



## DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

*Grants Management Division*

### **m e m o r a n d u m**

**TO:** Laurel Lunt Prussing, Mayor, City of Urbana

**FROM:** Elizabeth H. Tyler, FAICP, Community Development Director

**DATE:** June 9, 2011

**SUBJECT:** **A RESOLUTION CERTIFYING A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION FOR THE URBANA HOME CONSORTIUM FOR FY 2011-2012 (HOMESTEAD CORPORATION OF CHAMPAIGN-URBANA)**

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### **Description**

Included on the agenda of the June 13, 2011 meeting of the Urbana City Council Committee of the Whole is a resolution to recertify Homestead Corporation of Champaign-Urbana (Homestead) as a Community Housing Development Organization (CHDO) for the Urbana HOME Consortium for Fiscal Year (FY) 2011-2012. Homestead has met all of the Federal HOME Program requirements for recertification as a CHDO for FY 2011-2012.

### **Issues**

The issue is whether the Urbana City Council should approve the resolution.

### **Background**

In order to continue to receive HOME Program funds and to carry out projects currently under contract with the HOME Program, CHDOs must maintain eligibility status according to HOME Program regulations. Grants Management staff conducted an annual on-site monitoring and recertification review of Homestead to ensure CHDO compliance and eligibility in February, 2011. During the review, staff verified that Homestead has met the requirements to be recertified as a CHDO for FY 2011-2012. Qualifications pertain to maintaining non-profit status, adequate capacity for affordable housing development, board member makeup, and outreach to the low income community, among other requirements.

At its May 24, 2011 regular meeting, the Urbana Community Development Commission (CDC) voted unanimously to forward the resolution recertifying Homestead as a CHDO to the Urbana City Council, with a recommendation for approval.

## **Options**

1. Approve the resolution recertifying Homestead Corporation of Champaign-Urbana as a Community Housing Development Organization as written.
2. Approve the resolution with changes.
3. Do not approve the resolution.

## **Fiscal Impacts**

There will be no new fiscal impact to the City budget. HOME Program CHDO Operating and Project funding have been earmarked in the City of Urbana and Urbana HOME Consortium Annual Action Plan for Fiscal Year 2011-2012 and have likewise been included in the FY 2011-2012 City of Urbana budget.

## **Recommendations**

Staff and the CDC recommend that the Urbana City Council approve the resolution as written.

**Memorandum Prepared By:**

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**Jen Gonzalez**  
**HOME Grant Coordinator**  
**Grants Management Division**

## **Attachments:**

1. A RESOLUTION CERTIFYING A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION FOR THE URBANA HOME CONSORTIUM FOR FY 2011-2012 (HOMESTEAD CORPORATION OF CHAMPAIGN-URBANA)
2. Community Development Commission unapproved meeting minutes 5-24-11

RESOLUTION NO. 2011-06-019R

A RESOLUTION CERTIFYING A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION  
FOR THE URBANA HOME CONSORTIUM FOR FY 2011-2012

(Homestead Corporation of Champaign-Urbana)

WHEREAS, the City Council of the City of Urbana, Illinois, has found and determined that certification of the Homestead Corporation of Champaign-Urbana as a Community Housing Development Organization for the Urbana HOME Consortium for FY 2011-2012 is desirable and necessary to carry out one of the corporate purposes of the City of Urbana, to wit: implementation of Strategies and Objectives to Address the Affordable Housing Needs of Low and Moderate Income Households described in the *City of Urbana and Urbana HOME Consortium FY 2010-2014 Consolidated Plan*,

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

Section 1. That the Homestead Corporation of Champaign-Urbana (Homestead) be identified and certified as a Community Housing Development Organization (CHDO) for the Urbana HOME Consortium for FY 2011-2012, and as such, be eligible to request specific HOME funds set aside for use by CHDOs, under regulations set forth by the U.S. Department of Housing and Urban Development.

Section 2. That said certification and the benefits afforded by it be in effect until June 30, 2012, or until such time that Council be informed of conditions necessitating a change in the status of Homestead Corporation as a CHDO.

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

AYES:

NAYS:

ABSTAINS:

\_\_\_\_\_  
Phyllis D. Clark, City Clerk

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

\_\_\_\_\_  
Laurel Lunt Prussing, Mayor



**UNAPPROVED**  
**REGULAR MEETING MINUTES**  
**COMMUNITY DEVELOPMENT COMMISSION**  
**Tuesday, May 24, 2011, City Council Chambers**  
**400 South Vine Street, Urbana, IL 61801**

**Call to Order:** Chairperson Cobb called the regular meeting of the Community Development Commission to order at 7:06 p.m.

**Roll Call:** Connie Eldridge called the roll. A quorum was present.

**Commission Members Present:** Fred Cobb, Janice Bengtson, Chris Diana, George Francis, Theresa Michelson, Brad Roof, Dennis Vidoni

**Commission Members Absent:** Jerry Moreland

**Others Present:** Kelly Hartford, Jennifer Gonzalez, and Connie Eldridge, Community Development Services; Aaron P. Smith, Homestead Corporation of Champaign-Urbana; Beverly Huffman, Habitat for Humanity of Champaign County.

**Approval of the Minutes:** *Chairperson Cobb asked for approval or corrections to the March 29, 2011 meeting minutes. On page 4, seventh paragraph, Commissioner Vidoni noted that Commissioner Roof could not move and second the motion to approve the Community Development Block Grant (CDBG) Agreement for Center for Women in Transition. It was decided that Connie Eldridge would check the recording and correct the motion. (NOTE: The corrected motion should read "Commissioner Francis moved to recommend... Commissioner Roof seconded...") Commissioner Roof moved to approve the minutes as corrected, and Commissioner Bengtson seconded the motion. The motion carried unanimously.*

**Petitions and Communications:** Commissioner Diana acknowledged Jen Gonzalez and Kelly Hartford for their Fair Housing presentation at a joint meeting of the Champaign County Realtors. Over 130 people attended this event. He remarked that City staff provided good outreach and new information, and there was a lot of feedback.

**Staff Report:** Ms. Hartford distributed a staff memorandum dated May 24, 2011. Ms. Gonzalez reviewed the events of the Federal Reserve Bank of Chicago's *Money Smart Week* in Champaign County.

In late April the City received a Department of Housing and Urban Development (HUD) notice of reduced funding allocations for Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) funding. Staff had one week to revise funding allocations and submit the Fiscal Year (FY) 2011-2012 Annual Action Plan (AAP) to a special City Council meeting. Council approved the AAP on May 9, 2011, and the AAP was submitted to HUD on May 13.

Ms. Hartford distributed the City Council memorandum for the FY 2011-2012 AAP and reviewed the changes. CDBG funds were reduced by 16%, and HOME funds were reduced by 12%.

Commissioner Diana asked if the reduction for lot acquisition would affect the demolition on Beslin Street and the purchase of properties on Beech and Dublin Streets. Ms. Hartford answered no; those projects are funded in the current fiscal year. Commissioner Roof asked if CU Independence would be able to complete their project. Ms. Hartford answered yes, they will divide their project into two years.

Noting the HOME cuts were proportional, Commissioner Diana requested a summary showing proposed and actual funding. In response to Commissioner Roof, Ms. Gonzalez stated the cuts were across the board except the Urbana entitlement unobligated funds. The City of Champaign and Champaign County have revised their AAPs to reflect the cuts.

Chairperson Cobb requested a copy of the City's Minority Business Enterprise/Women Business Enterprise (MBE/WBE) report. He also had questions about the new regulations for contractors concerning lead based paint.

Ms. Hartford discussed the Continuum of Care Homeless Survey data press release, which HUD requires every two years. The number of homeless persons increased since the last survey. The Continuum's Executive Committee is looking at goals and strategies. The Council of Service Providers to the Homeless is working on a family emergency shelter. There was discussion on definition of a household, duration of the survey, and number of reporting agencies. In order to gather more accurate data, staff and volunteers did a street count and went on-site at shelters.

**Old Business:**           None.

**New Business:**       **A Resolution Certifying a Community Housing Development Organization (CHDO) for the Urbana HOME Consortium for FY 2011-2012 (Homestead Corporation of Champaign-Urbana)** – Jen Gonzalez explained the annual recertification of CHDOs, which shows good faith effort that the City is working with the CHDOs. Due to Champaign County Neighborhood Alliance for Habitat's and Ecological Construction Laboratory's (e-co lab) issues with 501(c)(3) status, only Homestead is being recertified at this time. Homestead still qualifies as a CHDO, and staff recommends approval. They will build single family homes on 1107 and 1109 North Gregory Street, and they will be requesting a third lot in the future.

Commissioner Roof asked if e-co lab was behind schedule. Ms. Gonzalez answered yes, in regards to the HUD's Integrated Disbursement and Information System (IDIS). Since its merger with Passive House Institute U.S. (PHIUS), e-co lab does not meet CHDO board requirements, and its 501(c)(3) status is also unclear. The City wants to keep e-co lab as a CHDO; however, these issues will have to be resolved. In the meantime, the City cannot issue payouts to e-co lab for construction at 1302 West Dublin Street.

In response to Commissioner Diana, Ms. Gonzalez stated that PHIUS created a Limited Liability Company (LLC), but it does not have 501(c)(3) status. The LLC must still meet board requirements, and it is not a CHDO. If e-co lab is not recertified as a CHDO, their contracts and funding would have to be reallocated through an amendment of the Annual Action Plan (AAP).

The City is also working with Champaign County Neighborhood Alliance for Habitat, which is waiting to receive its 501(c)(3) status, to become a CHDO.

*Commissioner Vidoni moved to recommend to City Council approval of a Resolution Certifying a Community Housing Development Organization (CHDO) for the Urbana HOME Consortium for FY 2011-2012 (Homestead Corporation of Champaign-Urbana). Commissioner Diana seconded the motion, and the motion carried unanimously.*

**An Ordinance Authorizing the Sale of Certain Real Estate (901 North Division Avenue) to Habitat for Humanity for Affordable Housing Development** – Kelly Hartford stated that Habitat for Humanity requested this lot, which the City purchased with CDBG funds. Habitat has constructed many homes in Urbana. Beverly Huffman, Executive Director of Habitat, stated they have a homebuyer who has completed the sweat equity requirement and is ready for the Women Build Program. Habitat plans to start construction in August or September. In response to Chairperson Cobb, Ms. Huffman noted these infill homes are standard design, which makes it easier for the volunteers. If Habitat were to build homes on an entire street, they would vary the design.

*Commissioner Michelson moved to recommend to City Council approval of an Ordinance Authorizing the Sale of Certain Real Estate (901 North Division Avenue) to Habitat for Humanity for Affordable Housing Development. Commissioner Roof seconded the motion, and the motion carried unanimously.*

Commissioner Roof raised the issue of using an alternative formula, rather than the standard percent of Urbana residents served, to fund projects in future Annual Action Plans. He requested the commissioners think about a formula that would allow more flexibility. For example, quantity of people served should be considered.

Commissioner Silvis asked about the City Council's allocation of Consolidated Social Service Funds (CSSF). Ms. Hartford discussed the CSSF funding worksheets and agencies' applications, and she noted City Council looks at percentage of Urbana residents served. The current debate was whether to use the City's General Funds for CSSF or for other purposes.

Chairperson Cobb suggested a basic rule of using the percentage of Urbana residents but also allowing exceptions due to extenuating circumstances that may benefit the community. Commissioner Roof agreed. There was discussion about giving more weight to larger projects so that quantity served may also be considered. Commissioner Diana stated any criteria will have "hooks," which may require a complex matrix and may not be feasible. For example, an agency may serve 20 Urbana residents 24/7 while another serves 400 residents for one hour each.

Commissioner Silvis suggested a study session to consider these issues. Although Commissioner Michelson did not want the CD Commission to be a "rubberstamp," she felt staff has more knowledge of the projects since they daily work with the agencies. Noting the funding process moves from staff, to CD Commission, and then to City Council, Commissioner Roof felt the CD Commission should be involved sooner and make deeper considerations.

In response to Commissioner Roof, Ms. Hartford stated the HOME Technical Committee is made up of representatives from Champaign County and Cities of Urbana and Champaign. Noting there are not many funding applications, Commissioner Roof asked about staff filtering them. Ms. Hartford replied that the CD Commission sees all applications except for an occasional application that is not for a public facility. Public facility funding must be used for “bricks and mortar” projects. The City only receives one to six CDBG applications per year. This is likely due to the number of federal requirements that agencies must meet to use CDBG funds.

Commissioner Vidoni commented that the discussion had moved from specific criteria to discussing the application process. Commissioner Silvis suggested spending more time considering the applications. There was discussion about the benefit of a study session, increasing the number of commission meetings during the application process, and cancelling meetings at other times. Commissioner Michelson mentioned the mission of the CD Commission, how staff fits into the process, and unintended consequences. Commissioner Bengtson would like to receive CD Commission meeting packets earlier. Noting the material was good, she felt that reviewing the information more closely would answer some of these questions.

Commissioner Roof wanted to know more about how staff makes decisions and how the CD Commission allocates grants. Ms. Hartford remarked that staff will need to consider the entire funding process and review the timeframe. There was discussion on the recently reduced number of Grants Management Division staff and the possibility of holding a study session in August. Commissioner Silvis supported a study session that considered what funding rules are being used and why.

**Adjournment:** Chairperson Cobb adjourned the meeting at 8:14 pm.

Recorded by Connie Eldridge

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**UNAPPROVED**