



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Bruce K. Walden, Chief Administrative Officer

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

DATE: August 5, 2002

SUBJECT: **CHDO Operating Funds Agreements for Homestead and Urban League of Champaign County Development Corporation**

Description

On the agenda for the August 12 meeting of the Committee of the Whole are two HOME CHDO agreements to pledge \$20,000 to the Homestead Corporation and \$25,000 to the Urban League of Champaign County Development Corporation (ULCCDC) monies for administration and operating costs associated with the continued operation and new development of housing projects.

Issues

The issues are whether City Council should approve agreements between the city and Homestead Corporation along with an agreement between the city and ULCCDC regarding both organizations administration and operating expenses. City Council approval is required for both agreements.

Background

The HOME Investment Partnerships Program (HOME Program) allows 5% of a grantee's funding to be used for the administration/operating costs of Community Housing Development Organizations (CHDOs). In FY2002-2003, the Urbana HOME Consortium was awarded \$1,039,000, of which \$51,950 can be used in this manner.

The Urbana City Council has approved the FY2002-2003 Annual Action Plan (AAP), which identifies activities to be funded under the HOME Program and the Community Development Block Grant Program. HOME funds were allocated in the plan to the Homestead Corporation for \$20,000 in administration/operating funds while ULCCDC was allocated \$25,000 for the same purpose. In the AAP, \$6,950 in CHDO operating funds are still available to award a qualified CHDO. The CHDO operating funds are generally used for costs that can't be attributed to a specific program, such as salaries, benefits, office supplies and equipment, professional services, rents, etc... Neither the City nor the CHDOs will have to match these funds.

Homestead Corporation became a CHDO in FY1996-1997 while they developed their Single-Room Occupancy facility. Their primary focus is affordable rental housing. As such, they have also purchased 11 single-family homes throughout the Urbana and Champaign area with the help of HOME funds. The single-family units are leased to larger sized families that receive Section 8 rental assistance. This year, Homestead hopes to acquire 2 additional single-family homes in Champaign and 2 more homes in Urbana. Homestead will use these operating funds to pay for

salaries, office expenses and contractual expenses. Staff will bring an agreement for Homestead's rental property development to City Council at a later date.

ULCCDC became a CHDO in FY2001-2002. ULCCDC's primary focus is affordable homeownership through their HOME funded lease-purchase program, whereby families who have successfully completed the Urban League's credit counseling program are eligible to receive assistance purchasing a home. The family selects a home based upon the amount of money they can afford for housing. ULCCDC will purchase the home with the assistance of HOME funds and lease it to the family for up to three years, after which, the family will purchase the home from ULCCDC. During this three-year period, the client will continue with credit counseling and attend home maintenance training. During FY2001-2002 ULCCDC assisted 9 families in obtaining housing in Urbana and Champaign. ULCCDC will use the operating funds for salaries, benefits and office supplies. Staff will bring an agreement for ULCCDC's lease-purchase program to City Council at a later date.

Options

1. Approve one or both agreements as written
2. Approve one or both agreements with amendments.
3. Do not approve either agreement.

Fiscal Impacts

There would be no fiscal impact to the city budget. Funds for both organizations have been budgeted in Fiscal Year 2002-2003.

Recommendations

Staff recommends that the Community Development Commission forward a favorable recommendation to City Council for both agreements. At their July 23 meeting, the Urbana Community Development Commission recommended both agreements for city council approval.

Memorandum Prepared By:

- Attachments: (1) An Urbana HOME Consortium Community Housing Development Organization Agreement - Homestead Corporation of Champaign-Urbana - CHDO Operating FY2002-2003
- (2) An Urbana HOME Consortium Community Housing Development Organization Agreement - Urban League of Champaign County Development Corporation - CHDO Operating FY2002-2003

- (3) An Ordinance Approving and Authorizing the Execution of an Urbana HOME Consortium Community Housing Development Organization Agreement (Homestead Corporation of Champaign-Urbana CHDO Operating - FY2002-2003)
- (4) An Ordinance Approving and Authorizing the Execution of an Urbana HOME Consortium Community Housing Development Organization Agreement (Urban League of Champaign County Development Corporation CHDO Operating - FY2002-2003)