbana City Council Member and
Executive Director Habitat for Humanity



BRUCE K. WALDEN
CHIEF ADMINISTRATIVE OFFICER

(217) 384-2454, Ext. 110
FAX (217) 384-2426
bkwalden@city.urbana.il.us

City of Urbana
400 South Vine Street
Urbana, IL 61801
(217)384-2362
FAX (217)384-2301

August 6, 2004

COPY:
Libby
BOB Grewe
KAREN R.

Mr. Ray E. Willis, Director
U.S. Department of Housing and Urban Development
Illinois State Office
77 West Jackson Boulevard
Chicago, Illinois 60604-3507

RE: Huth Conflict of Interest Waiver

Dear Mr. Willis:

Thank you so much for your time and effort in assisting us in attempting to resolve the Alderperson Huth conflict of interest issue. As a result of our conference call on July 27 between Mr. Holz, Ms. Huth, HUD Attorney Janet Elson, you and me, the City and Ms. Huth have now taken steps to initiate the disclosure and waiver request process.

During the next thirty days, Ms. Huth will be appearing at Home Consortium member agency board meetings and before the Urbana City Council to make the appropriate disclosures and request concurrence on her waiver request to HUD.

We take this matter seriously and will be preparing for Ms. Huth the materials necessary for a waiver request immediately upon conclusion of the disclosure process.

We further understand that HUD will make a determination based upon 24 CFR 92.356 and 570.611, and advise the City and Ms. Huth accordingly upon a review of the waiver request.

I am writing to assure you that we are taking action promptly based upon our understanding as a result of our conference call on July 27.

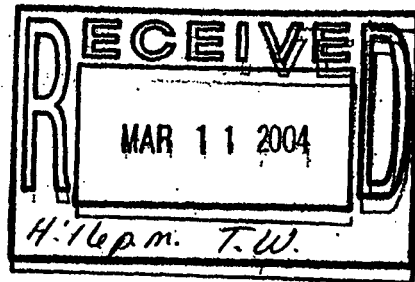


HABITAT FOR HUMANITY
OF CHAMPAIGN & PIATT COUNTIES

Building houses in partnership with God's people in need

11 March 2004

Ms. Libby Tyler, Community Development Director
City of Urbana
400 South Vine
Urbana, Illinois 61801



Dear Libby:

Thank you so much for the opportunity to submit to you applications for funding through the HOME and CDBG programs. Being on the job for only two months now, this application process seemed like a daunting task, but and your staff were very helpful in answering my many questions. Thank you so much for your time and help.

If I have overlooked anything on either of these applications, please do not hesitate to contact me.

Thank you again for the opportunity to access additional funds to further develop Habitat for Humanity's homebuilding projects for low-income families in our community.

Best,

Laura Huth
Executive Director



CITY OF URBANA FY2004-2005 CDBG APPLICATION

Applicant Name	Habitat for Humanity of Champaign and Piatt Counties
Project Title	HFH Homebuilding Projects
Project Type (circle one)	Affordable Housing
CDBG \$ Requested	\$90,000
Application Score (city use only)	

Application Component Checklist

Complete Application	
Project Budget	
Project Schedule	
Fiscal Audit	
Listing Board of Directors	
Original and One (1) Copy	

A. Type of Project and Type of Applicant

- | | |
|---|---|
| <input type="checkbox"/> Infrastructure and Public Facilities | <input type="checkbox"/> Unit of Government |
| <input checked="" type="checkbox"/> Affordable Housing | <input type="checkbox"/> Public Non-Profit Agency |
| <input type="checkbox"/> Economic Development | <input checked="" type="checkbox"/> Private Non-Profit Agency |
| <input type="checkbox"/> Public Service | <input type="checkbox"/> For-Profit Agency |

(All applicants must attach a list of their governing board members.)

Person(s) responsible for preparation of application

Name: Laura Huth
Street: same
City, State, Zip: _____
Phone Number: Same
Fax Number: Same
E-Mail: Same

Person(s) responsible for proposed activity

Name: same
Street: _____
City, State, Zip: _____
Phone Number: _____
Fax Number: _____
E-Mail: _____

B. Activity to be funded:

B1. Fully described the activity for which you are requesting funds (additional sheets may be attached if needed):

Over a two-year project time period, Habitat for Humanity of Champaign and Piatt Counties (HFHCPC) proposes to acquire 6 sites in and near Urbana on which to build 6 homes for area low-income families. After completion, the homes will be sold to 6 different area families in the 25-50% AMI range at zero-interest loans. If Habitat is unable to secure all 6 sites in and around Urbana, Champaign-based sites may be investigated.

B2. Which one(s) of the needs and strategies as identified in the Five-Year Strategic Plan of the City of Urbana and Urbana HOME Consortium Consolidated Plan for Program Years 2000-2004 does this project address?

Habitat's plan to build 6 homes for low-income families in Urbana addresses:

Strategy 1C: *Promote new construction efforts providing affordable housing opportunities for low- and moderate-income households. Encourage local lending in greater partnership with non-profits and CHDO's to finance affordable housing.*

Strategy 5C: *Promote renovation of single-family owner-occupied units for very low-income households and improve the ability of Habitat for Humanity and other non-profits to produce affordable housing in Urbana.*

Lots in Urbana are becoming more and more difficult to acquire through the city free of charge. There are more and more agencies vying for fewer and fewer lots. Currently, HFHCPC has 7 lots available for construction in Champaign, but no remaining lots in Urbana. A handful of homeowners on the waiting list are current Urbana residents wishing to stay in Urbana, and a couple are wishing to move back to Urbana. Having lots available in both cities offers residents more choice and helps Habitat remain responsive to needs such as children enrolled in certain school districts and work locations. All Habitat homes are built using money raised from the local community. We are seeking funds only to acquire sites. The construction of the actual house will be financed using privately raised monies from individuals, places of worship, and businesses. We are also seeking HOME funds as well.

B4. Maximum time anticipated to complete activity:

Beginning Date: July 2004 _____

Ending Date: July 2006 _____

Duration: Two years _____

B5. Steps or phases necessary to complete activity (engineering/design, advertising, bidding, contract award, construction, etc.: bar charts, graphs or narratives may be used).

Site identification and purchase. Please see attached timeline.

B6. Quantify your anticipated accomplishments (e.g. 2,000 feet of storm sewer, 80 clients trained, 3000 meals served, etc.)

By the end of the first project year (July 2004-July 2005), Habitat will have secured 5 Urbana lots, fully graded and prepped each one. Sites #1, #2, #3, and #4 will all have full houses built upon them and families moved in. Site #5 will have been already been acquired and prepped by year's end and beginning work on footings and foundation will have started.

By the end of project year two, the remaining Urbana lot will have been secured and prepped, Site #5's house will have been completed, and all work on site #6's house will be undertaken and completed with a family moved in.

C. National Objective Compliance

Explain fully how the proposed project meets the CDBG National Objective of principally benefiting low- and moderate-income persons/households. Provide substantiating documentation supporting your claims (use additional pages if needed).

Habitat for Humanity, through an open application process, helps to house families in need

C2. Percentage of households benefiting from the project that are very low-, low- and/or moderate-income (identify by classification; i.e. very low-, low-, moderate-)

100% of the households will be within 25-50% of Area Median Income. All will be between 31-50% of MFI (* some homeowners may be under 31% MFI, but it is unknown that this time how many of the 6 homeowners may be in this range.)

C3. Number of very low-, low- and/or moderate-income households expected to benefit from implementation of this project (multiple C1 by C2).

Six.

Note: Income benefit must be documented by Census data or income survey forms. The total number of households benefiting should be an actual and reliable neighborhood or client count. You must define your beneficiaries and document how you calculated this figure.

D. National Environmental Policy Act Compliance/Uniform Relocation Act (Housing, Infrastructure and Public Facilities Projects Only)

D1. Please provide a precise and detailed location map and describe the project area.

We will be focusing our site acquisition efforts in the King Park Neighborhood area whenever possible. Other sites may be targeted depending on availability, locational need, etc.

D2. Will the project traverse or impact a floodplain or wetland area? No.

D3. What compensating design features have been implemented to correct any adverse affects relating to construction? Please explain.

Not applicable.

D4. Will project replace an existing structure or involve new construction? Please explain.

All projects will be utilizing new construction.

D5. Will the project substantially increase the present capacity of service to the area? Please explain.

Because Habitat has so little no-cost access to remaining Urbana lots, we are having trouble locating and keeping families in Urbana. By being provided the ability to purchase available

agriculture)? To the best of your knowledge, is there anything of historical or archaeological significance in the area? No.

D8. Will the activity involve an existing structure or involve new construction?

Yes No

If it involves an existing structure, is that structure vacant or occupied?

Vacant Occupied

E. Lead-Based Paint

E1. Has the project been assessed for lead-based paint? Yes No N/A

E2. If the project has not been assessed for LBP, is an assessment planned?

Yes No N/A

E3. If the project contains lead-based paint, how will it be addressed, and who will be responsible for such?

F. Detailed Activity/Project Budget

Source of Funds

CDBG funds requested	\$90,000
Applicant's funds	\$236,460
Other funds (please specify sources)	\$178,250 (HOME)
TOTAL FUNDS	\$504,710

Use of Funds

Budget Line Item	CDBG \$ Amt	Other \$ Amt	Total \$ Amt
Site acquisition	\$90,000		\$90,000
Building costs		\$357,210	\$357,210
Staff support		\$57,500	\$57,500

G. Leverage/Match

The applicant leveraging/match may be provided in the form of materials and/or labor, cash and/or other non-federal funding and must offer a minimum of 25% of the estimated project cost. The minimum percent of leveraging which is pledged for the project must be maintained, regardless of the amount of CDBG/HOME funds awarded.

Source of applicant's leveraging:

Churches and Places of Worship _____	\$165,000 _____
Businesses and Corporations _____	\$55,000 _____
Individual support _____	\$194,710 _____
TOTAL	\$414,710 _____

Calculate leveraging ratio as leverage offered divided by total project cost:
\$504,710 divided by \$414,710 equals 82 %

Note: CDBG funds, including previously awarded CDBG monies cannot be counted as leverage. Applicant's leverage funds must be spent prior to drawing on CDBG funds.

H. PAST Leveraging/Match Performance

All applicants are required to state the amount of funds or in-kind contributions provided by the applicant toward implementation of the last CDBG project funded and/or completed under the City of Urbana's program. Explain at the bottom of this page how your funds were expended (i.e. staff administration, engineering, construction, etc.)

Not applicable – never before applied.

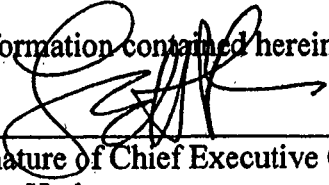
Provide budget for the last project funded through CDBG

Your funds \$ _____
Other funds \$ _____ (list sources)
CDBG funds \$ _____
Total \$ _____

Calculate leveraging ratio as leverage offered divided by total project cost.

I. Authorization and Signature Sheet

Submission of this application and the information contained herein is authorized by:



Signature of Chief Executive Officer

Laura Huth

Name

Executive Director

Title

Habitat for Humanity of Champaign & Piatt Counties

Agency/Organization

11 March 2004

Date

21. Please complete the following budget summary or provide a budget that provides at a minimum, this same level of project detail. Submitted budgets should include information indicating if additional funds are secured or requested.

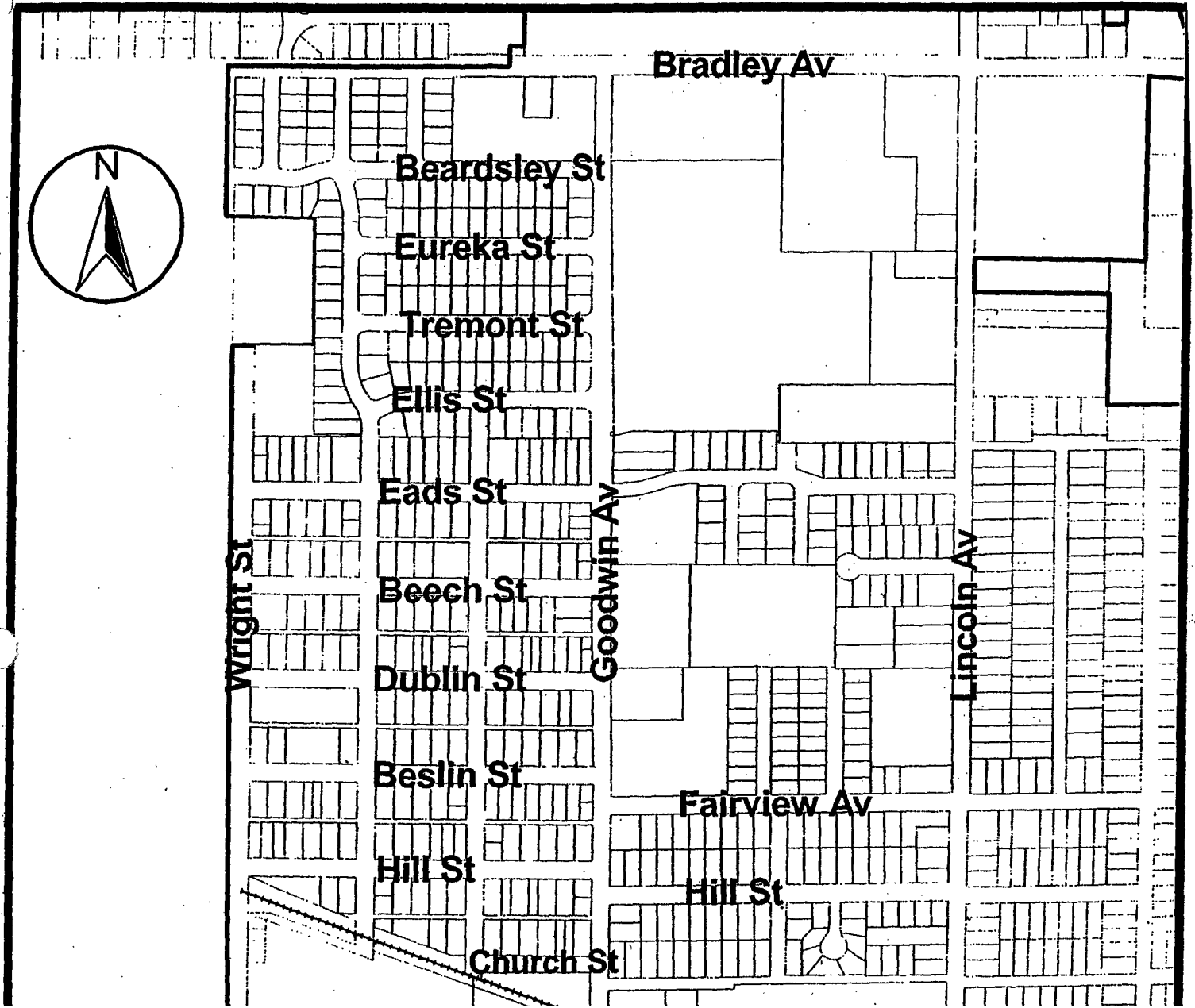
Capital Project Budget Summary

Budget Category	Proposed Costs	HOME Funds	Other Funds	Secured or Requested
Project Pre-Development				
• Wages/Salaries	\$34,500		\$34,500	
• Fringe Benefits	\$8,625		\$8,625	
• Materials	\$250	\$250		
• Other Costs (permits, demos)	\$10,000	\$10,000		
• Survey, site improvement	\$10,000	\$10,000		
Land/Property Acquisition	\$90,000	\$90,000		
Design				
• Consulting Fees				
• Materials				
• Other Costs				
•				
Final Development				
• Wages/Salaries	\$11,500		\$11,500	
• Fringe Benefits	\$2,875		\$2,875	
• Materials				
• Soft Costs				
• Development Fees				
• Other Costs (Substructure/concrete)	\$36,000	\$36,000		
Construction				
• Electrical	\$20,000		\$20,000	
• Plumbing	\$30,000		\$30,000	
• Heating	\$20,000		\$20,000	
• Interior Rehab (Finish)	\$57,000		\$57,000	
• Exterior Rehab	\$24,000		\$24,000	
• Grounds	\$6,000	\$6,000		
• Improvements	\$8,000	\$8,000		
• Framing	\$117,960		\$117,960	
• Rough-In				

Proposed Timeline for Habitat Urbana Homebuilding Projects from July 2004-July 2006

Acquire Site 1	~XXX~				
Site 1 - Clear and prep site (clear brush and grade)	XXX				
Site 1 - Footings and foundation work	XXX				
Site 1 - Build house	XXX				
Site 1 - Finish with porches and patios and landscape	XXX				
Acquire Site 2	~XXX~				
Site 2 - Clear and prep site (clear brush and grade)	XXX				
Site 2 - Footings and foundation work	XXX				
Site 2 - Build house	XXX				
Site 2 - Finish with porches and patios and landscape	XXX				
Acquire Site 3	~XXX~				
Site 3 - Clear and prep site (clear brush and grade)	XXX				
Site 3 - Footings and foundation work	XXX				
Site 3 - Build house	XXX				
Site 3 - Finish with porches and patios and landscape	XXX				
Acquire Site 4	~XXX~				
Site 4 - Clear and prep site (clear brush and grade)	XXX				
Site 4 - Footings and foundation work	XXX				
Site 4 - Build house	XXX				
Site 4 - Finish with porches and patios and landscape	XXX				
Acquire Site 5	~XXX~				
Site 5 - Clear and prep site (clear brush and grade)	XXX				
Site 5 - Footings and foundation work	XXX				
Site 5 - Build house	X	XX			
Site 5 - Finish with porches and patios and landscape	XXX				
Acquire Site 6	~XXX~				
Site 6 - Clear and prep site (clear brush and grade)	XXX				
Site 6 - Footings and foundation work	XXX				
Site 6 - Build house	XXX				
Site 6 - Finish with porches and patios and landscape	XXX				

King Park Neighborhood Area



URBANA HOME CONSORTIUM



400 South Vine Street
 Urbana, IL 61801
 (217) 384-2447
 bpgrewe@city.urbana.il.us
 http://city.urbana.il.us

City of Urbana City of Champaign Champaign County

City of Urbana and Urbana HOME Consortium FY2004-2005 HOME Funding Application

Applicant Name	Habitat for Humanity of Champaign and Piatt Counties
Project Title	HFH Homebuilding Projects
HOME Dollars Requested	\$178,250 (Year 1: \$148,250; Year 2: \$30,000)
Application Score (city use only)	

Application Component Checklist

Complete Application	
Project Budget	
Project Schedule	
Applicant's Last Fiscal Audit	
Listing of Board of Directors	
Last Board Minutes	
Board Resolution Approving Application	
LBP Assessment Report (if applicable)	
Original Application and One (1) Copy	

A. Type of Project

(check one)

- Rental Housing
 Homeownership

Type of Applicant

(check one)

- Unit of Government
 Public Non-Profit

Applicant

Name of Organization	Habitat for Humanity of Champaign and Piatt Counties
Street Address	40 E. University Avenue
City, State, Zip	Champaign, IL 61820
Telephone Number	217-355-6460
Fax Number	217-363-3373
E-Mail Address	Hfhhuth@soltec.net
Federal ID Number	37-1277094

Person(s) Responsible for Application Preparation

Name	Laura Huth
Street Address	Same
City, State, Zip	Same
Telephone Number	Same
Fax Number	Same
E-Mail Address	Same

Person(s) Responsible for Proposed Activity

Name	same
Street Address	
City, State, Zip	
Telephone Number	
Fax Number	
E-Mail Address	

B. Activity to be Funded

1. Fully describe the activity for which you are requesting funds (attach additional sheets if necessary):

Over a two-year project time period, Habitat for Humanity of Champaign and Piatt Counties (HFHCPC) proposes to acquire 6 sites in and near Urbana on which to build 6 homes for area low-income families. Funds will be used for lot

2. Which of the needs and strategies as identified in the Five-year Strategic Plan of the City of Urbana and Urbana HOME Consortium Consolidated Plan for Program Years 2000-2004 and/or the City of Champaign Consolidated Plan for Program Years 2000-2004 does this project address?

Habitat's plan to build 6 homes for low-income families in Urbana addresses:

Strategy 1C: Promote new construction efforts providing affordable housing opportunities for low- and moderate-income households. Encourage local lending in greater partnership with non-profits and CHDO's to finance affordable housing.

Strategy 5C: Promote renovation of single-family owner-occupied units for very low-income households and improve the ability of Habitat for Humanity and other non-profits to produce affordable housing in Urbana.

Strategy 6C: Promote expansion of homeownership among Urbana residents.

Encourage increased building capacity at the neighborhood level thorough greater partnership building between lenders and community housing groups.

Strategy 7C: Acquire and clear deteriorated housing and vacant lots for donation to non-profit home construction programs, particularly in the King Park Neighborhood.

Strategy 9C: Encourage counseling and educational opportunities and resources that teach homeownership maintenance skills.

3. Explain how the proposed activity will address the need and strategy identified above? **The sites that Habitat proposes to acquire will be focused on the King Park Neighborhood and surrounding area, and will include not only currently vacant lots, but may also target those lots with sub-standard and deteriorated housing not currently occupied. All new construction going up on these lots will be targeted for sale with no interest loans to families in the community – particularly those currently in Urbana making 25-50% of Area Median Income and wishing to remain. All Habitat homeowners are required to attend courses and obtain counseling on homeownership and credit/debt management prior to moving into their new homes. Additionally, 250-500 hours of sweat equity is also required of families prior to moving into their homes. Finally, the city, by funding and joining with Habitat for Humanity to acquire lots and ready them for construction directly addresses the second half of Strategy 5C.**

flexibility into our lot acquisition program to allow us to purchase available lots in target areas, even if they are not currently city-owned lots. Currently, HFHCPC has 7 lots available for construction in Champaign, but no remaining lots in Urbana. A handful of homeowners on the waiting list are current Urbana residents wishing to stay in Urbana, and a couple are wishing to move back to Urbana. Having lots available in both cities offers residents more choice and helps Habitat remain responsive to needs such as children enrolled in certain school districts and work locations. All Habitat homes are built using money raised from the local community. We are seeking funds only to acquire sites, prepare the lots for building, laying foundations on which to construct homes, and finally, landscaping and adding porches. The construction of the actual house will be financed using privately raised monies from individuals, places of worship, and businesses. For a detailed budget of the project, please see question #21.

5. Please indicate if your activity be funded with a grant over multiple years, or would the entire amount be needed in the first year? If multiple, years, how many?

XX ___ Multi-Year

___ One-Year

2 ___ Number of Years

6. What is the maximum time anticipated to complete the activity?

Beginning Date: July 2004 _____

Ending Date: July 2006 _____

Duration: Two years _____

7. Please describe the effect on the proposed activity if HOME funding is not awarded during this fiscal period?

Continued fundraising efforts will likely allow some homes to be built, however this will most likely then end up occurring only in Champaign, where current lots exist. With a backlog of homeowners and no lots in Urbana, responsiveness to homeowners will decrease, and could cause a disruption in schooling for

9. What steps or phases are necessary to complete the activity? Attach a separate schedule.

Site acquisition, clearing and prepping the lot, putting in footings and foundations, constructing the houses, and finishing with porches, patios, and landscaping. Please see attached timeline.

10. Quantify your anticipated accomplishments (e.g. number of affordable housing units provided in each city, etc.)

By the end of the first project year (July 2004-July 2005), Habitat will have secured 5 Urbana lots, fully graded and prepped each one. Sites #1, #2, #3, and #4 will all have full houses built upon them and families moved in. Site #5 will have been already been acquired and prepped by year's end and beginning work on footings and foundation will have started. By the end of project year two, the remaining Urbana lot will have been secured and prepped, Site #5's house will have been completed, and all work on site #6's house will be undertaken and completed with a family moved in.

11. What are the number of households per income range that will benefit from implementation of this activity? What will be the total number of residents in each community that will benefit from this activity? The current income guidelines are attached.

<u>3*</u>	0-30% MFI	6	Urbana residents
<u>3*</u>	31-50% MFI		Champaign residents
	51-80% MFI		Unincorporated County residents

** it is difficult to tell ahead of time who will apply for Habitat's programs and how many of each will fall into each income category. Based on past performance, we think these numbers are reasonable. (the range Habitat accepts is 25-50% AMI, but it is unknown that this time how many of the 6 homeowners may be in each above-listed range).*

12. Will your project target a special needs population? XX Yes No

All Habitat homes are built to be visitable, and Habitat absolutely does not discriminate in the homeowners selection process against any family members with disabilities. In fact, one currently chosen homeowner who is up for having her house built has a child with special needs. Because this child is currently

13. Please provide a precise and detailed location map and describe the project area.
We will be focusing our site acquisition efforts in the King Park Neighborhood area whenever possible. Other sites may be targeted depending on availability, locational need, etc.

14. Will the project traverse or impact a floodplain or wetland area?
 Yes No

15. What compensating design features have been implemented to correct any adverse affects relating to construction? Please explain.
Not applicable.

16. Will the activity replace an existing structure or involve new construction?
 Existing Structure New Construction

If it involves an existing structure, is the structure vacant or occupied?

Vacant Occupied Unknown

18. Will it be necessary to obtain temporary or permanent easements? If yes, please explain plans to acquire easements?
Not likely.

19. Will the activity disturb land previously not disturbed (except for agriculture)? To the best of your knowledge, is there anything of historical or archaeological significance in the area?
No.

20. Has the project been assessed for lead-based paint? Yes N/A No

21. Please complete the following budget summary or provide a budget that provides at a minimum, this same level of project detail. Submitted budgets should include information indicating if additional funds are secured or requested.

Capital Project Budget Summary

Budget Category	Proposed Costs	HOME Funds	Other Funds	Secured or Requested
Project Pre-Development				
• Wages/Salaries	\$34,500		\$34,500	
• Fringe Benefits	\$8,625		\$8,625	
• Materials	\$250	\$250		
• Other Costs (permits, demos)	\$10,000	\$10,000		
• Survey, site improvement	\$10,000	\$10,000		
Land/Property Acquisition	\$90,000	\$90,000		
Design				
• Consulting Fees				
• Materials				
• Other Costs				
•				
Final Development				
• Wages/Salaries	\$11,500		\$11,500	
• Fringe Benefits	\$2,875		\$2,875	
• Materials				
• Soft Costs				
• Development Fees				
• Other Costs (Substructure/concrete)	\$36,000	\$36,000		
Construction				
• Electrical	\$20,000		\$20,000	
• Plumbing	\$30,000		\$30,000	
• Heating	\$20,000		\$20,000	
• Interior Rehab (Finish)	\$57,000		\$57,000	
• Exterior Rehab	\$24,000		\$24,000	
• Grounds	\$6,000	\$6,000		
• Improvements	\$8,000	\$8,000		
• Framing	\$117,960		\$117,960	
•				

If you are applying for CHDO Operating Funds, please complete the following chart or submit operating budget for the proposed fiscal year.

CHDO Operating Budget

N/A

22. All applicants must submit a copy of their most recent audit report with this application. Provide the date of the most recent audit?

June 30, 2003

23. If applying for CHDO Set Aside Funds, the CHDO applicant must offer a minimum of 25% of the estimated project cost from other funding sources. The match must be structured and expended to be consistent with HUD Guidance in CPD Notice 97-03. Please list other funding that will be used in the activity and whether it has been awarded or not.

N/A

24. Please list all projects the applicant has administered (regardless of whether they were funded with HOME funds) in the last three (3) years, indicating which projects are completed and which projects are underway.

Project	Funding Source	Status
34 Champaign and Piatt county homebuilds	Private sector, individual donations	All complete

25. How will local residents be made aware of the program?

Lots of publicity through newsletters and media. Informational packets are also sent out to people who are referred to us (attached).

The HFHCPC Family Selection and Support Committee coordinates the selection of Habitat homeowners. We hold four orientation sessions for families who are interested in applying for a Habitat home. Through flyers and individual mailings, families are notified regarding the sessions. The Family Committee reviews applications, credit checks, letters of recommendation, verification of work, makes home visits, etc. Based on these reviews, the Family Committee recommends home candidates to the affiliate's Board of Directors. The Directors make the final decision.

27. For rental projects, who will be providing the on-going management of the project to insure compliance with the HOME regulations throughout the affordability period?

N/A

28. How is the Board of Directors involved in the operation of the agency? How often does the Board meet? How does the Board monitor and provide oversight for the agency's programs? Attach the minutes of the most recent Board meeting. Also attach a copy of the Board resolution approving the submittal of this application for funding.

Most of Habitat's work is done through a series of committees and each board member participates in one – usually more – committee. The board meets once per month. Through detailed reporting from committees and the director, and through policy setting and monitoring, the board maintains oversight of Habitat's homebuilding programs. February's board meeting minutes have been attached, as has a resolution supporting this application.

29. Does the organization receive operating funds from other sources? Yes No

If yes, how much annually and from what other sources? Provide documentation.

Funding Source	Amount
Churches	25% of total annual funding
Individuals	25% of total annual funding
Businesses, corporations	47% of total annual funding

Also, please see attached supporting documentation.

30. Does the organization operate any other programs other than the proposed HOME activity? Yes No

If yes, what are the program(s) and their funding source(s)? Provide documentation.

Programs	Funding Source

31. If applying for CHDO Operating Funds, how will the funds increase the organization's capacity to provide affordable housing? Please explain.

N/A

32. How many staff members does the organization employ? How many are full-time or part-time? Please list the name of each staff member, and their specific responsibilities related to housing programs. How many years experience in housing does each staff member have?

Name	Program Area	Years Experience	Full or Part Time
Laura Huth	Executive Director	10.	FT
Sue Leskis	Assistant Director	1	FT

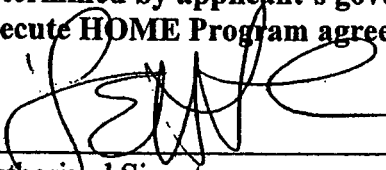
C. Applicant Certification and Commitment of Responsibility

As the official designated by the governing body, I hereby certify that if approved by the Urbana HOME Consortium, the City of Urbana, the City of Champaign, or Champaign County for a HOME funding allocation, Habitat for Humanity of Champaign and Piatt Counties assumes the responsibilities specified in the HOME regulations and certifies that:

- A. It possesses the legal authority to apply for the allocation and to execute the proposed activity;
- B. It has resolved any audit findings for the prior fiscal year to the satisfaction of the Urbana HOME Consortium, the City of Urbana, the City of Champaign, Champaign County or any other federal agency by which the finding was made;
- C. It is not currently suspended or debarred from receiving federal funds;
- D. Before committing funds to a project, it will evaluate the project in accordance with the guidelines it adopts for the purpose and will not invest any more HOME funds in combination with other governmental assistance than is necessary to provide affordable housing;
- E. If a CHDO, its board composition complies with and will continue to comply with the requirements for CHDOs in the definition contained in 24 CFR Section 92.2;
- F. It will comply with all statutes and regulations governing the HOME program;
- G. The information, statements and attachments contained in support of this application is given for the purpose of obtaining financial assistance from the Urbana HOME Consortium, the City of Urbana, the City of Champaign, and Champaign County is true and correct to the best of my knowledge and belief. Representations made in the application will be the basis of the written HOME agreement if funding is awarded. All information contained in this application is acknowledged to be public information;
- H. The applicant understands and agrees that if false information provided in this application has the effect of increasing the applicant's competitive advantage, the Urbana HOME

- J. The applicant shall not, in the provision of services, or in any other manner discriminate against any person on the basis of race, religion, sex, national origin, familial status, or handicap.
- K. The applicant agrees that verification of any of the information contained in this application may be obtained from any source named herein.
- L. The applicant will at all times indemnify and hold the Urbana HOME Consortium, the City of Urbana, the City of Champaign and Champaign County harmless against all losses, costs, damages, expenses, and liabilities of any nature directly or indirectly resulting from, arising out of or relating to the Urbana HOME Consortium, the City of Urbana, the City of Champaign and Champaign County's acceptance, consideration, approval, or disapproval of this request and the issuance or non-issuance of HOME funds herewith.

This certification must be signed by the individual authorized to submit the application as determined by applicant's governing board of directors and who will be authorized to execute HOME Program agreements.



Authorized Signature

LAURA HUTH

Print Name

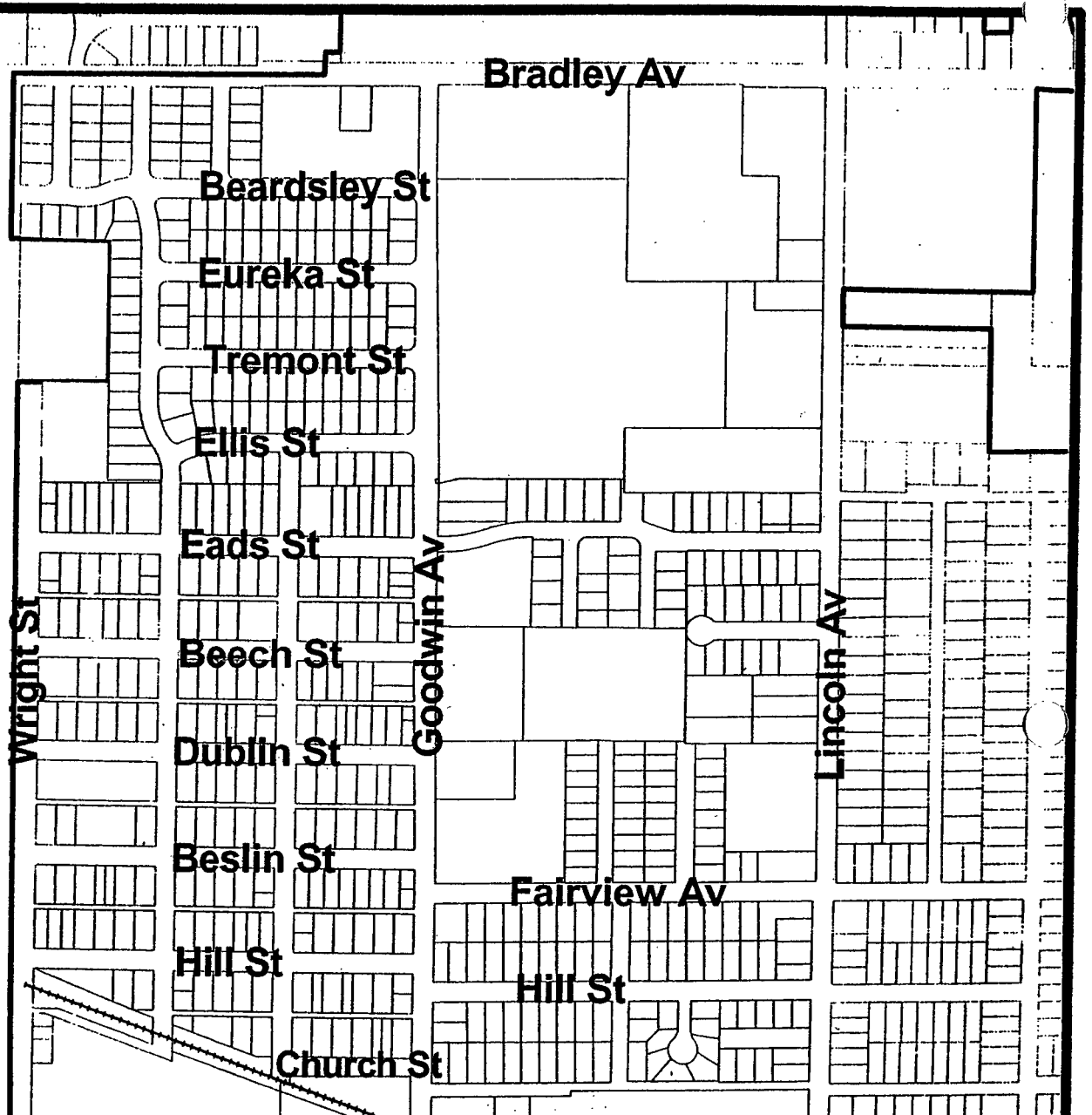
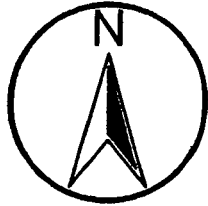
Executive Director

Title

3/11/04

Date

King Park Neighborhood Area



Proposed Timeline for Habitat Urbana Homebuilding Projects from July 2004-July 2006

Acquire Site 1		~XXX~					
Site 1 - Clear and prep site (clear brush and grade)		XXX					
Site 1 - Footings and foundation work		XXX					
Site 1 - Build house		XXX					
Site 1 - Finish with porches and patios and landscape		XXX					
Acquire Site 2		~XXX~					
Site 2 - Clear and prep site (clear brush and grade)		XXX					
Site 2 - Footings and foundation work			XXX				
Site 2 - Build house			XXX				
Site 2 - Finish with porches and patios and landscape			XXX				
Acquire Site 3		~XXX~					
Site 3 - Clear and prep site (clear brush and grade)		XXX					
Site 3 - Footings and foundation work			XXX				
Site 3 - Build house			XXX				
Site 3 - Finish with porches and patios and landscape			XXX				
Acquire Site 4		~XXX~					
Site 4 - Clear and prep site (clear brush and grade)		XXX					
Site 4 - Footings and foundation work			XXX				
Site 4 - Build house			XXX				
Site 4 - Finish with porches and patios and landscape			XXX				
Acquire Site 5		~XXX~					
Site 5 - Clear and prep site (clear brush and grade)		XXX					
Site 5 - Footings and foundation work		XXX					
Site 5 - Build house			X		XX		
Site 5 - Finish with porches and patios and landscape					XXX		
Acquire Site 6		~XXX~					
Site 6 - Clear and prep site (clear brush and grade)						XXX	
Site 6 - Footings and foundation work						XXX	
Site 6 - Build house						XXX	
Site 6 - Finish with porches and patios and landscape						XXX	

Habitat for Humanity of Champaign and Platt Counties

CORE LIST

February 2003

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Dan Finnerty – Wed. PM & Fri. PM
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HABITAT FOR HUMANITY
OF CHAMPAIGN & PIATT COUNTIES
Building houses in partnership with God's people in need

GRANT RESOLUTION REQUEST

By unanimous approval, the executive committee of Habitat for Humanity of Champaign & Piatt counties passed a resolution on March 10th, 2004 in support of submitting grants through the City of Urbana for HOME & CDBG funds.

The Executive Director of Habitat for Humanity of Champaign & Piatt counties has authorization to submit these grant proposals following Habitat's guiding principles in order to secure funds for lot acquisition and all the necessary costs involved with the site and structure on the lot.

Bob Kary

Board President
Habitat for Humanity of Champaign & Piatt counties

**HABITAT FOR HUMANITY
OF CHAMPAIGN AND PIATT COUNTIES
Board Meeting February 5, 2004**

Members present: Bailey, Chamberlain, Craddock, Deering, Hanlon, Jeffers, Krusa, Lyman, Mischo, Morgan, Nevling, Peebles, Rempe, Schweinberg, Tredway.

Members Excused: Becker, Kary, Porter.

Resignation: Ed Jester, for health reasons. A new member from Piatt County to be proposed.

Staff: Laura Huth, Executive Director.

1. Welcome - by Al Griggs, who was substituting for Bob Kary.

2. - Reflection Gene Morgan read Footprints of Jesus.

We should walk as Jesus walked. Heirs of the same inheritance. We should have the ethic of service. Love and service.

3. Approval of minutes - Ron Lyman moved for approval, Gene Morgan seconded. The Board approved.

Craig Chamberlain gave a tribute to Al Griggs for his work on the Board over the past six years.

Executive Director's report - Laura Huth discussed a golf outing fundraiser - Pia's sports bar and grill sponsors one. Hooters does also. She was told that from \$5,000- 10,000 could be expected.. No other charities would be participants, and it would be an annual event. Habitat will not have to do any work. Our logo will go on their score sheets. St. Jude's Hospital in Peoria has had no negative feedback.

There was some discussion of this tournament. If any board member has problems with this, talk to Bob Kary.

New configuration of fundraising/partnership/events committee as laid out in the Executive Director's memorandum. It is proposed that an over-arching Fundraising Committee be formed which will have four subcommittees: namely, Corporate Partnerships, Faith-based Partnerships, Individual Donors, and Special Events. Each of these subcommittees would be a part of the effort toward fundraising. Motion to accept the new Committee was made by Craig Chamberlain, seconded by Ron Lyman. Board approved.

Bergner's Community Days coupons were passed around.

Re donations - rich people don't donate. Most important aspect is contacts. First the named families will receive a newsletter. They will then be invited to an open house, and later will be asked for a donation. People will not know who gave Habitat their name.

Craig asked Laura to tell how this will work. Newsletters, open house, and an annual appeal. Some board members voiced opposition to soliciting personally.

Laura Huth remarked that there is a need to nurture relationships. Newsletters and open house will soften up the potential donors.

Affordable Housing Fair - March 6th. A sign-up sheet for volunteers was circulated.

Student Chapter conference will be February 7. This event is explained on the Habitat website.

Strategic Planning date will be re-scheduled. It was Feb. 28th.

Laura attended a United Way dinner. There was no mention of Habitat at the dinner. But a poster was finally done. Barbara Bailey said that she thinks only individuals naming Habitat will result in money. Al Griggs said that we only get what people write in. On campus Habitat is listed on the United Way information.

Phyllis Mischo mentioned that we can ask for volunteers on the United Way website. Laura Huth asked for volunteers to research United Way. A number of Board members signed up.

7b. Building Committee: Chip Craddock says that Building Committee will try to standardize the homes. The Committee

is trying to finalize plans for 3 or 4 bedroom houses. Plans have never been ready when Habitat was ready to build. Working with Family Committee will help to be ready with the plans when the build is to begin. Need to know size of family, size of lot.

Lots - Committee is working with Paul Clinebell. Has good rapport with Champaign and Urbana city governments. Habitat can't stockpile lots. We must build on them.

Dave Rempe stated that committees must cooperate.

5c. Family Committee: Barbara Bailey stated that four families are waiting for homes. No orientation meeting is to be held this year, or until these four families are housed.

Support for families - Families took part in a conference about home ownership. Financial education and taking advantage of programs which can help them to purchase were covered.. Further programs will occur.

Two families were severely delinquent. One may be a success. \$1400 in back payment. System for them to make payments on time has been devised and presented.

The second homeowner has been in the home 10 years. Quite far behind in payments. This homeowner has been given 60 days to pay everything. She has signed a note, and if she does not pay up, we will foreclose. Have spelled out all the possibilities, now will have to see what she does.

5d. Partnership Committee: R. Lyman - The Partnership Committee met on January 26, 2004. Possible partners for 2004 were discussed. These include Horizon Hobby, First Federal Bank, Lutheran Churches, St. Matthews Catholic Church, the Thrivent Lutheran Foundation, the Catholic Churches, Baptist churches, Flatville Lutheran Men's group. Various members of this committee were assigned to make a contact with one of these groups before the next Committee meeting.

Horizon Hobby wants to build, probably in late summer or early fall. Rick Stevens wants his staff involved but the company is too busy at this time

5e. Student Chapter - summit meeting Feb. 7. 75 people from midwest chapters are registered.

The students want to get procedures and policies set with Board. They want to build in Fall 2004. Want to get six frats and sororities working with them. Their fundraising efforts include an a capella concert in February, a talent show in March, Mom's Day 5K race in April. Things are going well.

Craig Chamberlain commented that planning for the student build house needs to be done before school is out.

5f. Bill Tredway - biking and hiking people. Ray Spooner and a companion will bike from Billings, MT to St. Louis. 1987 miles. 150 miles per day. Starting May 8 - 22nd. Habitat will share a part of \$6,000, depending on pledges. There will be a Welcome Home party for the duo in Scott Park on May 22nd.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Janet Nevling, Secretary

**Habitat for Humanity of Champaign & Piatt Counties
Fiscal Year 07/01/02-06/30/03**

Income

Dollars & In-Kind **\$322,823.03**

Categories:

Businesses	\$ 64,279.29
Churches	99,935.02
Grants/United Way/Student Chapter	98,803.11
Individuals	59,805.61

Totals **\$322,823.03**



Habitat for Humanity International

Building houses in partnership with God's people in

April 16, 2003

Habitat for Humanity of Champaign and Piatt Counties
PO Box 1162
Champaign, IL 61824

Dear Habitat for Humanity of Champaign and Piatt Counties,

This letter will confirm that Habitat for Humanity of Champaign County has changed its name to Habitat for Humanity of Champaign and Piatt Counties and remains on the roster of exempt subordinates included in the group exemption letter of Habitat for Humanity International, Inc. ("HFHI") under section 501(c)(3) of the Internal Revenue Code, as was initially effective on December 1, 1991.

This change of name has been approved by HFHI and will be made to our records at HFHI. This letter should be retained as a part of your affiliate's permanent records.

The group exemption number assigned to HFHI by the IRS is **8545**. This number may be provided to prospective donors, foundations, and other grant organizations as they request it and is required on certain IRS forms.

In Christian Partnership,

Ted Swisher
Vice President, US Affiliates

TS/tw



HABITAT FOR HUMANITY
OF CHAMPAIGN & PIATT COUNTIES

Building houses in partnership with God's people in need

Dear

Thank you for contacting Habitat for Humanity. We are a non-profit organization that builds homes in partnership with families and individuals who are in need of adequate housing. Volunteers, using donated funds and materials, build Habitat homes. The houses are then sold to the partner families on a 20-year, interest-free mortgage, at no profit to Habitat for Humanity.

Habitat for Humanity of Champaign & Piatt Counties builds approximately 5-7 houses per year. The actual building process usually takes 4-9 months. Planning and organizing to build the home can take an additional 6 months.

Partner families are selected on the basis of their need for housing, their ability to pay the mortgage, and their willingness to work a set number of hours towards the completion of their home or on other Habitat projects. We will keep your name, address, and phone number on file, and will contact you by mail when we begin the next selection process. Family selection usually happens once a year, in January or February, and this is the only time you can get an application for a Habitat home. **It may take a few weeks to several months before we contact you for the next selection session, so PLEASE notify us of any changes in your address or phone number.** This makes it much easier for us to keep in touch to let you know where we are in the selection process. **Please note this packet is NOT an application.**

One suggestion we have to help you qualify for a Habitat home is to begin taking steps to reduce your debt, if you have any. Our partner families can have only 41% or less of their monthly income going towards debt payments (this includes your mortgage payment). Lincoln Land Credit Counseling (239-4360) and Consumer Credit Counseling Service (398-2227), both in Champaign, provide free credit counseling services and debt management programs for anyone in need. They can also assist in developing a budget to help you determine your current ability to purchase a home. Please call either of these

Habitat for Humanity of Champaign & Platt Counties (HHPCPC)
Eligibility Criteria

Thank you for your interest in HHPCPC. This document is designed to help you understand the criteria we use for selecting families for a home. This is not an application. In order to qualify for a Habitat home, the following 3 criteria must be met:

1. Need for adequate shelter
2. Ability to pay for a Habitat home
3. Willingness to partner with Habitat for Humanity

Please review the following details regarding the eligibility criteria. If you have any questions, please call us at (217) 355-6460. We would be happy to answer any questions you may have.

Words in bold print are defined in a glossary of terms at the end of this letter.

Details and Explanations of Eligibility Criteria

1. Need for adequate shelter

We give priority to those whose current living situation is substandard. One or more of the following defines Substandard:

- Problems with the heating system, electricity, plumbing, kitchen, bathrooms, structure, room, windows, etc.
- An inadequate number of bedrooms as determined by the number ages, and sex of household members
- *Monthly rent payment* requires more than 1/3 of the family's gross monthly income.

2. Ability to pay for a Habitat home

Habitat is a home ownership program. Applicants must have a stable source of income with which to purchase their new home. Applicants must show an ability to pay for their home.

Habitat for Humanity targets applicants making 25-50 percent of the median income of the county. Please see the attached median income guideline to see if you fall in our income range for eligibility.

- The applicant must have a manageable debt load. The total mortgage payment, maintenance fund, taxes, insurance, and all long term debt should be no more than 41% of the total (gross) income. The HHPCPC Board of Directors may make exceptions to this limitation in extraordinary situations. A worksheet is included by which you can calculate this number.
- The family or individual must have a satisfactory credit history and references. Proof of ability to pay off all bad debts and financial judgments must be demonstrated. All financial judgments must be cleared prior to closing. Payments on bad debts must begin the month after signing the letter of acceptance with HHPCPC. Applicants who have

PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON	
Mercer County FY 2004 MFI: 53100	30% OF MEDIAN VERY LOW INCOME LOW-INCOME	11150 18600 29750	12750 21250 34000	14350 23900 38250	15950 26550 42500	17200 28650 45900	18500 30800 49300	19750 32900 52700	21050 35050 56050
Montgomery County FY 2004 MFI: 46900	30% OF MEDIAN VERY LOW INCOME LOW-INCOME	10250 17100 27350	11700 19500 31250	13200 21950 35150	14650 24400 39050	15800 26350 42150	17000 28300 45300	18150 30250 48400	19300 32200 51550
Morgan County FY 2004 MFI: 52500	30% OF MEDIAN VERY LOW INCOME LOW-INCOME	11150 18600 29800	12750 21300 34050	14350 23950 38300	15950 26600 42550	17250 28750 45950	18500 30850 49350	19800 33000 52750	21050 35100 56200
Moultrie County FY 2004 MFI: 52300	30% OF MEDIAN VERY LOW INCOME LOW-INCOME	11550 19200 30750	13200 21950 35150	14800 24700 39550	16450 27450 43900	17800 29650 47450	19100 31850 50950	20400 34050 54450	21750 36250 57950
Perry County FY 2004 MFI: 48900	30% OF MEDIAN VERY LOW INCOME LOW-INCOME	10250 17100 27400	11750 19550 31300	13200 22000 35200	14650 24450 39100	15850 26400 42250	17000 28350 45400	18200 30300 48500	19350 32250 51650
Platt County FY 2004 MFI: 61800	30% OF MEDIAN VERY LOW INCOME LOW-INCOME	13000 21650 34600	14850 24700 39550	16700 27800 44500	18550 30900 49450	20000 33350 53400	21500 35850 57350	23000 38300 61300	24450 40800 65250
Pike County FY 2004 MFI: 43300	30% OF MEDIAN VERY LOW INCOME LOW-INCOME	10250 17100 27350	11700 19500 31250	13200 21950 35150	14650 24400 39050	15800 26350 42150	17000 28300 45300	18150 30250 48400	19300 32200 51550
Pope County FY 2004 MFI: 40300	30% OF MEDIAN VERY LOW INCOME LOW-INCOME	10250 17100 27350	11700 19500 31250	13200 21950 35150	14650 24400 39050	15800 26350 42150	17000 28300 45300	18150 30250 48400	19300 32200 51550
Pulaski County FY 2004 MFI: 38100	30% OF MEDIAN VERY LOW INCOME LOW-INCOME	10250 17100 27350	11700 19500 31250	13200 21950 35150	14650 24400 39050	15800 26350 42150	17000 28300 45300	18150 30250 48400	19300 32200 51550
Putnam County FY 2004 MFI: 56100	30% OF MEDIAN VERY LOW INCOME LOW-INCOME	11800 19650 31400	13450 22450 35900	15150 25250 40400	16850 28050 44900	18200 30300 48450	19500 32550 52050	20850 34800 55650	22200 37050 59250
Randolph County FY 2004 MFI: 52400	30% OF MEDIAN VERY LOW INCOME LOW-INCOME	11000 18350 29350	12600 20950 33550	14150 23600 37750	15700 26200 41900	17000 28300 45250	18250 30400 48650	19500 32500 52000	20750 34600 55350
Richland County FY 2004 MFI: 45100	30% OF MEDIAN VERY LOW INCOME LOW-INCOME	10250 17100 27350	11700 19500 31250	13200 21950 35150	14650 24400 39050	15800 26350 42150	17000 28300 45300	18150 30250 48400	19300 32200 51550

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HHPC Role: Secretary

Michael O'Bryne

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HHPC Role: Attorney/Habitat

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email: Kpeeples@urbanleague.net
HHPC Role: Board Member/HO

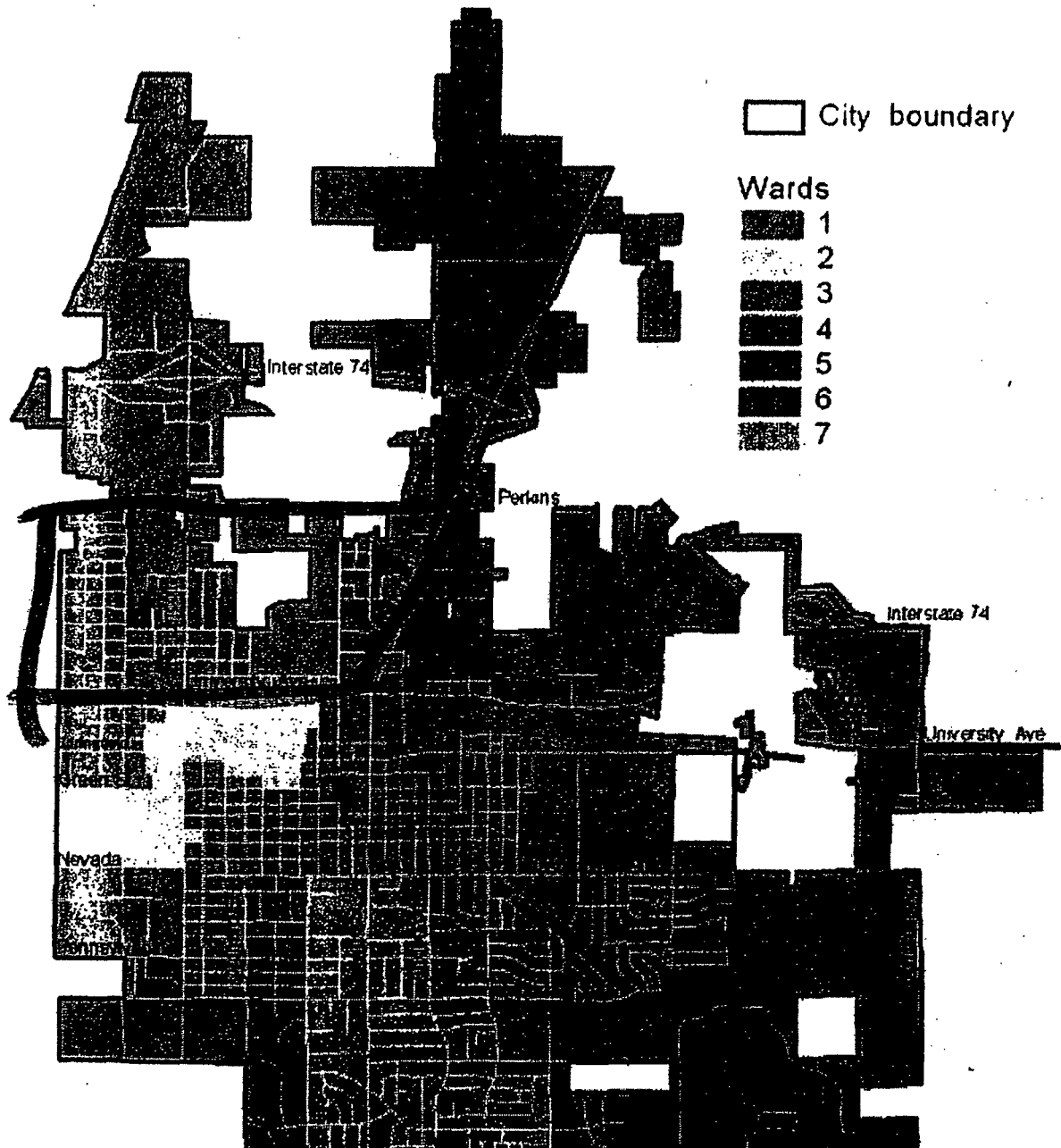
Penny Porter

509 W. John St.
Champaign, IL 61820
Phone: 352.0313 (h)
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HHPC Role: Vice President

Dave Rempe

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Champaign, IL 61820
Phone: 352.1935
email: dmrempe@net66.com
HHPC Role: Board Member

Existing Ward Map



HABITAT FOR HUMANITY OF CHAMPAIGN AND PIATT COUNTIES

Champaign, Illinois

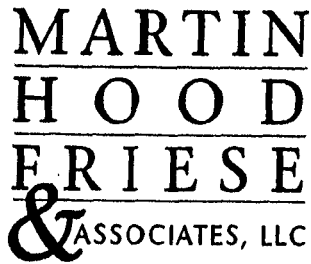
Financial Statements

For the Year Ended

June 30, 2003

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PHONE 217.351.2000
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Habitat for Humanity of Champaign and Piatt Counties
Champaign, Illinois

We have audited the accompanying statement of financial position of Habitat for Humanity of Champaign and Piatt Counties, as of June 30, 2003 and the related statements of activities, functional expenses and cash flows, for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Habitat for Humanity of Champaign and Piatt Counties, as of June 30, 2003 and the changes in its net assets and its cash flows for the year then ended, in

HABITAT FOR HUMANITY OF CHAMPAIGN AND PIATT COUNTIES**Statement of Financial Position**

June 30, 2003

ASSETS**Current Assets**

Cash and Cash Equivalents	\$ 87,168
Grant Receivable	8,080
Mortgages Receivable, Current Portion	20,295
Mortgage Escrow Deposits	<u>51,763</u>
Total Current Assets	167,306

Property

189,603

Equipment, Net

6,046

Mortgages Receivable, Less Current Portion553,225**Total Assets**\$ 916,180**LIABILITIES AND NET ASSETS****Current Liabilities**

Mortgage Escrow Deposits	\$ 51,763
Accrued Expenses	<u>1,393</u>
Total Current Liabilities	<u>53,156</u>

Net Assets

HABITAT FOR HUMANITY OF CHAMPAIGN AND PIATT COUNTIES

Statement of Activities

For the Year Ended June 30, 2003

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
<i>Support:</i>				
Contributions	\$ 19,470	\$ 219,201	\$ -	\$ 238,671
Grant Revenue	-	61,634	-	61,634
Fund Raising, Net of \$2,635 in Direct Expenses	24,735	-	-	24,735
<i>In-Kind Contributions:</i>				
Land and Property	-	47,500	-	47,500
Construction Costs	-	26,457	-	26,457
Rent	17,184	-	-	17,184
Equipment	1,322	-	-	1,322
Total Support	<u>62,711</u>	<u>354,792</u>	<u>-</u>	<u>417,503</u>
<i>Revenue:</i>				
Home Sales	325,058	-	-	325,058
HOMEWORKS' Sales	7,922	-	-	7,922
Investment Income (Loss), Net	(1,291)	-	-	(1,291)
Amortization of Mortgage Discounts	34,468	-	-	34,468
Rental Income	5,695	-	-	5,695
Miscellaneous	1,621	-	-	1,621
Total Revenue	<u>373,473</u>	<u>-</u>	<u>-</u>	<u>373,473</u>
<i>Net Assets Released from Restrictions</i>	<u>381,182</u>	<u>(356,588)</u>	<u>(24,594)</u>	<u>-</u>
Total Support and Revenue	<u>817,366</u>	<u>(1,796)</u>	<u>(24,594)</u>	<u>790,976</u>
Expenses				
<i>Program Services:</i>				
Housing Services	673,796	-	-	673,796
HOMEWORKS	58,880	-	-	58,880
Total Program Services	<u>732,676</u>	<u>-</u>	<u>-</u>	<u>732,676</u>

HABITAT FOR HUMANITY OF CHAMPAIGN AND PIATT COUNTIES

Statement of Functional Expenses

For the Year Ended June 30, 2003

	Program Services			Supporting Services			Total
	Housing Services	HOME-WORKS	Total Program Services	General and Administrative	Fund Raising	Total Supporting Services	
Cost of Homes Sold	\$ 438,534	\$ -	\$ 438,534	\$ -	\$ -	\$ -	\$ 438,534
Mortgage Discounts on Homes Sold	118,539	-	118,539	-	-	-	118,539
Staff Salaries and Benefits	56,420	28,210	84,630	16,926	11,283	28,209	112,839
Rent	6,634	13,269	19,903	13,269	-	13,269	33,172
Maintenance and Repairs	9,674	4,513	14,187	4,060	4,060	8,120	22,307
Contributions to Habitat for							
Humanity International	14,023	-	14,023	-	-	-	14,023
Legal and Professional	1,012	-	1,012	9,112	-	9,112	10,124
Telephone	2,054	2,054	4,108	2,054	2,053	4,107	8,215
Property Taxes	6,454	-	6,454	-	-	-	6,454
Insurance	4,987	-	4,987	1,409	-	1,409	6,396
Printing and Reproduction	2,792	767	3,559	2,792	-	2,792	6,351
Postage and Shipping	1,372	1,372	2,744	2,744	-	2,744	5,488
Utilities	1,244	1,244	2,488	1,244	1,243	2,487	4,975
Office Equipment	-	1,011	1,011	3,644	-	3,644	4,655
Equipment	-	3,045	3,045	-	-	-	3,045
Depreciation	2,027	-	2,027	675	-	675	2,702
Office Supplies	609	609	1,218	609	607	1,216	2,434
Public Relations	-	-	-	-	2,090	2,090	2,090
Travel and Lodging	1,918	-	1,918	-	-	-	1,918
Cost of Sales	-	1,856	1,856	-	-	-	1,856
Contract Labor	393	393	786	784	-	784	1,570
Fees and Licenses	1,041	-	1,041	-	-	-	1,041
Spring Break Expenses	1,347	-	1,347	-	-	-	1,347
Small Tools	1,024	-	1,024	-	-	-	1,024
Miscellaneous	1,698	537	2,235	1,808	-	1,808	4,043
Total Expenses	\$ 673,796	\$ 58,880	\$ 732,676	\$ 61,130	\$ 21,336	\$ 82,466	\$ 815,142

HABITAT FOR HUMANITY OF CHAMPAIGN AND PIATT COUNTIES

Statement of Cash Flows

For the Year Ended June 30, 2003

Cash Flows from Operating Activities	
Change in Net Assets	\$ (24,166)
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
In-Kind Contributions of Property and Equipment	(75,279)
Amortization of Mortgage Discounts	(34,468)
Mortgage Discounts on Homes Sold	118,539
Selling Price of Homes Financed through Mortgage Receivable	(325,058)
Total Cost of Homes Sold	438,534
Depreciation	2,702
Realized and Unrealized Losses on Investments	3,035
Changes in Assets and Liabilities:	
Decrease in Mortgage Escrow Deposits	5,603
Decrease in Accounts Receivable	1,800
Increase in Grant Receivable	(1,093)
Decrease in Rent Receivable	2,190
Decrease in Other Current Assets	3,939
Decrease in Accounts Payable	(10,910)
Decrease in Mortgage Escrow Deposit Liability	(5,603)
Decrease in Accrued Expenses	(5,681)
Net Adjustments	<u>118,250</u>
Net Cash Provided by Operating Activities	<u>94,084</u>
Cash Flows from Investing Activities	
Principal Payments on Mortgages Receivable	74,504
Purchase of Equipment	(525)
Purchase of Property	(291,292)
Proceeds from the Sale and Maturity of Certificates of Deposits and Investments	23,559
Net Cash Used in Investing Activities	<u>(193,754)</u>

HABITAT FOR HUMANITY OF CHAMPAIGN COUNTY AND PIATT COUNTIES

Notes to Financial Statements

June 30, 2003

1. Nature of Operations

Habitat for Humanity of Champaign and Piatt Counties (Habitat) provides affordable housing to low and moderate income families. Habitat builds and renovates houses that are then sold to families at a price they can afford to pay. Habitat provides these families with zero interest mortgages. Activities of Habitat include the activities of the projects being conducted by Habitat for Humanity of Champaign County, Habitat for Humanity of Piatt County, and Habitat for Humanity at UIUC. Private contributions and land donated by private citizens or local governments provide the majority of Habitat's support.

Habitat sponsors various Partnership groups throughout the area. The Partnerships are under the direct control of Habitat. These groups are responsible for obtaining funding, organizing, and completing their respective housing construction projects. Habitat is responsible for the accounting and controls the use of funds for these groups. These groups are included in these financial statements.

Habitat opened a new home improvement store called HOMEWORKS during the current fiscal year. Local businesses and private citizens donate new and used building materials, home furnishings, and other household goods to HOMEWORKS, which is then used in construction of Habitat homes or is sold to the public. HOMEWORKS also educates area residents and homeowners about re-examining, reusing, and recycling items that might otherwise end up in landfills.

2. Significant Accounting Policies

Following is a summary of the significant accounting policies of Habitat:

Cash and Cash Equivalents - For purposes of reporting cash flows, Habitat considers all highly liquid debt instruments purchased with an original maturity of three months or

Escrow Deposits - Habitat services its own mortgage loans. Habitat collects loan payments (including the escrow portion) directly from the mortgagees and pays bills covered by the escrow deposits (including real estate taxes and insurance). An asset and corresponding liability account have been included on the statement of financial position related to the collected but unused balances as of June 30, 2003.

Contributions - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give, due in the next year, are recorded at their net realizable value. Unconditional promises to give, due in subsequent years, are reported at the present value of their net realizable value using risk-free interest rates applicable to the years in which the promises are to be received.

Contributed Services - Contributed services are reported as assets only if the services create or enhance a nonfinancial asset (for example: property and equipment) or:

- Would typically need to be purchased by Habitat, if the services had not been provided by contribution
- Require specialized skills
- Are provided by individuals with those skills (such as accounting, financial, construction, educational, electrical, legal, medical, and other services provided by accountants, investment advisers, contractors, teachers, electricians, lawyers, doctors, and other professional and craftspeople).

Habitat recorded \$12,960, of contributed services for construction work, during the current year.

Functional Expense Allocations - The costs of providing the various programs and other

Income Taxes - Habitat is a tax-exempt organization under Internal Revenue Code Section 501(c)(3).

3. Collateralization of Deposits

At June 30, 2003, Habitat had deposits at financial institutions, which totaled \$140,870. Of this amount, \$124,835 was covered by federal depository insurance (FDIC) with the remaining \$16,035 uninsured and uncollateralized. The bank balance was adjusted for reconciling items to a book balance of \$87,168, as of June 30, 2003.

4. Property

Property consists of land held for future construction and partially completed houses. As of June 30, 2003, Habitat was not obligated under any contracts related to these projects, but expects to incur additional costs for completion of the houses in the subsequent year.

Construction in Progress:

Construction in Progress	\$ 111,265
Land	<u>52,500</u>
Total Construction in Progress	<u>163,765</u>

Land Held for Future Construction	<u>25,838</u>
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Total Property	<u><u>\$ 189,603</u></u>
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During the year, Habitat rented two homes to future homeowners, as these homeowners had to complete certain commitments prior to their taking possession of the home. These commitments were satisfied during the current year. These houses were included in rental property prior to the owner's possession of them and were depreciated using the straight-line method over their estimated useful lives of 27½ years. Total rental income, for the year ended June 30, 2003, was \$5,695.

5. Equipment, Net

6. Mortgages Receivable, Net

Mortgages receivable consists of mortgages held by Habitat on houses sold to low and moderate income families. Each mortgage is for an amount that covers only a portion of the direct costs of construction. These mortgages bear no interest. The mortgages are reported by Habitat at the present value of future mortgage payments. The discount rates used range from 5.00 to 8.80 percent.

Mortgages Receivable	\$ 981,893
Less: Discount on Mortgages Receivable	<u>(408,373)</u>
Total Mortgages Receivable, Net of Discount	573,520
Current Portion of Mortgages Receivable, Net of Discount	<u>(20,295)</u>
Noncurrent Portion of Mortgages Receivable, Net of Discount	<u>\$ 553,225</u>

7. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following, at June 30, 2003:

Contributions for Specific Homes	\$ 75,200
Land for Future Construction and Construction in Progress	<u>78,338</u>
Total Temporarily Restricted Net Assets	<u>\$ 153,538</u>

8. Permanently Restricted Net Assets

Permanently restricted amounts were held under an endowment agreement that permitted Habitat to use only earnings on the endowment for operating purposes. However, during the current year, Habitat contacted the donor and received special permission to release the permanently restricted funds for start-up costs associated with the HOMEWORKS store.

9. Leases

Habitat leased ... month to month basis. Habitat also had a lease for

During the current year, Habitat entered into a non-cancelable lease, for office space, ending April 15, 2004. Habitat has the option to extend the lease for an additional period of three years, with the rent amount to be renegotiated in good faith at that time. The terms of the lease agreement require Habitat to pay monthly rent of \$2,500. As part of the lease agreement, the lessor agreed to contribute rent for the first 6 months totaling \$15,000. Total rent expense under this lease, for the year ended June 30, 2003 was \$22,500 (which includes \$15,000 of in-kind rent).

10. Habitat for Humanity International

Habitat is an affiliate of Habitat for Humanity International. As part of this relationship, Habitat receives guidance, organizational materials, and operational and accounting manuals. In addition, Habitat for Humanity International recommends that each affiliate make a contribution equal to ten percent of cash contributions received (excluding cash restricted to local use only) during the year, to be used to support international projects. Because these contributions are voluntary, Habitat does not record a liability and related expense until the Board approves payment. Total contributions expensed by Habitat during the year ended June 30, 2003 were \$14,023.

11. Conditional Promises to Give

Habitat has an agreement with the National Philanthropic Trust for the American Charitable Gift Program, which is conditioned upon Habitat completing the construction of a home. At June 30, 2003, the conditional promise to give totaled approximately \$13,750. This promise is also conditioned upon Habitat's responsibility to provide appropriate documentation of eligible costs related to the agreement. The promise to give will be recognized as revenue when the respective conditions are met in future years.



**CITY OF URBANA
COMMUNITY DEVELOPMENT COMMISSION**

WHEN: 7:00 p.m. Tuesday, March 23, 2004

WHERE: Urbana City Building
City Council Chambers

REVISED AGENDA

I. Call to Order

II. Roll Call

III. Approval of Minutes

February 24, 2004 Regular Meeting Minutes

IV. Petitions and Communications

V. Staff Report

VI. Old Business

VII. New Business

FY 2004-2005 Draft Annual Action Plan
(*Recommendation to Urbana City Council*)

A RESOLUTION EVIDENCING THE INTENTION OF THE CITY OF URBANA,
CHAMPAIGN COUNTY, ILLINOIS, TO RESERVE THE 2004 PRIVATE ACTIVITY
BOND FOR THE PURPOSE OF FURTHERING NEIGHBORHOOD INITIATIVES
(*Recommendation to Urbana City Council*)

An Ordinance Approving Modification to the City of Urbana and
Urbana/Champaign/Champaign County HOME Consortium FY 2003-2004, FY 2002-2003
Annual Action Plan



~~UNAPPROVED~~
MINUTES

Approved by COC
4-27-04

**STUDY SESSION OF THE
COMMUNITY DEVELOPMENT COMMISSION
Tuesday, March 23, 2004, City Council Chambers**

Call to Order: Chairperson Cobb called the meeting to order at 7:05 p.m.

Roll Call: Connie Eldridge called the roll. There was no quorum, so commissioners decided to hold a study session.

Commission Members Present: Fred Cobb, Robert Lewis, Joanna Shisler, Dennis Vidoni

Commission Members Absent: Chris Diana, Carl Perry, Anne Heinze Silvis, Umesh Thakkar, and Nancy Quisenberry

Others Present: Bob Grewe, Randy Burgett, Connie Eldridge and Libby Tyler, Community Development Services; Laura Huth, Habitat for Humanity; Sheryl Bautch, Family Service; Samuel Johnson, Frankie M. Johnson, Haywood Patterson and Virginia Patterson, Urbana Community Alternative Policing (UCAP); Jim Rose, Homestead Corporation; Jean Algee, Urban League; Matthew Hogan, Housing Authority of Champaign County; Katrin Klingenberg and Bob Cook; Ecological Construction Laboratory (E-CO Lab); Brandon Bowersox.

Approval of Minutes: Commissioners reviewed the minutes but postponed approval until there was a quorum.

Petitions and Communications: Chairperson Cobb invited applicants for CDBG and HOME funding to briefly address the Community Development Commission.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) – NEIGHBORHOOD ORGANIZATION GRANT (NOG) APPLICANTS

United Citizens and Neighbors - \$2,500 for Capacity Building – No one spoke.

models had developed mold problems, the new model avoids this problem by continual ventilation. There is a small backup heating system to supplement during cold spells. Ms. Klingenberg currently lives in this house, and her total utility bill was \$35 a month.

Mr. Cook stated the E-CO LAB has applied (1) to the Urbana HOME Consortium for funds to build the passive solar duplex, and (2) to the City of Urbana for a donation of a lot. He noted city staff's recommendation was to donate a lot but not provide any other funding. Mr. Cook felt this housing would be very good for low-income families due to the low utility bills. The E-CO LAB was accepted to the statewide Housing Action Coalition's Community Housing Development Institute. This program is designed to help an organization become a Community Housing Development Organization (CHDO). Currently the E-CO LAB is not a CHDO. He noted the City of Urbana has \$45,000 set-aside for new housing construction that is not earmarked for any particular project. He is requesting these funds be earmarked for this project with the condition that E-CO LAB acquire funding and line up all project steps within a certain timeline.

In response to Commissioner Shisler, Mr. Cook answered that the City of Urbana has not deeded a lot yet. E-CO LAB has visited the available lots and is interested in 1007 West Fairview. This lot would allow the windows in the duplex to face into the backyard rather than the street. Ms. Klingenberg reviewed advantages of a duplex rather than a single-family house. The volume to area ratio of a compact building will result in savings, energy efficiency and cost effectiveness due to a shared wall.

Commissioner Lewis asked about cost per square foot, area of the duplex and if this was modular. Ms. Klingenberg answered the cost was a little under \$100/square foot. She anticipated the cost would be lower when the contractors become more familiar with it. The duplex is 1150 square feet with double storage space. It can be converted to 1400 square feet depending on a family's size. E-CO LAB plans to collaborate with Habitat for Humanity to find families interested in the duplex. In Germany after the panels are mass-produced and shipped, the house's interior is ready to be finished within one day. The average time to construct this house in Germany is three to four months.

Commissioner Vidoni inquired about household income level and accessibility for the disabled. Mr. Cook stated that E-CO LAB planned to meet all visitability standards and was aggressively searching other sources of funding to make the house affordable to a family making \$20,000 a

Urban League of Champaign County Development Corporation - \$90,000 for Lease Purchase Principal Reduction Program – Ms. Algee stated the funds would be used to continue this program. It has been successful in helping people address credit issues and save for a downpayment to purchase a home. This program makes homes more affordable by reducing the cost of the home. In response to Commissioner Vidoni, Ms. Algee said the program is going well. In 2001 Urban League purchased 12 homes. At this time all 12 families have purchased these homes from Urban League. Although there have been challenges, the families have been able to buy their leased homes within the allotted timeframe.

Urban League of Champaign County Development Corporation - \$100,000 for Urban Park Place – Ms. Algee noted this request for \$100,000 was for the acquisition of Park Street Apartments located in Champaign. This would allow Urban League to have available units ready for residents who would be displaced by the redevelopment of Lakeside Terrace. Urban League wants to acquire the property and completely rehabilitate it. Urban League would like to stabilize the neighborhood, which has a lot of crime in the area.

Chairperson Cobb asked if this was the Bigham Apartments and noted there was a lot of activity. Ms. Algee answered yes; Urban League will install a new security system. They plan to make the building more attractive to address the current vacancy rate of 30-40%.

Habitat for Humanity of Champaign and Piatt Counties - \$178,000 for Homebuilding Projects – See discussion above.

Other Petitions and Communications: Samuel Johnson, UCAP, said that Neighborhood Cleanup, which began 15 years ago, has been very successful. He noted that Public Works has spent a lot of money to keep the neighborhood clean. Mr. Johnson said that in the past residents could drop off three loads of junk at the collection site. Now residents may only bring one load. UCAP preferred having one cleanup day (rather than two) and allowing residents to bring three loads of junk. He felt this would help keep the neighborhood clean. In response to Mr. Grewe, Mr. Johnson believed that spring would be better.

Mr. Johnson mentioned his concern with the 800 block of North Harvey Street. There is no curb and gutter, and there are a lot of school and city buses, cars and children in the morning and evening. He was concerned that children might be hurt or killed. Snow causes even more problems.

Ms. Huth stated the initial application was for acquisition, preparation and finalization of six lots (\$90,000 CDBG and \$178,000 HOME). Ms. Huth said that Habitat is involved in discussions with the Ecological Construction Laboratory and supports their request for the lot at 1007 West Fairview. Habitat for Humanity is interested in the remaining three lots. Ms. Huth noted there is a family with a special needs child that is waiting for a lot in Urbana, and Habitat would like to construct this house this year. Currently Habitat does not have any lots in Urbana although it has six or seven lots in the City of Champaign.

Considering the donation of three lots, Ms. Huth wanted to amend Habitat's request for CDBG funds. Habitat may form a partnership with the Ecological Construction Laboratory. In response to Chairperson Cobb, Ms. Huth clarified the CDBG request would be for \$38,000. Monies would be used for permits, survey site improvements, foundations, any porches, fencing and landscaping. The typical Habitat for Humanity home costs \$55,000 to construct. This request would provide \$12,000 per home, with Habitat providing the balance of funds to construct each home.

In response to Chairperson Cobb, Ms. Huth said that Habitat would build three or four bedroom homes, depending on the size of the family. She was not certain if they used 2x6 construction. Chairperson Cobb remarked that the homes looked nice.

Commissioner Vidoni noted that city staff's recommendation was to facilitate getting lots rather than providing funding. He asked if Habitat was still requesting an additional \$12,000 above lot acquisition. Ms. Huth replied yes. She will withdraw the request to purchase the lots, but there is need to prepare the lots. This also helps market the lots to the families. Commissioner Vidoni asked about lot preparation. Ms. Huth mentioned clearing, grading and foundation work. Once the house is actually constructed, funds would be used for any decks, sheds, porches or fencing.

Commissioner Vidoni questioned whether the application should be amended since it was written for lot acquisition. Ms. Huth will accommodate this request. Mr. Grewe noted that in the past staff has found other opportunities to work through existing programs. He mentioned gathering more information and clarifying the application rather than amending it. Libby Tyler suggested that Ms. Huth submit a letter supplementing the application (see attached).

HOME INVESTMENT PARTNERSHIP ACT (HOME) APPLICANTS

Historic East Urbana Neighborhood Association (HEUNA) - \$2,500 for Capacity Building – No one spoke.

Eads Street Development Corporation - \$20,000 for office and staff – No one spoke.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) APPLICANTS

Homestead Corporation of Champaign-Urbana - \$3,934 for roof on rental unit – Jim Rose, Executive Director, stated the CDBG funds would be used to repair the roof of one of Homestead's affordable rental houses in Urbana. Homestead Corporation would provide a 25% match from its operating funds. The house, which has been modified over the years, has a flat roof that is leaking. Homestead's request for HOME funds is the standard CHDO request for HOME set-aside funds. Homestead is one of only two CHDOs in the Champaign/Urbana community. Mr. Rose noted that Homestead definitely needed the funds, which would be used for everyday operating and administrative funds.

Family Service of Champaign County - \$35,000 for facility renovation (restrooms) – Sheryl Bautch, Executive Director, stated the request is to continue a multi-year project to renovate Family Service's facility at 405 South State Street, Champaign. The primary goal is to make the building handicapped accessible. The building was built in 1950s, and the front entry had stairs. This is part of a larger project to make better use of open space by converting it to more offices for privacy and confidentiality. Last year's grant from the City of Urbana was used to complete Phase One of the project, the Architectural and Engineering Services. The City of Champaign provided funds to replace the roof. Phase Two, which is almost completed, included building an exterior entry ramp and renovating the reception area to ADA standards

Ms. Bautch noted the requested funds would be used to make the restrooms handicapped accessible. There are four restrooms; two are partially accessible. The remaining two restrooms are in such disrepair that they are being used for storage. In response to Mr. Grewe, Ms. Bautch said that Family Service needs all four restrooms in working order. Chairperson Cobb asked about the timeframe. Ms. Bautch replied that would depend on fund raising, with the ideal to remodel the bathroom next fiscal year. Phase Four is projected to run from July 2005 to June 2007. Ms. Bautch thanked the City of Urbana for funding part of Phase One last year.

Provena Behavioral Health at the Mental Health Center - \$1,450 for Rehab Group Home –

Last fall Ms. Chynoweth helped organize a sustainable building design symposium. Since then she has been working with the E-CO LAB to help build their capacity and noted they will have an open house in May. E-CO LAB's goal is to build houses differently and save tens of thousands of dollars in utilities. E-CO LAB also works with other organizations and provides a model for this goal. Ms. Chynoweth stated that solar technology is not only for the middle class; low-income families may benefit the most. She was pleased with city staff's consideration of lot donation. If E-CO LAB received bank financing, Ms. Chynoweth requested that commissioners consider providing \$45,00 of the unallocated funds to E-CO LAB.

Ms. Chynoweth noted that funding the E-CO LAB would help build the capacity of this CHDO. She encouraged the CD Commission to consider scaling back on funding for the Tenant Based Rent Assistance (TBRA) Program, which has not been used much, and providing funding for E-CO LAB.

Referencing the cost of \$258,000 for the passive solar duplex, Commissioner Shisler inquired if the real estate taxes were higher than other conventional affordable homes. She wondered if higher real estate taxes negated any utility savings. Ms. Chynoweth responded that affordable homes of \$80,000 actually cost \$100,000 to \$150,000 to build. Another issue is what the City's assessor will assess the house, which is assessed at fair market value. Ms. Klingenberg added that the benefits of the passive solar house seem to be invisible to the money systems. Banks are not concerned since they assess up front. The same is true for tax assessments; the solar homes are treated like any other house. She added that if an energy consultant certifies that a house is energy efficient, the FHA would qualify a homebuyer for a higher loan of \$8,000.

In response to Chairperson Cobb, Ms. Klingenberg stated the demonstration house was located at 206 ½ Brady Lane, Urbana.

Staff Report: Mr. Grewe mentioned the following updates: the Amendment to a CDBG Agreement with the Disabled Citizens Foundation, Affordable Housing Fair, and completion of Eads at Lincoln subdivision.

Mr. Grewe distributed the following information on the City of Urbana's Housing Rehabilitation Programs: Home Improvement Programs flyer, Existing Housing/Neighborhood Programs Summary, and four maps charting housing rehabilitation projects by project type within the target area. Mr. Grewe reviewed the program descriptions, number of participants and income

Access Grants provide improvements such as a wheelchair ramp or bathroom modifications. Participation and average income range over time. With the aging population, staff anticipates more applicants.

Mr. Grewe briefly summarized Neighborhood Cleanup, which allows residents to dispose of junk and debris. He also described how other funds are leveraged through the City's rehabilitation programs. Mr. Grewe felt this program was positive and has been a core part of the Grants Management Division for many years. Ms. Tyler added that it was a useful exercise to take stock of current programs. With the major redevelopment of Lakeside Terrace, the question is whether the City can continue to do everything. Ms. Tyler felt it was essential to work with existing housing stock because it serves people who would not get assistance. All cities need rehabilitation efforts and have programs to address them. This is a large part of the entitlement funds. Because there were questions about need, staff took another look and wants to continue with these programs. Ms. Tyler noted that leveraging additional funds was also important.

Commissioner Vidoni remarked that he liked the concise review of the programs. He asked how much was budgeted for this and how much was spent. Mr. Grewe answered that rehabilitation is capped at \$25,000 per property with \$100,000 budgeted. Randy Burgett, Housing Rehabilitation Coordinator, added that funds were also provided for the Grant/Installment Loan Program. The City provides matching grant funds up to \$12,500 for homeowners whose income is from 50-80% Median Family Income (MFI). The Whole House Rehabilitation Program brings a single family residence up to code and makes the house safe. Mr. Grewe added that the rehabilitation cap was due to lead regulations. Total lead abatement is required if housing rehabilitation costs over \$25,000.

Commissioner Lewis asked about expanding the Community Development Target Area. Mr. Grewe answered that staff looked at the 2000 census data and block groups that might meet HUD's criteria. Staff will revisit this issue while preparing the next Consolidated Plan. The target area affects programs such as Neighborhood Cleanup and Whole House Rehabilitation. He noted the target area has been the same since 1980. Although some block groups meet HUD's maximum income limits and some block groups exceed, the aggregate meets income criteria.

Commissioner Lewis agreed that the City should review demographics and take a good look at

April 6 at 10:00 a.m. and 6:00 p.m. The 30-day comment period runs from March 22 through April 20. He suggested holding a special CD Commission meeting on Tuesday, April 6 at 7:00 to forward the Draft Annual Action Plan to City Council. The timeline for this process was condensed due to the redevelopment of Lakeside Terrace, which might have considerable bearing on this process.

Mr. Grewe summarized staff review and recommendations for the CDBG and HOME programs. For CDBG funds, staff recommends the following City of Urbana Programs:

- Transitional Housing Program, \$46,000
- Neighborhood Clean-up, \$15,000
- Homeless Management Information System (HMIS), \$3,000
- Senior Repair Program, \$15,000
- Emergency Grant/Access Grant/Get the Lead Out Match, \$80,000
- Program Delivery and Case Preparation, \$64,000
- Property Acquisition, \$186,315. Mr. Grewe reviewed the higher cost of property acquisition, expenses, and maintenance such as mowing.
- Improvements Supporting HomeBuild 2 (Sunset Drive), \$125,000. Mr. Grewe noted there was a long standing agreement with Illinois Center for Citizen Involvement to upgrade Sunset Drive. This had been scheduled but was pushed back. Mr. Grewe said this should be pursued. Also the Harvey Street improvements are part of this.
- Commissioner Lewis noted that neighborhood residents were inquiring about the turnabout on Harvey Street. Mr. Grewe will look into this request.

Mr. Grewe summarized staff review and recommendations for the Neighborhood Organization Grants (NOG). Staff has noted there is a net reduction of CDBG funds. As a result, administrative funds are reduced, and the NOG funding comes out of the administrative line item. Despite this being a tight budget year, staff did not want to stop the program. NOG funding was included with the hope to free up some CDBG administrative funds to continue to fund NOG requests. Staff would want to target new capacity for the Ecological Construction Laboratory and Eads Street Development Corporation and fund in a limited capacity, if possible.

Mr. Grewe summarized staff review and recommendations for the CDBG applicants:

- Homestead Corporation, replacement roof for affordable rental unit, \$3,933 – Staff recommends funding.
- Family Service, renovate restroom and provide ADA compliance, \$35,000 – Staff recommends providing \$12,000, which is approximately 1/3 of the funds with the City of

- 1209 West Beech

For HOME funds, staff recommends the following City of Urbana Programs:

- Owner Occupied Rehabilitation Program for four units, \$112,000 – Mr. Grewe noted that the City usually does five units. If United Citizens and Neighbors returns their funds, the City will rehabilitate another house. Staff will also rewrite the Housing Rehabilitation Manual and provide other rehabilitation activities.
- Program Delivery, \$65,000 – This provides necessary staff resources to coordinate and deliver projects.
- Tenant Based Rent Assistance (TBRA), \$40,000 – This is a limited expenditure that has a two year obligation for participants. The program is filled for the available slots. In response to Chairperson Cobb, Mr. Grewe discussed marketing the program. Commissioner Lewis asked if this program had been improved by administering the program through other resources. Mr. Grewe answered yes and referenced a recent meeting with the Housing Authority, which actually runs the program. Chairperson Cobb inquired what would happen if the program was not used. Mr. Grewe answered that the funds could be reallocated, perhaps for other rental assistance programs.
- Affordable Rental Assistance, \$20,000 – Staff recommends funding to help find units that would replace units at Lakeside Terrace.
- Property Acquisition, \$52,903 – This is an obligation from last year.

HOME CHDO set-aside funds were divided between the only two eligible CHDOs.

- Homestead Corporation, CHDO Operating Support, \$30,000 – Staff noted that Homestead is eligible for CHDO operating funds, supports this request. Funding is adjusted to \$29,507.
- Urban League Development Corporation, CHDO Operating Support, \$30,000 – Staff noted that Urban League is eligible for CHDO operating funds and supports this request. Funding is adjusted to \$29,507.

Mr. Grewe summarized staff review and recommendations for the HOME applicants:

- Ecological Construction Laboratory, construct rent-to-own duplex with passive solar design, \$50,000 – Rather than provide HOME funds, staff recommends donating an existing lot.
- Disabled Citizens Foundation, develop 8-bedroom group home in Urbana, \$70,000 – Because there are very limited funds, staff does not recommend funding.

homeownership units that may include property acquisition, site improvements, etc. Last year these funds were used for Kerr Street property acquisition.

In response to Commissioner Lewis, Mr. Grewe confirmed that the E-CO LAB was applying for its 501(c)(3) status. He noted that the first priority of a Neighborhood Organization Grant recipient is to build capacity. Since the City has funded UCAN and HEUNA in the past, staff preferred to look at new opportunities.

Mr. Grewe stressed this was a draft budget. He referenced summary tables and noted that staff will include HUD's recent new data in the final budget.

Commissioner Vidoni questioned the amount of funding for Urban League's Urban Park Place. Mr. Grewe clarified the recommendation was to provide \$102,000. This represents Urban League's request for \$100,000 plus \$2,000 that was the remainder of Urbana's set-aside funds.

In response to Commissioner Vidoni, Mr. Grewe clarified the amount for New Housing Construction was \$45,735. This is the remainder of Urbana's allocation after funding Housing Rehabilitation Program Delivery, TBRA, property acquisition obligations, and Affordable Rental Programs.

Commissioner Shisler asked if the draft and CHAS table represented the numbers that she had requested. Mr. Grewe answered that Grants Management Division's intern had created an analysis of 1990 data as compared to 2000 data. He noted the information did not seem consistent with other affordable housing surveys. CHAS data is a HUD analytical census exercise, which is what the analysis is based on. The changes are incremental from 1990 to 2000.

A Resolution Evidencing the Intention of the City of Urbana, Champaign County, Illinois, to Reserve the 2004 Private Activity Bond for the Purpose of Furthering Neighborhood Initiatives – Mr. Grewe stated the bond cap amount increased to approximately \$3,000,000. This resource is available to the City of Urbana for first-time homebuyer programs, industrial development activities or below market rate financing for affordable housing. The City of Urbana must tell the State of Illinois how it plans to use this resource by May 1.

Mr. Grewe noted the preferred option was to reserve the bond cap to further neighborhood

Loan Program (HELP) (not attractive to participants). *AssistUrbana* is now structured to reflect market changes, so the program is not locked into higher mortgage rates. Mr. Grewe added that the City of Urbana may have a homebuyer program through *AssistUrbana* and still reserve the city's bond cap for redevelopment opportunities at Lakeside Terrace.

Commissioner Lewis commented that considering all of these options seemed to result in an overall increase of affordable housing in the community. The overall process embraces a broader spectrum than just the Housing Authority. Mr. Grewe added this would be different use of the bond allocation than previous years.

Referencing Program 1, Commissioner Vidoni asked about funds for debt service expenses as part of the project financing plan. Mr. Grewe clarified if the City of Urbana may not use these financial resources to make annual payments. The private activity bond authority allows the City to issue tax-exempt debt for certain projects. The City will need another source of revenue, for example proceeds from rent, to repay debt. This is not meant to be a debt service tool.

An Ordinance Approving Modification to the City of Urbana and Urbana/Champaign/Champaign County HOME Consortium FY 2003-2004, FY 2002-2003 Annual Action Plans – Mr. Grewe noted that during the last program year the City of Urbana expended \$130,000 for the 3B Street Lighting project one month before the beginning of the fiscal year that staff budgeted the money in. Discussion with Public Works indicated there were opportunities to put extra money so the project could be completed. A payment went through that should have been held until the next fiscal year. After discussions with the Department of Housing and Urban Development (HUD), it was decided to amend the Annual Action Plan for FY 2002-2003, which was the fiscal year in which the payments were made.

Further review showed there were financial resources that had not been allocated for projects. Mr. Grewe noted that in the past staff has budgeted conservatively to the point of overestimating the amount it would take to finish a program year. At the end of a fiscal year this was not tied out. As a result, Finance Department identified there are \$130,000 of resources that could be used in FY 2003-2004. This amendment is moving \$130,000 back to FY 2002-2003 to satisfy the expense made in that year. There are still other resources in FY 2003-2004 that could be used for property acquisition in support of Lakeside Terrace opportunities. Recent discussions have indicated that properties to support new affordable housing replacement units would be advantageous. This has caused staff to look at the budgeting procedures. In this year's draft

Lakeside Terrace Redevelopment. The interagency agreement includes Housing Authority documents and the City of Urbana and the Housing Authority obligation to work together, to support and to promote the redevelopment of Lakeside Terrace. The agreement is tied to the redevelopment plan, which is currently being worked on. It also addresses the Housing Authority's Section 8 Project Based Assistance Plan and the Draft Relocation Plan for Lakeside Terrace, which are on review.

Ms. Tyler noted this draft agreement is two-party. Housing Authority staff has provided their comments; however, HUD will need to review the agreement before final action by the Housing Authority Board. The agreement references the City of Urbana's Consolidated Plan, which includes a goal of 80 replacement units, and the City's resolution concerning demolition of Lakeside Terrace.

Ms. Tyler reviewed the sections in the agreement. Section 3 discusses Replacement Housing Funds, which is key for meeting replacement goals. Section 6 concerned the City of Urbana's support of the project (funding, zoning, tax credits, etc). Section 7 pledged financial support, which may be CDBG or HOME funds, bond cap, and commitment of CD staff to the redevelopment planning efforts in supporting affiliated non-profit agencies and CHDOs. Both Urban League and Homestead Corporation will be involved in the redevelopment effort.

In response to Chairperson Cobb, Ms. Tyler said that Housing Authority staff has reviewed this agreement and provided input. Matthew Hogan indicated the Housing Authority Board would review this draft on March 25. The Housing Authority will request HUD's review after the Urbana City Council's approval of the agreement.

Commissioner Vidoni inquired about any issues or flashpoints from the Housing Authority's perspective. Mr. Hogan referenced the City's resolution specifically stating the use of CHDOs and non-profit agencies for replacement housing. However, if the Housing Authority uses Project Based Section 8 Vouchers, there is a competitive process. The Housing Authority cannot guarantee the vouchers would go to these organizations. The Housing Authority can tailor criteria to meet its goals for each project. Other than this issue, Mr. Hogan said the agreement reiterated both the City of Urbana and the Housing Authority's goals.

Chairperson Cobb questioned the competitive process. Mr. Hogan answered that the process depended on the Housing Authority's stated goals at any one time. For example, new housing

vouchers. The City of Urbana is interested in flexibility regarding timing and allocation of vouchers to make sure the process is done over time to address strategic housing opportunities.

Page 1, Program Set-Aside – The City requested additional language that actually spells out how the Housing Authority will determine the amount of project-based assistance to be provided during any given time period. Page 1, Agency Plan – There is a deconcentration of poverty provision whereby project-based assistance vouchers cannot be used in census tracts with poverty rates above 20%. Mr. Grewe distributed a graphic based on census tract analysis from the Champaign County Regional Planning Commission. There may be problems using project-based vouchers in certain areas.

Mr. Grewe also mentioned eligible housing units, notification of program availability, owner application requirements, evaluation criteria, housing assistance payments contracts, and tenant selection. Staff felt the document should be clear that allocation of project based assistance resources would be a multiple event with subsequent Requests for Proposals over time. Staff questioned why a tenant in a unit selected for project-based assistance would be placed on the Section 8 waiting list rather than receive a tenant voucher immediately. The income admission requirement was mentioned as a possible Fair Housing concern. Staff felt there should also be a provision for emergency situations. Tenant selection criteria and Section 8 Tenant-Based Assistance Guidelines should also be included in this plan, which has project-based assistance guidelines.

Mr. Grewe distributed and reviewed City Council's comments on the Section 8 Plan and the Lakeside Terrace Relocation Plan.

City comments on the Draft Lakeside Terrace Relocation Plan prepared by the Housing Authority of Champaign County – Mr. Grewe noted the Housing Authority's 30-day public comment period on this plan would end April 15, 2004. He reviewed the City of Urbana's comments on the draft relocation plan.

Staff noted the Housing Authority's offer to provide Section 8 Tenant-Based Housing Subsidies to families currently residing at Lakeside Terrace was contingent on the Housing Authority receiving the requested number of replacement and relocation vouchers. The referenced federal regulations on relocation assistance should be included as attachments to the plan. The Statement of Anti-Displacement should be improved by referencing specific laws, policies and guidelines. There should be adequate Housing Authority staff to assist displaced residents.

evaluation criteria for project-based assistance submittals should be 40 points for CHDOs. Item 4 – Consideration should be given to qualifying property owners or managers. Item 5 – Councilperson Patt did not want to replicate a large group of housing units with the same demographics. The earlier goal is to create a mixed income community. Ms. Tyler added the clarification that at least 75% of project-based subsidies must go to people whose income is below 30% Median Family Income (MFI). Councilperson Chynoweth had requested the relocation plan include a statement on protected classes from the City of Urbana's Civil Rights Ordinance.

Commissioner Shisler asked how the City of Urbana housing rights differed from the federal government. Mr. Grewe answered that Urbana's were more stringent, and Commissioner Lewis added that local regulations take precedence. Mr. Grewe recalled discussion with the city's legal staff about the Housing Authority being a quasi unit of government and consideration of when federal regulations apply. Commissioner Lewis stated that regarding most code related issues (not necessarily ordinances) the local entity has precedence over federal guidelines. In some cases the local entity would defer to federal guidelines because of the degree of complexity could not be resolved. He remarked that the federal government relocation plans are very specific, requiring specific actions at specific times. Commissioner Lewis felt it was a good idea for the City Council to have a copy of these federal regulations.

Referencing federal regulations, Chairperson Cobb questioned the weight of CD Commission's comments. Commissioner Lewis said it was more important for all parties to read the federal regulations, and then the local attorney could address the issues directly. The CD Commission would provide only comments. He felt the officials should address the complexity of the plan. Commissioner Lewis encouraged City Council to read the federal relocation guidelines, which are partial to the tenants being relocated.

Mr. Grewe provided the example of Homestead Corporation's Single Room Occupancy (SRO). There was concern about certain tenant populations being concentrated. The City of Urbana made an exception to the fair housing ordinance for the SRO. Commissioner Lewis remarked that exceptions have to be taken into context with a project.

In response to Chairperson Cobb, Ms. Tyler said the deadline is before the next CD Commission meeting. Staff will forward any additional comments from the CD Commission to the City Council. Commissioner Lewis suggested that the City of Urbana staff review the federal

10 acre site with 100 more or less tax credit projects by Brinshore Development. The City will request the maximum (24%) of the units have an actual project based voucher attached to them to ensure long-term affordability. Concerning the remaining 56 units, staff is working with Homestead Corporation and Urban League to see if this can be done. Ms. Tyler pointed out this is conceptual since this would require a Request for Proposal (RFP) process and other regulations. Homestead would possibly provide up to 30 scattered site units with Urban League providing the balance. City Council prefers the 80 replacement units to be as defined as possible rather than a nebulous concept.

Ms. Tyler felt the alternatives exercise was helpful; however, the financial assumptions were problematic. Staff is working on another alternative that does not dedicate all city funds and take 10-11 years to complete. The larger Lakeside Terrace area would be future affordable housing development above and beyond the 80 units and could be in any number of forms. There is definite value in the acquisition. Also, since Brinshore Development has not yet done a design analysis, it is not certain if Brinshore can create 100 units on that site.

Mr. Grewe added that city staff has been making greater attempts to coordinate with local partners to keep resources local. One benefit is the non-profits being involved in a project of that magnitude.

Ms. Tyler stated the biggest departure from earlier efforts is the City of Urbana working more closely with the Housing Authority. The City wants to use the power of project-based vouchers to help with Lakeside Terrace. The whole Section 8 program is for public housing. Trying to duplicate that or do it without the vouchers was not doable. The Housing Authority's plan to create project-based vouchers is really the keystone to make this happen.

Commissioner Lewis commented that this project is now moving forward the way a project should. With the amount of project funds coming into the community, he felt the community should collectively put the package together. A cooperative intergovernmental agreement is appropriate for the entire community. Commissioner Shisler said this new alternative appeared to reflect Commissioner Lewis' idea that this is not the whole answer but only part of it. She approved of the new alternative.

Mr. Hogan voiced his respect for Commissioner Lewis and any organization of which he was a part. The Housing Authority will address all comments from the joint study session, Urbana



**HABITAT FOR HUMANITY
OF CHAMPAIGN & PIATT COUNTIES**

Building houses in partnership with God's people in need

To: The Urbana Community Development Commission/Grants Management staff
From: Bob Kary, President, Habitat for Humanity of Champaign & Piatt Counties B.K.
Date: 24 March 2004
Re: Revision to HFHCPC's HOME and CDBG applications

Thank you for the opportunity to submit applications to the City of Urbana for HOME and CDBG funding. With five house projects so far underway this year, the 2004-2005 construction season promises to once again be a busy one for Habitat for Humanity as we construct more homes for families in need in our community.

I am writing pursuant to the presentation made by Habitat staff at the Community Development Commission meeting on March 23, 2004 and the commission's request for a memo to further detail our funding amendments.

As you know, Habitat staff has been in communication with Community Development staff regarding the conveyances of lots available to Habitat that are in the City of Urbana. This is a critical need for Habitat now, as we have homeowners waiting for homes in Urbana currently, and in particular, one family with a special needs child needing to remain in the Urbana School District. Having lots available in both of the cities helps Habitat remain flexible to those we serve. We currently have six lots currently available in Champaign and none in Urbana, and are very eager to rectify this situation and are grateful to the City of Urbana for making some lots available to Habitat. In particular, we are quite interested in three of the four lots listed in the report from city staff to CDC commission:

- 1005 W. Fairview
- 1321 W. Dublin
- 1209 W. Beech

As was stated at the CDC meeting March 26, Habitat staff will continue to dialogue with the Ecological Construction Laboratory in the hopes that a joint partnership or effort can be formed

without an expenditure of funds, we would like submit an amendment to our currently pending HOME application before the city as well as to our CDBG application.

Habitat's requested amendment to our HOME and CDBG applications is to reduce the total overall amount requested from \$178,000 HOME/ \$90,000 CDBG down to \$39,000. To provide the city the most flexibility in funding our request, we leave the amount drawn from either CDBG or HOME funds up to staff and Commission members.

Here is how we arrived at the \$39,000 request: Because we would only be dealing with three lots instead of six, we cut costs for the pre- and post-construction costs in half after removing the \$90,000 in lot acquisition funds requested. (City staff had requested that Habitat include lot acquisition funding in both our HOME and CDBG applications to allow staff more flexibility in funding projects). Funding – in addition to the lot conveyances themselves – is deeply needed by Habitat right now to make these home projects a reality.

City funds, as stated in the original application, will only be used on lot preparation and grading, foundation laying, landscaping, concrete work, fencing, and porch/deck construction. Habitat, as a rule, accepts no government funding for the construction of the actual house structure.

Furthermore, we removed another \$6,000 in funds for demolition, placed in the original application in the event of a lot purchase needing a structure tear-down. Since none of the three lots in which we have interest have structures on them, this money for demolition is no longer needed. This, then, reduces our request to a new total of \$39,000. While a typical Habitat home costs about \$55,000 to build, we are only requesting about \$13,000 per house in assistance from the City of Urbana, which is under 25% of the whole house cost. As was stated at the CDC meeting, Habitat stands ready to raise the remaining \$45,000 per house for construction. Here is a breakdown of the \$39,000 request:

LOT PREP:

- lot preparation and grading (\$5,000)
- foundation laying (\$18,000)

LOT FINALIZATION:

- landscaping (\$3,000)
- concrete work (parking pad/sidewalk to house) (\$4,000)
- fencing/porch/deck/shed construction (\$9,000)



**URBANA CITY COUNCIL
MEETING OF COMMITTEE OF THE WHOLE
AGENDA
Joseph Whelan, Chair**



DATE: Monday, April 12, 2004
TIME: 7:30 P.M.
LOCATION: Urbana City Council Chambers
400 South Vine Street

AGENDA:

1. Call to Order and Roll Call
2. Additions to the Agenda and Staff Report
3. Minutes of the Previous Meeting
4. Public Input
5. Resolution No. 2004-04-008R: A Resolution Authorizing An Extension of an Agreement for Use of Right-of-Way (Illinois-American Water Company) [LEG]
6. Resolution No. 2004-04-009R: A Resolution Providing For the Financing by the City of Urbana, Illinois of the Acquisition and Construction of Certain Nursing Home Facilities, to Provide Increased Job Opportunities and Retain Existing Jobs; Authorizing the Issuance of Multiple Series of Capital Improvement Revenue Bonds (Clark-Lindsey Village, Inc. Project) in Connection Therewith; Authorizing the Execution and Delivery of a Loan Agreement, Supplemental Loan Agreements, a Mortgage and Security Agreement, and an Assignment Agreement and Supplemental Assignments Securing Such Bonds; Authorizing and Providing For the Sale of Such Bonds; Authorizing the Execution and Delivery of Arbitrage Regulation Agreements; and Related Matters [LEG]
7. Presentation: Long-Range Transportation Plan [PW]

11. Resolution No. 2004-04-007R: A Resolution Evidencing the Intention of The City of Urbana, Champaign County, Illinois, to Reserve The 2004 Private Activity Bond for the Purpose of Furthering Neighborhood Initiatives [CDS]
12. Ordinance No. 2004-03-026: An Ordinance Amending The Code of Ordinances Regarding Maximum Fines and Pay-By-Mail Minimum Fines [LEG - Originally appeared on 3/8/04 agenda, but bit discussed due to the heavy agenda and lateness in hour]
13. Adjournment



COMMITTEE OF THE WHOLE

April 12, 2004

7:30 P.M.

Committee Members Present:

Danielle Chynoweth, James Hayes, Laura Huth, Milton Otto, Esther Patt, Joseph Whelan, and Ruth Wyman - 7.

Committee Members Absent:

None

Staff Members Present:

Bill Gray, Bob Grewe, Steve Holz, Kathy Larson, Jim Page, Libby Tyler, Debbi Roberts, Mayor Satterthwaite, and Bruce Walden

Others Present:

Bob Cook, Cope Cumpston, John Dimit, Don Drane, Jim Rose, Carl Webber, and Members of the Media

Meeting Location:

Urbana City Council Chambers

Minutes of Previous Meeting

Ms. Wyman moved to approve the minutes of the March 22, 2004 meeting of the Committee of the Whole. The motion was seconded by Ms. Patt. Chair Whelan requested to change the minutes on page 3, in the title of Ordinance No. 2004-03-033, correcting the spelling from "Busy Avenue" to Busey Avenue". There were no objections. The minutes were approved as amended by a voice vote.

Public Input

Bob Cook, representing Ecological Construction Laboratory, addressed the Committee in support of Resolution 2004-04-006R.

Cope Cumpston, 402 W. Nevada, addressed the Committee to urge their consideration of the impact on School District 116 children when considering the Lakeside Terrace Redevelopment.

City Attorney Steve Holz presented staff report on **Resolution No. 2004-04-008R: A Resolution Authorizing An Extension of an Agreement for Use of Right-of-Way (Illinois-American Water Company)**. Illinois-American Water's contract expires at the end of April. They have requested an extension of three months, which would end August 4, 2004.

Following debate, Ms. Patt moved to forward the resolution to Council with a recommendation for approval. The motion was seconded by Ms. Wyman and carried by a voice vote.

Chief Administrative Office Bruce Walden presented staff report on **Resolution No. 2004-04-009R: A Resolution Providing For the Financing by the City of Urbana, Illinois of the Acquisition and Construction of Certain Nursing Home Facilities, to Provide Increased Job Opportunities and Retain Existing Jobs; Authorizing the Issuance of Multiple Series of Capital Improvement Revenue Bonds (Clark-Lindsey Village, Inc. Project) In Connection Therewith; Authorizing the Execution and Delivery of a Loan Agreement, Supplemental Loan Agreements, a Mortgage and Security Agreement, and an Assignment Agreement and Supplemental Assignments Securing Such Bonds; Authorizing and Providing For the Sale of Such Bonds; Authorizing the Execution and Delivery of Arbitrage Regulation Agreements; and Related Matters**. These have been done in the past for Clark-Lindsey Village. The most important point to understand about this is that the City is not obligated for the

Susan Chavarria and Rita Black, representing CUUATS, gave a **Presentation on the Long-Range Transportation Plan**. The current update process lasts 30 months and includes public and committee meetings, data collection and analysis, text writing and mapping, project budgeting and selection followed by the approval process.

The Travel Model allows simulation of existing travel conditions in the urbanized area and possible future conditions based on data input and a range of possible scenarios, as well as determination of how these inputs will affect travel in the urbanized area. It also provides a quantifiable basis for transportation planning decisions.

Each scenario has Alternatives A, B, and C. Alternative A will be current development trends; Alternative B, a more compact, more balanced mode split; and Alternative C, a transit-oriented development. All three alternatives were measured by the following factors: total vehicle miles; roadway congestion; vehicle hours; auto travel time; transit ridership; transit usage; street network coverage; population-employment balance; population density; land development and access to parks.

Public, staff, and local agency input will determine the preferred alternative.

No action was required on this agenda item.

Grants Management Division Manager Bob Grewe led the **Discussion on Lakeside Terrace Draft Redevelopment Plan**. City staff has prepared a draft Redevelopment Plan for City Council Review. The plan is based on the parameters set forth in the Draft Intergovernmental Agreement as well as the Resolution Clarifying the Urbana City Council's Position on Redevelopment of Lakeside Terrace.

The Redevelopment Plan consists of the following:

1. Demolition of the existing Lakeside Terrace Apartments and relocation of the 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 Replacements fund from HUD by HACC for a total of approximately 14 new

Ms. Huth recused herself from discussion on Resolution No. 2004-04-006R and Ordinance No. 2004-04-042 due to a conflict of interest.

Mr. Grewe presented staff report on **Resolution No. 2004-04-006R: A Resolution Approving the City of Urbana and Champaign/Urbana/Champaign County HOME Consortium (FY 2004-2005 Annual Action Plan)**. The Annual Action Plan process amounts to determining which housing and community development activities are consistent with the Consolidated Plan and should be funded with the CDBG and HOME resources for 2004-2005. The Annual Action Plan must also include required language to meet the guidelines set forth in the interim rule for the American Dream Downpayment Initiative Program.

Approval of the Annual Action Plan provides the City of Urbana with the following entitlement dollars:

\$565,000 CDBG funds
\$386,539 HOME funds (requires \$67,128 matching funds)
\$ 55,342 ADDI funds

Staff recommends approval.

Ms. Chynoweth moved to forward **Resolution No. 2004-04-006R: A Resolution Approving the City of Urbana and Champaign/Urbana/Champaign County HOME Consortium (FY 2004-2005 Annual Action Plan)** to Council with a recommendation for approval. The motion was seconded by Ms. Wyman. Following debate, the motion carried by a voice vote.

Mr. Grewe presented staff report on **Ordinance No. 2004-04-042: An Ordinance Approving a Modification to The City of Urbana and Urbana/Champaign/Champaign County HOME Consortium FY 2003-2004 Annual Action Plan (Amendment #2) and (FY 2002-2003 Annual Action Plan (Amendment #3)**. These amendments are related to the City of Urbana's expending of \$130,000 for the 3B Street Lighting Project one month prior to the beginning of the 2003-2004 fiscal year. Since the City had adequate funding to cover the expense in their CDBG line of credit, it would be appropriate to amend the FY 2002-2003 Annual Action Plan to reflect the 3B Street Light project in the program year that the funds were expended. The result of this is that \$130,000 is available to be utilized in FY 2003-2004. Staff recommends that \$130,000 be reallocated for property acquisition.

moved the resolution to Council with a recommendation for approval. The motion was seconded Ms. Patt and carried by a voice vote.

City Attorney Steve Holz and Mayor Satterthwaite presented staff report on Ordinance No. 2004-03-026: An Ordinance Amending the Code of Ordinances Regarding Maximum Fines and Pay-By-Mail Minimum Fines. The review of Pay-by-Mail Fines minimums was prompted by citizen and police department concerns that the minimum fines established by Urbana's system are so much lower than those established in Champaign. A review of the pay-by-mail system has revealed that many of Urbana's fines are not at a level that can be deemed effective. These fines have been in place without change at the current levels since 1993.

After 10 years of moderate inflation, the impact of Urbana's fines has been eroded. In addition to recommending new fine levels, a provision raising fines by three percent a year to keep up with inflation is included in this ordinance.

Section 1 increases fines for liquor-related violations from levels of \$50, \$75, and \$100 to levels of \$135, \$150, \$280; Section 2 increases minimum fines for general noise violations and construction noise violations to \$185 and the minimum fines for noise violations related to the operation of motor vehicles to \$135; Section 3 increases animal cruelty offenses to \$185; Section 4 changes the minimum fines for Chapter 15 ("Miscellaneous Offenses") to \$185; Section 5 is a catchall section that will increase every other provision in the pay-by-mail schedule to \$135; Section 6 would increase the maximum fine for code violations to \$750; Section 7 contains an automatic escalator of minimum fines; and Section 8 is a clean-up of Section 1-18 to correct inaccurate citations to section numbers and section titles.

Ms. Chynoweth moved to forward Ordinance No. 2004-03-026 to Council. The motion was seconded by Chair Whelan.

Following debate, Ms. Patt moved to amend the motion by deleting Sections 1 and 7 of the ordinance. The motion was seconded by Ms. Wyman. Following debate, Ms. Wyman moved to amend the motion to amend to take out the increase in fines under Section 15-63, which calls for curfew for minors, which calls for an increase in the current \$75 fine to \$135. The motion was seconded by Ms. Chynoweth. Mr. Holz indicated that he was not sure it is proper to amend a motion to amend. Ms. Wyman asked Ms. Patt, as the mover of the motion to amend, if she would accept it as a friendly amendment. Ms. Patt indicated that she would.

Mr. Otto moved to forward **Ordinance No. 2004-03-026: An Ordinance Amending the Code of Ordinances Regarding Maximum Fines and Pay-By-Mail Minimum Fines** to the April 26, 2004 meeting of the Committee of the Whole. The motion was seconded by Chair Whelan.

Ms. Patt moved to amend the motion to delete Sections 1 and 7 of the ordinance. The motion was seconded by Ms. Wyman. Following debate, the motion to amend carried by a voice vote.

Following further debate, the motion to send **Ordinance No. 2004-03-026: An Ordinance Amending the Code of Ordinances Regarding Maximum Fines and Pay-By-Mail Minimum Fines, as amended**, to the April 26, 2004 meeting of the Committee of the Whole carried by a voice vote.

Mr. Hayes inquired of Assistant Police Chief Jim Page, if it is legal to transport liquor that has been taped up to reseal it? Mr. Page responded that the liquor must be in the trunk and not accessible to anyone in the vehicle.

ADJOURNMENT

There being no further business to come before the Committee, Chair Whelan declared the meeting adjourned at 10:55 p.m.

Respectfully submitted,

Elaine Taylor
Recording Secretary

*This meeting was taped.

**This meeting was broadcast on cable television.

MINUTES APPROVED : April 26, 2004, as amended

28

BRUCE
LIBBY
✓ BOB

**APPLICATION FOR FUNDING
CITY OF URBANA/CUNNINGHAM TOWNSHIP
CONSOLIDATED SOCIAL SERVICE PROGRAM
FY 2004-2005**

The City of Urbana requests applications from non-profit organizations for activities to be funded under one or both of the following programs: City of Urbana Community Development Block Grant Program, and the City of Urbana/Cunningham Township Social Services Grant Program. PLEASE NOTE IN THIS APPLICATION, PROGRAM REFERS TO THE PROGRAM FOR WHICH YOU ARE APPLYING FOR FUNDING, AND AGENCY REFERS TO COMPLETE ORGANIZATION INCLUDING ALL PROGRAMS THAT MAY BE OPERATED BY THE AGENCY. If this application is funded, it will become part of your grant agreement with the City; please be as accurate in your descriptions as possible.

**ALL QUESTIONS MUST BE COMPLETED. DO NOT SKIP ANY QUESTIONS.
INCOMPLETE APPLICATIONS WILL NOT BE CONSIDERED.**

AGENCY INFORMATION

AGENCY NAME: Habitat for Humanity of Champaign & Piatt Counties
ADDRESS: 40 East University Avenue, Champaign, Illinois 61820
CONTACT PERSON: Susan Leskis, Assistant Director
TELEPHONE NO.: 217-355-6460 YEAR ESTABLISHED: 1991
FAX NO.: 217-363-3373 E-MAIL ADDRESS: hfhleskis@soltec.net

*Not funded
from
National
Level*

OFFICERS/BOARD MEMBERS:

NAME	TITLE
<i>See attached</i>	

AGENCY MISSION STATEMENT:

Habitat for Humanity, founded on the conviction that everyone should have a simple, decent, affordable place to live in dignity and safety, is a nonprofit organization dedicated to eliminating substandard housing and in the region by giving a hand up, not a hand out. Working with area families between 25% and 50% of Median Family Income, we have helped bring shelter to 34 families in 12 years, assisting 157 people, including over 100 children.

GIVE A BRIEF OVERVIEW OF THE VARIOUS SERVICES PROVIDED BY YOUR AGENCY:

Habitat is working to give area families a "hand up", not a "hand out" by working in partnership with them, not for them. Habitat homebuilding is funded through donations, and is an entirely volunteer-driven process. It costs about \$60,000 to build

HOW MANY RECIPIENTS DOES THE PROGRAM FOR WHICH YOU ARE APPLYING HAVE THE CAPACITY TO SERVE? 2 *Urbana-based families per year (7 residents)*

HOW MANY ARE YOU CURRENTLY SERVING? 15-20 in FY 2004-2005 in Champaign and Piatt counties
DO YOU HAVE A WAITING LIST? yes _____ IF YES, HOW MANY ARE ON IT? *Close to 175 families*

PROGRAM SERVICE AREA:

Urbana only (If not entire city, then define area by street boundaries)

While we have homebuilding projects in both Champaign and Urbana, we seek funds only to build in Urbana, in the greater King Park Neighborhood area

Other (specify % of Urbana residents served and specific area of Urbana served)

FAMILY SIZE	EXTREMELY LOW INCOME 30% MFI	VERY LOW INCOME 50% MFI	LOW INCOME 80% MFI
1	\$12,800	\$21,150	\$33,800
2	\$14,500	\$24,150	\$38,650
3	\$16,300	\$27,200	\$43,500
4	\$18,100	\$30,200	\$48,300
5	\$19,550	\$32,600	\$52,200
6	\$21,000	\$35,050	\$56,050
7	\$22,450	\$37,450	\$59,900
8	\$23,900	\$39,850	\$63,000

USING THE ABOVE TABLE, HOW MANY PERSONS IN EACH CATEGORY WILL YOUR PROGRAM SERVE? AND HOW MANY LIVE IN URBANA?

EXTREMELY LOW _____ LIVE IN URBANA _____
 VERY LOW *both families are between 25-50% MFI* _____ LIVE IN URBANA 100%
 LOW _____ LIVE IN URBANA _____

ARE PERSONS CHARGED A FEE TO PARTICIPATE IN THE PROGRAM? IF YES, HOW MUCH AND FOR WHAT PURPOSE?

No. Homeowners must do 250-500 hours of sweat equity in helping build their homes and by taking financial management and home maintenance courses before moving into their home. (250 hrs for single head of households)

DESCRIBE IN DETAIL THE PROGRAM TO BE FUNDED:

We seek funds to offset costs of providing staff support to oversee the efforts of Habitat's volunteer-driven homebuilding projects. The staff position - Construction Coordinator - works part-time at a rate of \$18,000 per year with benefits, totaling \$6,700 per year. Out of five homebuilds planned for the FY2004-2005, two are in Urbana. Therefore, we seek funds equivalent to only 20% of the Construction Coordinator's position, or \$9,960. The Coordinator's duties include: supervising on-site homebuilding volunteers, managing worksite-related contracts, procuring purchased and donated building materials, overseeing worksite safety efforts, and project reporting.

IF YOU DO NOT RECEIVE THE FULL AMOUNT OF FUNDING REQUESTED, WHAT IMPACT WOULD

LIST THE SPECIFIC STRATEGY FROM THE STRATEGIC PLAN (see attached) OF THE CONSOLIDATED PLAN FOR PROGRAM YEARS 2000-2004 THAT YOUR PROGRAM ADDRESSES (for example, 1A or 3C): *Habitat's program addresses these strategies: 1C (promoting new affordable housing construction efforts for low-income families, 5C (improve nonprofit capacity), 6C (expand homeownership in Urbana), 7C (clear vacant lots for nonprofit homebuilding in King Park area), and 9C (encourage counseling and educational opportunities teaching homeownership skills).*

DESCRIBE BRIEFLY HOW YOUR PROGRAM ADDRESSES THIS STRATEGY: *Please see detail provided above next to each item.*

YOUR FISCAL YEAR BEGINS July 1, 2004 _____ AND ENDS June 30, 2005 _____.

BUDGETARY INFORMATION: ATTACH your actual agency budget for the current fiscal year to the application. ALSO ATTACH a preliminary agency budget for the fiscal year for which you are applying for funds (next fiscal year). These budgets should address the agency as a whole, not just the individual program for which you are applying. Categories which should be addressed in each budget include the following.

PERSONNEL SERVICES:	MATERIALS & SUPPLIES:	CONTRACTUAL SERVICES:	CAPITAL OUTLAY:
Salaries & wages, overtime payments, social security, health insurance, fringe benefits	Office supplies, building maintenance supplies, printed materials, gas, oil, food, etc.	Maintenance contracts, printing, postage, insurance, utilities, vehicle repairs, rent, travel and training costs	Vehicles, office and building equipment and furniture

LIST ALL AGENCY STAFF POSITIONS BY JOB TITLE, AND INCLUDE CURRENT ANNUAL SALARY AMOUNT:

<u>POSITION</u>	<u>NO. IN EACH POSITION</u>	<u>CURRENT ANNUAL SALARY OF EACH</u>
Executive Director _____	1 _____	\$44,000 _____
Assistant Director _____	1 _____	\$30,900 _____
Construction Coordinator _____	1 _____	\$18,000 _____
HOMEWORKS Manager _____	1 _____	\$20,000 _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

REVENUE INFORMATION

REVENUE DETAIL: List all revenue sources and amounts being utilized by the agency as a whole.

PROGRAM REVENUE DETAIL: List all revenue sources and amounts being utilized by just this specific program.

Revenue Source	Amount Received Current Fiscal Year	Amount Budgeted Next Fiscal Year	Are Funds Committed or Just Applied For
To support Construction Coordinator position in FY04-05: Contributions/special events/ other fundraising efforts	\$ 0 (YTD)	\$24,700.00	Applied for/FR underway
To fund the two actual builds he will oversee:			
<i>Student Build:</i> - Student Chapter Reserves	\$ 15,000.00	\$ 0	Committed
- UIUC Fraternities fundraising	\$ 0	\$40,000.00	Committed
<i>Fox Build:</i> - Peter and Kim Fox	\$20,000.00	\$ 0	Committed
- Grassroots and in-kind fundraising	\$15,000.00	\$ 30,000.00	Committed
TOTAL REVENUE SOURCES	\$50,000.00	\$94,700.00	

GRANT FUNDS REQUESTED: In order of priority, list items for which you are requesting funding.

Description (items, units, positions, etc.)	Amount Requested
Construction Coordinator position at 20% <i>20 hrs/WK.</i>	\$ 7,200.00
Benefits, FICA, etc. at 20%	\$ 2,760.00
TOTAL REQUESTED FOR THIS PROGRAM	\$9,960.00

LIST ALL *OTHER* REVENUE SOURCES APPLIED FOR TO FUND THIS PROGRAM ACTIVITY

REVENUE SOURCE	AMOUNT REQUESTED/WHAT FISCAL YEAR
Private fundraising	\$14,740.00
TOTAL AMOUNT REQUESTED	\$14,740.00

**Habitat for Humanity of Champaign/Piatt Counties
Board Members 2004**

Executive Committee

Bob Kary, President

Currently vacant/TBA, Vice President

Janet Nevling, Secretary

Marla Becker, Treasurer

Board of Directors

Barbara Bailey

Craig Chamberlain

Chip Craddock

Becky Crane

Matt Deering

Pat Hanlon

Diane Jeffers

Bill Dielman

Ron Lyman

Gene Morgan

Karen Peoples

Dave Rempe

Lisa Schweinberg

Bill Tredway



URBANA CITY COUNCIL MEETING
CITY COUNCIL CHAMBERS
400 S. VINE STREET, URBANA, IL



MONDAY, May 3, 2004
7:30 P.M.

AGENDA

A. APPROVAL OF MINUTES OF PREVIOUS MEETING

B. ADDITIONS TO THE AGENDA

C. PETITIONS AND COMMUNICATIONS

D. OLD BUSINESS

1. Ordinance No. 2004-04-044: An Ordinance Approving and Authorizing the Execution of An Annexation Agreement (1501 North Lincoln Avenue Annexation Agreement / Approximately 2.71 Acres on the Southwest Corner of Lincoln Avenue and Bradley Avenue – Plan Case No. 1887-A-04 and 1887-M-04) [CDS ? Originally discussed at 4/19/04 Council meeting and sent to 5/3/04 meeting due to error in publication of public hearing notice]

E. REPORTS OF STANDING COMMITTEES

1. Committee Of The Whole

- a. Ordinance No. 2004-03-035: An Ordinance Amending Chapter 14 of the Code of Ordinances, City of Urbana, Illinois, Regarding the Schedule of Fees (July 1, 2004 to June 30, 2005) [FIN/LEG ? Sent from 3/22/04 Committee meeting]
- b. Resolution No. 2004-04-006R: A Resolution Approving the City of Urbana and Champaign/Urbana/Champaign County HOME Consortium (FY 2004-2005 Annual Action Plan) [CDS ? Presented at 4/12/04 Committee meeting]
- c. Ordinance No. 2004-04-042: An Ordinance Approving a Modification to the City of

- f. Resolution No. 2004-04-011R: Resolution Authorizing the Temporary Closure of Church Street (between Orchard Street and Coler Avenue) to Accommodate the Carle Hospital Construction [PW]

F. REPORTS OF SPECIAL COMMITTEES

G. REPORTS OF OFFICERS

H. NEW BUSINESS

1. Ordinance No. 2004-05-049: An Ordinance Approving a Major Variance (Allow a Rear Yard Setback Reduction from 10' to 5' in the B-3, General Business, Zoning District / 1701 S. Philo Road, Case No. ZBA-04-MAJ-1) [CDS]
2. Ordinance No. 2004-05-050: An Ordinance Approving a Major Variance (Allow a Side Yard Setback Reduction from 10' to 5' in the B-3, General Business, Zoning District / 1801 S. Philo Road, Case No. ZBA-04-MAJ-2) [CDS]
3. Ordinance No. 2004-05-051: An Ordinance Approving a Major Variance (Allow a Side Yard Setback Reduction from 5' to 2'8" in the R-3, Single- and Two-Family Residential, Zoning District at 705 E. Park Street, Case No. ZBA-04-MAJ-3) [CDS]
4. Veto of an Ordinance Restricting the Wards of the City of Urbana, Illinois [MAYOR]

I. ADJOURNMENT

STATE OF ILLINOIS

CITY OF URBANA

**URBANA CITY COUNCIL MEETING
May 3, 2004**

The City Council of the City of Urbana, Illinois met in regular session at 7:30 p.m., Monday, May 3, 2004 in the Urbana City Council Chambers at 400 South Vine Street.

There being a quorum, Mayor Satterthwaite called the meeting to order at 7:39 p.m.

Present at the meeting were Members of the Council: Chynoweth, Hayes, Huth, Otto, Patt, and Wyman – 6; absent: Whelan – 1 (excused).

Also present were staff members: Police Chief Eddie Adair, Comptroller Ron Eldridge, Grants Management Division Manager Bob Grewe, City Attorney Steve Holz, Planner Paul Lindahl, Senior Planner Michaela Oktay, Economic Development Manager John Regetz, Finance Office Manager Delora Siebrecht, Assistant Public Works Director Barb Stiehl, Director of Community Development Libby Tyler, and Chief Administrative Officer Bruce Walden.

MINUTES OF PREVIOUS MEETING

Alderman Patt moved approval of the minutes of the April 19, 2004 regular meeting. The motion was seconded by Alderman Patt and carried by a voice vote. Alderman Patt requested to change page 3, item c. "Alderman Osler" to "Alderman Patt". There were no objections. The minutes were approved as amended.

OLD BUSINESS

Planning Division Manager Rob Kowalski presented staff report on **Ordinance No. 2004-04-044: An Ordinance Approving and Authorizing the Execution of An Annexation Agreement (1501 North Lincoln Avenue Annexation Agreement / Approximately 2.71 Acres on the Southwest Corner of Lincoln Avenue and Bradley Avenue – Plan Case No. 1887-A-04 and 1887-M-04)**. At the April 19, 2004 meeting the Council directed staff to incorporate language in the agreement pertaining to the design of the underground storage tanks and piping as well as including language regarding stormwater runoff and the use of Best Management Practices.

Following debate, Ms. Wyman moved to approve **Ordinance No. 2004-04-044: An Ordinance Approving and Authorizing the Execution of An Annexation Agreement (1501 North Lincoln Avenue Annexation Agreement / Approximately 2.71 Acres on the Southwest Corner of Lincoln Avenue and Bradley Avenue – Plan Case No. 1887-A-04 and 1887-M-04)**. The motion was seconded by Alderman Otto and carried 7-0 by roll call vote. Voting aye were Members of the Council: Chynoweth, Hayes, Huth, Otto, Patt, Wyman, and Mayor Satterthwaite – 7; voting nay: none.

REPORTS OF STANDING COMMITTEES

Committee Of The Whole

Alderwoman Patt moved to approve Ordinance No. 2004-03-035: **An Ordinance**

Alderman Patt moved to adopt Resolution No. 2004-04-006R: A Resolution

Approving the City of Urbana and Champaign/Urbana/Champaign County HOME Consortium (FY

2004-2005 Annual Action Plan). The motion was seconded by Alderman Wyman and carried 6-0 by

roll call vote. Voting aye were Members of the Council: Chynoweth, Hayes, Huth, Otto, Patt, and Wyman –

6; voting nay: none.

Alderman Patt moved to approve Ordinance No. 2004-04-042: An Ordinance

Approving a Modification to the City of Urbana and Urbana/Champaign/Champaign County 2003-

2004 Annual Action Plan (Amendment #2) and FY 2002-2003 Annual Action Plan (Amendment #3).

The motion was seconded Alderman Wyman and carried 5-0-1 by roll call vote. Voting aye were

Members of the Council: Chynoweth, Hayes, Otto, Patt, and Wyman; voting nay: none. Alderman Huth

abstained due to a conflict of interest.

Alderman Patt moved to approve Ordinance No. 2004-04-047: An Ordinance

Annexing Certain Territory to the City of Urbana (Approximately 0.72 acres on a tract located on the

North side of Willow View Road approximately 200 feet east of Cunningham Avenue). The motion

was seconded by Alderman Wyman and carried by a voice vote. Voting aye were Members of the

Council: Chynoweth, Hayes, Huth, Otto, Patt and Wyman – 6; voting nay: none.

Mayor Satterthwaite stated that Alderman Huth has requested reconsideration of item h

Alderwoman Patt moved to approve Ordinance No. 2004-04-048: An Ordinance Amending Schedule H of Section 23-93 of the Urbana Local Traffic Code Requiring Stop Signs at a Certain Intersection (Artesia Crossing at Beringer Circle, Rutherford Drive at Beringer Circle; Marc Trail at Philo Road; Greenridge Drive at Michigan Avenue). The motion was seconded by Alderwoman Wyman and carried by a voice vote. Voting aye were Members of the Council: Chynoweth, Hayes, Huth, Otto, Patt, and Wyman – 6; voting nay: none.

Alderwoman Patt moved to adopt Resolution No. 2004-04-011R: Resolution Authorizing the Temporary Closure of Church Street (between Orchard Street and Coler Avenue) to Accommodate the Carle Hospital Construction. The motion was seconded by Alderman Hayes and carried by a voice vote.

The next regular meeting of the Committee of the Whole will be Monday, May 10, 2004 at 7:30 p.m. in the Urbana City Council Chambers at 400 South Vine Street.

REPORTS OF SPECIAL COMMITTEES

There were none.

REPORTS OF OFFICERS

Chief Administrative Officer Bruce Walden reviewed the proposed budget timetable.

Economic Development Manager John Regetz presented staff report on the City's

049: An Ordinance Approving a Major Variance (Allow a Rear Yard Setback Reduction from 10' to 5' In the B-3, General Business, Zoning District / 1701 S. Philo Road, Case No. ZBA-04-MAJ-1) and Ordinance No. 2004-05-050: An Ordinance Approving a Major Variance (Allow a Side Yard Setback Reduction from 10' to 5' In the B-3, General Business, Zoning District / 1701 S. Philo Road, Case No. ZBA-04-MAJ-2). The requested variances are side and rear yard setback reductions to allow for a new convenience store development on the subject property. The requests are to reduce the required 10-foot side and rear yard setbacks to five feet to allow a new building to be located in the southwest corner of the property.

The Zoning Board of Appeals voted to forward the variance request to Council with a recommendation for approval to allow the petitioners to reduce the side yard setback from 10 feet to 5 feet, with the condition that the improvements conform to the general site plan as submitted.

Alderman Patt moved to approve **Ordinance No. 2004-05-049: An Ordinance Approving a Major Variance (Allow a Rear Yard Setback Reduction from 10' to 5' In the B-3, General Business, Zoning District / 1701 S. Philo Road, Case No. ZBA-04-MAJ-1).** The motion was seconded by Alderman Wyman and carried 6-0 by roll call vote. Voting aye were Members of the Council: Chynoweth, Hayes, Huth, Otto, Patt, and Wyman – 6; voting nay: none.

Alderman Patt moved to approve **Ordinance No. 2004-05-050: An Ordinance**

Planner Paul Lindahl presented staff report on Ordinance No. 2004-05-051: An Ordinance Approving a Major Variance (Allow a Side Yard Setback Reduction from 5' to 2'8" in the R-3, Single- and Two-Family Residential, Zoning District at 705 E. Park Street, Case No. ZBA-04-MAJ-3). Michael Valentine is requesting a major variance to allow a reduction in the width of the required side yard on his property to facilitate the replacement of an existing carport with a new one that would serve as a large breezeway to connect the house and garage. This will physically connect the house to the garage. The Zoning Board of Appeals recommends approval with the condition that the construction would conform to the submitted site plan.

Alderman Wyman moved to approve Ordinance No. 2004-05-051: An Ordinance Approving a Major Variance (Allow a Side Yard Setback Reduction from 5' to 2'8" in the R-3, Single- and Two-Family Residential, Zoning District at 705 E. Park Street, Case No. ZBA-04-MAJ-3). The motion was seconded by Alderman Hayes and carried 6-0 by roll call vote. Voting aye were Members of the Council: Chynoweth, Hayes, Huth, Otto, Patt, and Wyman – 6; voting nay: none.

Mayor Satterthwaite presented his Veto of an Ordinance Redistricting the Wards of the City of Urbana, Illinois. City Attorney Steve Holz looked up the process for a Mayoral veto and it was presented on Council desks prior to the meeting. The veto will be presented at this meeting and the override will be presented at the next Council meeting.

projected population growth be spread between Wards. By including the most active residential subdivisions, including Savannah Green, Stone Creek, Fairway Estates, Eagle Ridge, Southridge V, Beringer Commons and Sunny Estates, in Urbana into Ward 6, the new map will create a problem similar to the one that exists today in which Ward 6 has a much higher population than the other Wards. With 6758 residents in the existing Ward 6, it has a population 25% higher than Ward 7, the next most populous Ward with 5403 residents and 58% higher than Ward 4, which has a population of only 4283.

Although I understand that we must use the 2000 census figures to provide a framework for drawing a new map, it is irresponsible to ignore that residential construction statistics show that in 2002 and 2003, 301 (91%) of the 332 single-family homes built in Urbana are in Ward 6 as it is drawn in the new map. In addition Ward 6 includes 62 (27%) of the 226 multi-family units built in Urbana in those years. The total of all residential construction in Ward 6 is 363 units of the 558 built in the City, that's 65%. At an average of 2.25 residents per household, this new construction represents 817 new residents in Ward 6 and 439 in the other six Wards combined. If this growth were to be spread evenly throughout the other six Wards, the result would be 73 residents per Ward, less than one-tenth of that in Ward 6. Numbers like this show how quickly this new map will be out of compliance with generally accepted population guidelines.

Another important criterion in drawing a new Ward map should be that the Ward boundaries be aligned with established geographic boundaries, such as collector and arterial streets, wherever it is practical. Supporters of the new Ward map have drawn the boundary of Ward 6 in such a way as to include as many high-turnout, and they believe, high-Republican areas of the City as possible. The result is to have Ward 6 stretch from Beringer Commons on the north to Deerfield Trails and the Wheatfield Park neighborhood on the south in such a sprawling manner that it would make any gerrymandering politician proud. In an effort to reduce the population but not the voter turnout Ward 6, supporters of the new map carefully carved out the Scottswood apartments near Washington and Leirman and the Sunnycrest apartments near Thomas Paine School knowing that turnout in municipal elections from these areas is low. Included in Ward 6 are areas that supporters of the new map believe to be high-turnout and high-Republican neighborhoods in municipal elections. These include not only precincts 19 and 20 (minus Scottswood) which are in the core of Ward 6, but also Beringer Commons and the western part of precinct 23 (bounded by Philo, Windsor, Anderson and McHenry) which contribute to the tortured nature of the Ward 6 boundary in the new map.

By concentrating as many high voter turnout areas in Ward 6 as they can, the supporters of the new map are trying to dilute the voice of the residents in Ward 6 in a way that violates the spirit of the 'one man, one vote' principle even if it satisfies legal requirements. I am aware that the map-making process is a political

64% of the vote; she received 475 votes. Mr. Otto won the election in Ward 7 with 58% of the vote; he received 773 votes.

In recent months, Mr. Otto has been looking for a home in Urbana for himself and his fiancée. He expects to be married this fall. With his current Ward being split in two, he finds that he currently represents significant portions of two Wards in the proposed map, Wards 4 and 7. The home Mr. Otto has found is across the street from Ward 4, just inside Ward 5, the Ward Ms. Huth represents. Mr. Otto's request to be drawn into Ward 4 is not an unreasonable one; he merely wants to represent people who voted him into office in the previous election while living in a home that he and his future wife found to be the best in the market for their needs.

It is my hope that the Council will uphold my veto and begin the process of adopting a map that will be fair politically, geographically and respect the reasonable requests of incumbent Council members who may wish to continue serving Urbana citizens on the Urbana City Council.

Thank you for your consideration.

Mayor Satterthwaite stated that Council Members will have two weeks to consider his objections and this item will be on the agenda for Council consideration on May 17, 2004.

There is no discussion on this item at this time.

ADJOURNMENT

There being no further business to come before the Council, Mayor Satterthwaite declared the meeting adjourned at 8:20 p.m.

Tod Satterthwaite
Mayor

Phyllis D. Clark, City Clerk

Urbana City Council
May 3, 2004
Page 9

AMENDMENT TO THE MAY 3, 2004 MINUTES

Alderwoman Patt requested to amend the minutes under **MINUTES OF PREVIOUS MEETING** to read "The motion was seconded by Alderwoman Wyman" rather than Alderwoman Patt.
There were no objections. The minutes were approved as amended.

CITY OF URBANA
COUNCIL'S COMMITTEE OF THE WHOLE

NOTICE OF MEETING

DATE: Monday, June 14, 2004
TIME: 7:30 p.m.
LOCATION: Urbana City Council Chambers
400 S. Vine Street, Urbana, IL

A G E N D A

Chair: Danielle Chynoweth, Alderwoman Ward 4

1. Call to Order and Roll Call
2. Additions to the Agenda and Staff Report
3. Approval of Minutes of Previous Meeting
 - a. May 24, 2004
4. Public Input
5. Ordinance No. 2004-06-063: An Ordinance Approving the Annual Budget (FY 2004-2005) [FIN → *This item forwarded from 6/7/04 Council meeting for revisions.*]
6. Ordinance No. 2004-05-053: An Ordinance Regarding City Officials and Employees Ethics [LEG]
7. Ordinance No. 2004-06-068: An Ordinance Amending the City of Urbana Code of Ordinances (Curfew for Minors) [LEG]
8. Closed Session: Review of Closed Session Minutes
9. Adjournment

CITY OF URBANA

COMMITTEE OF THE WHOLE - JUNE 14, 2004 - 7:30 P.M.

CITY COUNCIL CHAMBERS - 400 S. VINE STREET, URBANA, IL

COMMITTEE MEMBERS PRESENT: Danielle Chynoweth (Chair); James H. Hayes, Jr.; Laura Huth; Milton Otto; Esther Patt; Joseph A. Whelan, Jr.; Ruth Wyman

COMMITTEE MEMBERS ABSENT: None

STAFF PRESENT: Tod Satterthwaite; Phyllis Clark; Stephen Holz; Eddie Adair; Elizabeth Tyler

OTHERS PRESENT: Members of the Media

1. CALL TO ORDER AND ROLL CALL

Chair Chynoweth called the meeting of the Committee Of The Whole to order at 7:35 p.m.

2. ADDITIONS TO THE AGENDA AND STAFF REPORT

There were no additions to the agenda.

Mayor Satterthwaite addressed an email he received from Mike Brunk (City Arborist) earlier today concerning tree trimming in West Urbana. Illinois Power tree trimming crews have begun trimming trees on a four-year cycle. Mayor Satterthwaite noted that a couple of complaints had been received concerning how trees have been cut near the power lines. He requested that Mr. Brunk look into the complaints and also make sure Illinois Power tree trimmers have been doing their work in accordance with arbor cultural standards. Mr. Brunk informed the Mayor that standards were being met, and that Illinois Power staff have been hanging door hangers on residents' doors with contact information if they should have any questions.

3. APPROVAL OF MINUTES OF PREVIOUS MEETING

May 24, 2004 - Ms Patt made a motion to approve the minutes of the meeting held May 24, 2004. Ms Wyman seconded. The motion carried by voice vote.

5. ORDINANCE NO. 2004-06-063: AN ORDINANCE APPROVING THE ANNUAL BUDGET (FY 2004-2005)

[Note: This item was forwarded from the June 7, 2004 Council meeting for revisions.]

Mayor Satterthwaite addressed correspondence he had distributed this evening to Council Members. (See attached.)

Mr. Otto moved approval of the amendments as proposed by Mayor Satterthwaite. Ms Patt seconded. *[Point of Clarity: Motion is to amend the Budget to provide the expenditures as described in the Mayor's memo, namely \$9,300 for Community Wireless proposal by adding a line item "WiFi" at \$9,300.00 and reducing the Finance Department Computerization line item by \$9,300.00; and to UPTV add .5 FTE for Outreach activities and have that budgeted at \$12,381; and to reduce the Police Patrol Overtime line item by \$2,000 and add a line item 200 entitled "SRO Supplies and Materials" at \$2,000.]*

Chair Chynoweth made a motion to amend the UPTV line item to \$15,000. Ms Wyman seconded. *[Point of Clarity: The amendment is that the UPTV half-time Outreach Coordinator position be a line item in the Budget at \$15,000.]*

Following debate, Chair Chynoweth's amendment failed by a show of hands.

Mr. Otto requested a roll call vote on his motion. The vote was as follows:

Chynoweth - Aye
Hayes - Aye
Huth - Aye
Otto - Aye

Patt - Aye
Whelan - Aye
Wyman - Aye

The motion carried by a roll call vote (7-aye:0-nay).

Ms Patt addressed the proposed Distribution for Consolidated Social Services Funding. (See attached.)

Ms Patt made a motion that the Budget be amended to reflect

East Central Illinois; \$4,500 Safe Harbor Club; and \$3,200 to YMCA of University of Illinois' Vis-à-vis Program.

From Community Development Block Grant Funds: \$4,000 to Champaign County RPC Court Diversion Services; \$11,100 to Crisis Nursery; \$4,500 to Developmental Services; and \$4,600 to Mental Health Center Roundhouse.

Ms Wyman seconded. The motion carried by a voice vote.

Ms Patt made a motion to amend the Budget for FY 2005 to raise the salary for the Mayor in that fiscal year to \$45,200 and the salary for the City Clerk to \$39,766, and that those amounts reflect setting the salary for the next four-year period for those positions at \$50,000 for the position of Mayor of Urbana and \$44,000 for the position of City Clerk of Urbana. This represents a 13% increase, or the equivalent over a four-year period of 3.25% annually. Ms Wyman seconded. *[Point of Clarity: 10 months of what appears in the Budget for the Mayor which is currently \$44,240, and \$38,920 for City Clerk; and then 2 months of the new amounts which, if approved, would be \$50,000 for the position of Mayor and \$44,000 for the position of City Clerk.]* The motion carried by a voice vote.

Mr. Hayes made a motion to increase the salaries of the City Council Members from \$3,800 to \$5,000. Mr. Otto seconded. Debate ensued.

Following debate, Mr. Whelan requested a roll call vote. The vote was as follows:

Chynoweth - Aye
Hayes - Aye
Huth - Nay
Otto - Aye

Patt - Nay
Whelan - Aye
Wyman - Nay

The motion carried by a roll call vote (4-aye:3-nay).

Mr. Whelan made a motion to remove Planned Parenthood from the Budget's Social Service Funding because they provide abortions. Mr. Otto seconded for the purpose of discussion. Debate ensued.

Chynoweth - Aye
Hayes - Aye
Huth - Abstain*
Otto - Aye

Patt - Aye
Whelan - Nay
Wyman - Aye

The motion carried by a roll call vote (5-aye:1-abstain*:1-nay). [**Ms Huth abstained due to a potential conflict of interest.*]

Before proceeding to the next item, Chair Chynoweth called a 5-minute recess.

The Committee resumed its meeting at 9:35 p.m.

6. **ORDINANCE NO. 2004-05-053: AN ORDINANCE REGARDING CITY OFFICIALS AND EMPLOYEES ETHICS**

[Chair Chynoweth expressed concern with acting on this item this evening, since not all Committee Members received their packet of information. She had no objection to staff presenting it, but indicated that she would support this item being deferred to the next meeting to allow all Committee Members an opportunity to review material.]

Stephen Holz (City Attorney) presented the staff report.

Following debate, Ms Huth made a motion to postpone this item for two weeks. Ms Wyman seconded. The motion carried by voice vote.

7. **ORDINANCE NO. 2004-06-068: AN ORDINANCE AMENDING THE CITY OF URBANA CODE OF ORDINANCES (CURFEW FOR MINORS)**

Mr. Holz presented the staff report.

Following debate, Ms Patt made a motion to have this come back to Committee in four weeks. Ms Wyman seconded. The motion carried by voice vote. This item will appear on the July 12, 2004 agenda.

8. **CLOSED SESSION: REVIEW OF CLOSED SESSION MINUTES**

9. **ADJOURNMENT**

There being no further business to come before the Committee, Chair Chynoweth declared the meeting adjourned at 10:37 p.m.

Deborah J. Roberts
Recording Secretary

*This meeting was broadcast on cable television.

Minutes Approved: June 28, 2004



URBANA CITY COUNCIL MEETING
CITY COUNCIL CHAMBERS
400 S. VINE STREET, URBANA, IL



MONDAY, June 21, 2004

7:30 P.M.

- A. APPROVAL OF MINUTES OF PREVIOUS MEETING
- B. ADDITIONS TO THE AGENDA
- C. PETITIONS AND COMMUNICATIONS
- D. OLD BUSINESS
- E. REPORTS OF STANDING COMMITTEES
 - 1. Committee Of The Whole
 - a. Ordinance No. 2004-06-063: An Ordinance Approving the Annual Budget (FY 2004-2005)
 - b. Resolution No. 2004-06-015R: Resolution Regarding the Release of Closed Session Minutes (Review period January, 2004 to June, 2004)
- F. REPORTS OF SPECIAL COMMITTEES
- G. REPORTS OF OFFICERS
- H. NEW BUSINESS

STATE OF ILLINOIS

Tod Satterthwaite, Mayor

CITY OF URBANA

Phyllis D. Clark, City Clerk



**URBANA CITY COUNCIL MEETING
JUNE 21, 2004**

The City Council of the City of Urbana, Illinois, met in regular session Monday, June 21, 2004 in the Council Chambers at the Urbana City Building.

COUNCIL MEMBERS PRESENT

Ward 1 - Alderwoman Esther Patt
Ward 2 - Alderwoman Ruth Wyman
Ward 3 - Alderman James H. Hayes, Jr.
Ward 4 - Alderwoman Danielle Chynoweth
Ward 5 - Alderwoman Laura Huth
Ward 6 - Alderman Joseph A. Whelan, Jr. (7:34 p.m.)
Ward 7 - Alderman Milton Otto

COUNCIL MEMBERS ABSENT

None

STAFF PRESENT

Tod Satterthwaite; Phyllis Clark; Bruce Walden; Stephen Holz;
Eddie Adair; William Gray; Elizabeth Tyler; Ronald Eldridge

OTHERS PRESENT

Sascha Meinrath; Gary Jackson; Bob Leach; Helen Katz; Members of
the Media

There being a quorum, Mayor Satterthwaite called the meeting of the Urbana City Council to order at 7:32 p.m.

C. PETITIONS AND COMMUNICATIONS

Sascha Meinrath, 412 W. Illinois, representing Champaign-Urbana Community Wireless Network (CUWiN), did not wish to speak, but was available to answer questions concerning the proposed wireless program.

Gary Jackson, 406 Yankee Ridge Lane, representing Champaign County Izaak Walton League, presented the Environmental Award from the Illinois Division of The Izaak Walton League to the City of Urbana. This civic award is being presented in recognition of the City's work to aggressively address atmospheric pollution from vehicle exhaust and fossil fuel consumption. Mayor Satterthwaite accepted the award on behalf of the City of Urbana. *[Special note: The mission of the Izaak Walton League is to conserve, protect, and restore the soil, forest, water and other natural resources of the United States and other lands; and to promote means and opportunities for the education of the public with respect to resources and their enjoyment and their wholesome utilization.]*

Bob Leach, 910 N. Broadway, and Helen Katz, 901 N. Gregory, both representing UCAN, addressed the Council concerning a project their organization is working on along with other neighborhood groups to locate small garbage cans at strategic locations in the neighborhood.

Council Member Input

Alderwoman Chynoweth distributed information to Council Members concerning the National Summit for a Community Wireless Network, along with a registration form. The summit will be held August 20-22, 2004 at the University of Illinois.

D. OLD BUSINESS

There was none.

E. REPORTS OF STANDING COMMITTEES

1. Committee Of The Whole

- a. Ordinance No. 2004-06-063: *An Ordinance Approving the Annual Budget (FY 2004-2005)*

Alderwoman Wyman made a motion to approve. Alderman Hayes

The vote was as follows:

Chynoweth - Aye	Patt - Aye
Hayes - Aye	Whelan - Nay
Huth - Abstain*	Wyman - Aye
Otto - Aye	

Disposition: Ordinance No. 2004-06-063, "An Ordinance Approving the Annual Budget (FY 2004-2005)", was approved by the Council by roll call vote (5-aye:1-abstain*:1-nay). [*Alderman Huth abstained due to a potential conflict of interest.]

- b. Resolution No. 2004-06-015R: *Resolution Regarding the Release of Closed Session Minutes (Review Period January 2004 to June 2004)*

Alderman Huth made a motion to adopt the resolution. Alderman Patt seconded. The motion carried by voice vote.

Disposition: Resolution No. 2004-06-015R, "Resolution Regarding the Release of Closed Session Minutes (Review Period January 2004 to June 2004)", was adopted by the City Council by a voice vote.

With nothing further to report, Alderman Huth stated that the next meeting of the Committee Of The Whole is scheduled for Monday, June 28, 2004 at 7:30 p.m. in the Council Chambers.

F. REPORTS OF SPECIAL COMMITTEES

There were none.

G. REPORTS OF OFFICERS

There were none.

H. NEW BUSINESS

1. Ordinance No. 2004-06-069: *An Ordinance Fixing the Salary of City*

I. ADJOURNMENT

There being no further business to come before the City Council, Mayor Satterthwaite declared the meeting adjourned at 8:00 p.m.

Deborah J. Roberts
Recording Secretary

Phyllis D. Clark
City Clerk

*This meeting was taped.

**This meeting was broadcast on cable television.

Minutes Approved: July 6, 2004

ORDINANCE NO. 2002-12-133

AN ORDINANCE AUTHORIZING THE SALE OF CERTAIN REAL ESTATE
(808 North Romine Street)

WHEREAS, Subsection (a), entitled "Sale of real estate," of Section 2-118, entitled "Purchase, sale, lease, etc., of real estate," of the Code of Ordinances, City of Urbana, Illinois, provides that any real estate owned by the City of Urbana may be sold in any manner prescribed by the City Council in an ordinance authorizing such sale; and

WHEREAS, the requirements of said Subsection (a) of Section 2-118 for a public hearing and for the required notice for such public hearing do not, pursuant to the terms thereof, apply to the sale of residential property acquired under the Community Development Program; and

WHEREAS, the City Council now desires to sell the real estate commonly known as 808 North Romine Street, which said property has heretofore been acquired under the Community Development Program, in accordance with said Subsection (a) of Section 2-118 and the policy heretofore established with respect thereto; and

WHEREAS, the City Council expressly finds and declares that said real estate is not needed for governmental purposes or proprietary activity of the City of Urbana.


Section 2. That the Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute said Contract together with all other necessary deeds and documents required by such Contract for and on behalf of the City of Urbana, Illinois.

PASSED by the City Council this 16th day of December,
2002.

AYES: Chynoweth, Hayes, Huth, Otto, Patt, Whelan, Wyman, and Mayor Satterthwaite

NAYS:

ABSTAINS:


Phyllis D. Clark, City Clerk

APPROVED by the Mayor this 24th day of December,
2002.


Tod Satterthwaite, Mayor

[Code of Federal Regulations]

[Title 24, Volume 1]

[Revised as of April 1, 2004]

From the U.S. Government Printing Office via GPO Access

[CITE: 24CFR92.356]

[Page 622-624]

TITLE 24--HOUSING AND URBAN DEVELOPMENT

PART 92_HOME INVESTMENT PARTNERSHIPS PROGRAM--Table of Contents

Subpart H_Other Federal Requirements

Sec. 92.356 Conflict of interest.

(a) Applicability. In the procurement of property and services by participating jurisdictions, State recipients, and subrecipients, the conflict of interest provisions in 24 CFR 85.36 and 24 CFR 84.42, respectively, apply. In all cases not governed by 24 CFR 85.36 and 24 CFR 84.42, the provisions of this section apply.

(b) Conflicts prohibited. No persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME

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funds or who are in a position to participate in a decisionmaking process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

(c) Persons covered. The conflict of interest provisions of paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the participating jurisdiction, State recipient, or subrecipient which are receiving HOME funds.

(d) Exceptions: Threshold requirements. Upon the written request of the participating jurisdiction, HUD may grant an exception to the provisions of paragraph (b) of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the HOME Investment Partnerships Program and the effective and efficient

would otherwise not be available;

(2) Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

(3) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decisionmaking process with respect to the specific assisted activity in question;

(4) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (c) of this section;

(5) Whether undue hardship will result either to the participating jurisdiction or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

(6) Any other relevant considerations.

(f) Owners and Developers. (1) No owner, developer or sponsor of a project assisted with HOME funds (or officer, employee, agent, elected or appointed official or consultant of the owner, developer or sponsor) whether private, for-profit or non-profit (including a community housing development organization (CHDO) when acting as an owner, developer or sponsor) may occupy a HOME-assisted affordable housing unit in a project. This provision does not apply to an individual who receives HOME funds to acquire or rehabilitate his or her principal residence or to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.

(2) Exceptions. Upon written request of a housing owner or developer, the participating jurisdiction (or State recipient, if authorized by the State participating jurisdiction) may grant an exception to the provisions of paragraph (f) (1) of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the HOME program and the effective and efficient administration of the owner's or developer's HOME-assisted project. In determining whether to grant a requested exception, the participating jurisdiction shall consider the following factors:

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(i) Whether the person receiving the benefit is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted housing, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

(ii) Whether the person has withdrawn from his or her functions or

[Code of Federal Regulations]

[Title 24, Volume 3]

[Revised as of April 1, 2004]

From the U.S. Government Printing Office via GPO Access

[CITE: 24CFR570.611]

[Page 150-151]

TITLE 24--HOUSING AND URBAN DEVELOPMENT

CHAPTER V--OFFICE OF ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND
DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PART 570 COMMUNITY DEVELOPMENT BLOCK GRANTS--Table of Contents

Subpart K Other Program Requirements

Sec. 570.611 Conflict of interest.

(a) Applicability. (1) In the procurement of supplies, equipment, construction, and services by recipients and by subrecipients, the conflict of interest provisions in 24 CFR 85.36 and 24 CFR 84.42, respectively, shall apply.

(2) In all cases not governed by 24 CFR 85.36 and 84.42, the provisions of this section shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the recipient or by its subrecipients to individuals, businesses, and other private entities under eligible activities that authorize such assistance (e.g., rehabilitation, preservation, and other improvements of private properties or facilities pursuant to Sec. 570.202; or grants, loans, and other assistance to businesses, individuals, and other private entities pursuant to Sec. 570.203, 570.204, 570.455, or 570.703(i)).

(b) Conflicts prohibited. The general rule is that no persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part, or who are in a position to participate in a decisionmaking process or gain inside information with regard to such activities, may obtain a financial interest or benefit from a CDBG-assisted activity, or have a financial interest in any contract, subcontract, or agreement with respect to a CDBG-assisted activity, or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties during their tenure or for one year thereafter. For the

assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

(ii) An opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or local law.

(2) Factors to be considered for exceptions. In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of paragraph (d)(1) of this section, HUD shall conclude that such an exception will serve to further the purposes of the Act and the effective and efficient administration of the recipient's program or project, taking into account the cumulative effect of the following factors, as applicable:

(i) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project that would otherwise not be available;

(ii) Whether an opportunity was provided for open competitive bidding or negotiation;

(iii) Whether the person affected is a member of a group or class of low- or moderate-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being

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made available or provided to the group or class;

(iv) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decisionmaking process with respect to the specific assisted activity in question;

(v) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (b) of this section;

(vi) Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

(vii) Any other relevant considerations.

[60 FR 56916, Nov. 9, 1995]