



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Laurel Lunt Prussing, Mayor

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

DATE: February 5, 2009

SUBJECT: AN ORDINANCE APPROVING FURTHER MODIFICATIONS TO THE CITY OF URBANA AND URBANA/CHAMPAIGN/CHAMPAIGN COUNTY HOME CONSORTIUM FY 2004-2005, FY 2006-2007, FY 2007-2008 ANNUAL ACTION PLANS and MODIFICATIONS TO THE CITY OF URBANA AND URBANA/CHAMPAIGN/CHAMPAIGN COUNTY HOME CONSORTIUM FY 2008-2009 ANNUAL ACTION PLAN

Description

On the agenda of the February 9, 2009 meeting of the Urbana City Council Committee of the Whole is an Ordinance Approving Modifications to the City of Urbana and Urbana Home Consortium Annual Action Plans for Fiscal Years 2004-2005, 2006-2007, 2007-2008, and 2008-2009. As lead agency for the Urbana HOME Consortium, City of Urbana staff have worked with the other Consortium members, the City of Champaign and Champaign County, to identify changes that need to be made to the City of Urbana and Urbana HOME Consortium Annual Action Plans for multiple fiscal years.

The proposed modifications include:

- 1) An amendment reallocating FY 2008-2009 City of Urbana CDBG funds that were originally programmed for two separate Center for Women in Transition (CWIT) projects to a single CWIT project;
- 2) An amendment reallocating HOME Consortium Community Housing Development Organization (CHDO) project reserve funds (originally committed to Urban League of Champaign County Development Corporation (ULCCDC) CHDO projects over the past three years: FY 2006-2007, FY 2007-2008 and FY 2008-2009) to another Consortium CHDO, the Homestead Corporation of Champaign-Urbana, to be used for the Crystal View Townhomes Project; and
- 3) An amendment reallocating FY 2004-2005 Champaign County HOME entitlement funds to the Crystal View Townhomes Project.

Issue

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

Background

The proposed amendments are needed to reflect project funding and program changes that have occurred since the approval of the Annual Action Plans (and previous Amendments) for FY 2004-2005, FY 2006-2007, FY 2007-2008, and FY 2008-2009. The Department of Housing and Urban Development (HUD) regulations require that in the event significant changes to projects or programs described the Annual Action Plans occur, the relevant plans shall be amended to reflect the changes.

The City of Urbana and Urbana Home Consortium Consolidated Plan for FY 2005-2009 sets forth a process that must be followed in order to amend Annual Action Plans. The City is required to give notice of public hearings regarding any substantial amendment using one of the following methods: a) an advertisement in News Gazette, b) a notice to residents of the target area by direct mailing or c) through a notice on the City's website. In order to provide opportunity for the public comment regarding the proposed Annual Action Plan Amendments, public hearings regarding the proposed amendments were held in City Council Chambers on January 14, 2009 (HOME CHDO Reserve and Urbana CDBG) and January 23, 2009. Notices for each of these public hearings were provided in the News Gazette and on the City website, respectively.

The proposed amendments have been on display and available for public review and comment at the City Clerk's office, the Department of Community Development Services office and the Urbana Free Library since December 19, 2008 (ULCCDC reallocation) and January 8, 2009 (County reallocation). Public input (minutes attached) at the January 14, 2009 hearing supported the amendment for reallocating the CHDO reserve funds from ULCCDC to the Homestead Corporation of Champaign Urbana for use on the Crystal View project. At the January 23, 2009 Public Hearing, public input (minutes attached) supported the proposed amendment to reallocate Champaign County funds to the Crystal View project.

CITY OF URBANA CDBG PROGRAM AMENDMENT

The City of Urbana and Urbana HOME Consortium Annual Action Plan for FY 2008-2009 allocated Community Development Block Grant (CDBG) funds to the Center for Women in Transition (CWIT) for two public facility projects: 1) \$11,000 for the renovation of a duplex at 304 N. Fifth Street, Champaign, and 2) \$15,500 the installation of a new HVAC system at the Evans House (506 East Church, Champaign).

On June 19, 2008, the Center for Women in Transition sent a letter (copy attached) to the City of Urbana requesting that the \$11,000 grant for the single women duplex renovation project be reallocated to the Evans House HVAC installation project. The change was requested because the project at 304 North Fifth Street was completed ahead of schedule through volunteer labor and donation of materials. In addition, because use of CDBG funds on that project would require

Davis Bacon federal labor standards to apply to the entire project (from the beginning), it would not be financially feasible to use CDBG funds for work that remained.

At that time, CWIT staff also realized that because the Evans House project was subject to Davis Bacon standards and Lead Based paint assessment requirements, the cost would be higher than initially estimated at the time of their CDBG grant application.

The total cost of the HVAC installation at the Evans House is now expected to be somewhat higher than the late June 2008 estimate of \$28,500. CWIT will publicly request bids for the project within the next two months using the most recent Davis Bacon wage decision. If Council approves the change, the amended agreement will contain language to ensure CWIT provides matching funds of at least 25% of the total project cost. Any remaining CDBG funding would become available for future CDBG eligible projects.

CITY OF URBANA CDBG FY 2008-2009. This proposed amendment reallocates \$11,000 from the CWIT project at 304 North Fifth Street, Champaign to the Evans House HVAC retrofit project at 506 East Church Street, Champaign. Total estimated project CDBG funding would be \$26,500.

HOME PROGRAM AMENDMENTS

Crystal View Request for Additional Funds. In December 2008, Homestead Corporation of Champaign-Urbana (Homestead), the non-profit partner with Brinshore Development for the project, sent a letter (copy attached) to the City of Urbana and Urbana HOME Consortium requesting the allocation of any available HOME funding to the Crystal View Project. Reasons cited for the request were that the economic downturn has negatively affected the originally anticipated project revenue sources. The equity value of tax credits has dropped from \$ 0.82 on the dollar to \$ 0.71 on the dollar, and the Federal Home Loan Bank has notified applicants for funding that the maximum subsidy for affordable housing projects would be lowered from \$500,000 to \$300,000. The net shortfall in December was approximately \$300,000. More recently, the bank slated to provide permanent financing for the project decided that it would not provide permanent financing for affordable housing projects, meaning that Brinshore will likely incur additional costs in securing a permanent financing source.

The proposed Amendments to reallocate HOME funding to Homestead for the Crystal View project will reprogram funds originally committed to Urban League of Champaign County Development Corporation (ULCCDC) from the HUD required 15% CHDO set-aside. In addition, reallocating the FY 2004-2005 entitlement funds from Champaign County to Crystal View will ensure timely expenditure of those funds per HUD guidelines. Following is a summary of the proposed HOME Program Amendments:

- 1. URBANA HOME CONSORTIUM - 15% CHDO RESERVE (FY 2006-2007; FY 2007-2008 & FY 2008-2009)** This Amendment proposes to reallocate the remaining HOME CHDO reserve funds previously committed to the Urban League of Champaign County Development Corporation for the Lease Purchase Program and the Affordable Six Program as follows:

Crystal View Townhomes. A total of \$276,004 of HOME CHDO reserve funding (\$60,004 - FY 2006-2007 & FY 2007-2008); (\$156,000 - FY 2007-2008) and (\$60,000 FY 2008-2009) for the redevelopment of affordable rental housing units at the Crystal View Townhomes (*formerly Lakeside Terrace public housing*).

2. CHAMPAIGN COUNTY HOME PROGRAM (FY 2004-2005 Entitlement)

Champaign County has requested this amendment in order to ensure timely expenditure of its FY 2004-2005 entitlement project funds. The funding was originally allocated for housing rehabilitation projects; however, due to a reduction of staff after the plan was developed, the County did not have sufficient staff to undertake and complete the remaining housing rehabilitation projects before the FY 2004-2005 HOME expenditure deadline of July 31, 2009. In order to expend the funds in a timely manner, the County formulated a Tenant Based Rental Assistance (TBRA) Program, which was planned to end concurrently with the expenditure deadline. The housing rehabilitation funds were then reprogrammed to the County's TBRA Program via a FY 2004-2005 AAP Amendment in 2007.

The proposed amendment is requested because the participants are nearing the end of their scheduled assistance, and Champaign County staff estimates the TBRA Program will not be able to expend the balance of up to \$55,000 (between what is needed to complete the program and the amount allocated) by the deadline for FY 2004-2005 expenditures, which is July 31, 2009.

Crystal View Townhomes. \$55,000 in HOME and \$13,750 in local Match funding (provided by the project) for the redevelopment of affordable rental housing units at the Crystal View Townhomes (*formerly Lakeside Terrace public housing*).

Options

1. Approve the Ordinance Approving Further Modifications to the City of Urbana and Urbana/Champaign/Champaign County Home Consortium FY 2004-2005, FY 2006-2007, FY 2007-2008 Annual Action Plans and Modifications to the City Of Urbana and Urbana/Champaign/Champaign County Home Consortium FY 2008-2009 Annual Action Plan.
2. Approve the Ordinance with changes.
3. Do not approve the Ordinance.

Fiscal Impacts

The proposed amendments to the Annual Action Plans will not change the amount of CDBG and HOME funding provided to the City by HUD. There is no fiscal impact to the City budget.

Recommendations

At its January 27, 2009 regular meeting, the Urbana Community Development Commission voted unanimously to forward the Ordinance to the Urbana City Council with a recommendation for approval (unapproved minutes attached).

Staff recommends approval of the Ordinance.

Memorandum Prepared By:

John A. Schneider
Grants Management Division Manager

Attachments:

1. AN ORDINANCE APPROVING FURTHER MODIFICATIONS TO THE CITY OF URBANA AND URBANA/CHAMPAIGN/CHAMPAIGN COUNTY HOME CONSORTIUM FY 2004-2005, FY 2006-2007, FY 2007-2008 ANNUAL ACTION PLANS and MODIFICATIONS TO THE CITY OF URBANA AND URBANA/ CHAMPAIGN/ CHAMPAIGN COUNTY HOME CONSORTIUM FY 2008-2009 ANNUAL ACTION PLAN
2. CITY OF URBANA and URBANA HOME CONSORTIUM ANNUAL ACTION PLAN – FY 2004-2005 – AMENDMENT
3. CITY OF URBANA and URBANA HOME CONSORTIUM ANNUAL ACTION PLAN – FY 2006-2007, FY 2007-2008 and FY 2008-2009 - AMENDMENTS
4. June 19, 2008 CWIT letter to City of Urbana
5. December 2, 2008 Homestead letter to City of Urbana/Urbana HOME Consortium
6. January 14, 2009 and January 23, 2009 Public Hearing Sign-in sheets and minutes.
7. January 27, 2009 Urbana Community Development Commission Minutes (Unapproved).

ORDINANCE NO. 2009-02-007

AN ORDINANCE APPROVING FURTHER MODIFICATIONS TO THE CITY OF URBANA AND URBANA/CHAMPAIGN/CHAMPAIGN COUNTY HOME CONSORTIUM FY 2004-2005, FY 2006-2007, FY 2007-2008 ANNUAL ACTION PLANS and MODIFICATIONS TO THE CITY OF URBANA AND URBANA/CHAMPAIGN/CHAMPAIGN COUNTY HOME CONSORTIUM FY 2008-2009 ANNUAL ACTION PLAN

WHEREAS, the City of Urbana has been designated an entitlement city under the Federal Housing and Community Development act of 1974, as amended, and as such is eligible for Community Development Block Grant(hereinafter "CDBG") and Home Investment Partnership Funds (hereinafter "HOME") funds upon proper submittal being made to the United States Department of Housing and Urban Development (hereinafter "HUD"); and

WHEREAS, the Urbana City Council previously approved ordinances authorizing submittal to HUD of the Annual Action Plans for FY 2004-2005, FY 2006-2007, FY 2007-2008, and FY 2008-2009 that included proposed budgets for the CDBG and HOME Programs, and HUD subsequently approved the said Annual Action Plans; and

Whereas, the Urbana City Council previously approved ordinances authorizing submittal to HUD of certain modifications to the Annual Action Plans for FY 2004-2005, FY 2006-2007 and FY 2007-2008; and

WHEREAS, on December 22, 2008 the City of Urbana published in the Champaign-Urbana News-Gazette a 14-day notice of a public hearing and a notice of a 30-day public review period regarding said proposed budgetary amendments to the Annual Action Plans for FY 2006-2007, FY 2007-2008 and FY 2008-2009; and

WHEREAS, on January 8, 2009, the City of Urbana published on the City website a 14-day notice of a public hearing and a notice of a 30-day public review period regarding said proposed budgetary amendments to the Annual Action Plan for FY 2004-2005; and

WHEREAS, on January 14, 2009, and on January 23, 2009, the City of Urbana, the Grants Management Division of the Community Development Services Department held public hearings on the proposed amendments; and

WHEREAS, the City Council now finds it necessary and appropriate to further amend the City of Urbana and Champaign/Urbana/Champaign County HOME Consortium Annual Action Plans for FY 2004-2005, FY 2006-2007, FY 2007-2008 and to amend the City of Urbana and Champaign/Urbana/Champaign County HOME Consortium Annual Action Plan for FY 2008-2009.

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

Section 1. That the City of Urbana, as lead entity for the Urbana HOME Consortium, hereby approves the amendments to the following City of Urbana and Champaign/Urbana/Champaign County HOME Consortium Annual Action Plans, as such amendments are referenced in the attachment hereto, with reference to the following Annual Action Plans:

Annual Action Plan for FY 2004-2005;

Annual Action Plans for FY 2006-2007, FY 2007-2008, FY 2008-2009.

Section 2. That the Mayor of the City of Urbana is hereby designated as the authorized representative of the City of Urbana to take any action necessary in conjunction with said attached amendments to the Annual Action Plans for FY 2004-2005, FY 2006-2007, FY 2007-2008 and FY 2008-2009, and any prior approved Annual Action Plan or Amendment, including, without limitations, to execute any documents necessary to commit applicable HOME funds to the project for redevelopment of Lakeside Terrace now known as Crystal View Townhomes, submittal of the Annual Action Plan Amendments to the HUD-Regional Field Office and provision of such additional information as may be required.

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

City of Urbana and Urbana HOME Consortium



Amendment to Annual Action Plan FY 2004-2005

Champaign County HOME Program Budget Changes

Prepared by:
City of Urbana
Community Development Services
Grants Management Division
400 South Vine Street
Urbana, IL 61801
217.384.2447

**AMENDMENT TO
CITY OF URBANA and URBANA HOME CONSORTIUM
ANNUAL ACTION PLAN FY 2004-2005**

CHAMPAIGN COUNTY – HOME PROGRAM

This Amendment reallocates a portion of the funds currently budgeted for Tenant Based Rental Assistance to the Crystal View Town Homes project.

Tenant Based Rental Assistance Program

HOME funds will be used in conjunction with special purpose programs, such as the Champaign County Regional Planning Commission FCD program, to provide affordable housing assistance to low-income residents of Champaign County. The participating clients follow a team-approved plan for achieving self-sufficiency. Participating clients make co-payments toward rent (not to exceed 30% of the household income), based on their approved self-sufficiency plan.

~~**\$131,158 (\$104,926 HOME; \$26,232 Match)**~~

\$62,408 (\$49,926 HOME; \$12,482 Match)

Crystal View Townhomes FY 2004-2005 Champaign County HOME Funds will combined with City of Urbana HOME funds and Urbana HOME Consortium CHDO project funds to be utilized for the redevelopment of affordable rental housing units at the Crystal View Townhomes (*formerly Lakeside Terrace public housing*). The project must be consistent with affordable housing goals as outlined in the 2005-2009 Consolidated Plan, the 2005 Comprehensive Plan, and the 2004 Lakeside Redevelopment Plan, and must comply with applicable local, state and federal regulations.

\$68,750 (\$55,000 HOME; \$13,750 Match)

Total Champaign County Expenses:

	\$ 104,926 HOME
	\$ 26,232 Match
	<hr/>
	\$131,158 Total

City of Urbana and Urbana HOME Consortium



Amendment to Annual Action Plans

FY 2006-2007

FY 2007-2008

FY 2008-2009

Prepared by:
City of Urbana
Community Development Services
Grants Management Division
400 South Vine Street
Urbana, IL 61801
217.384.2447

AMENDMENT TO

CITY OF URBANA and URBANA HOME CONSORTIUM FY 2006-2007, 2007-2008, and 2008-2009 ANNUAL ACTION PLANS

Urbana HOME Consortium FY 2006-2007, FY 2007-2008, and FY 2008-2009 HOME

The Urbana HOME Consortium re-allocates up to \$276,004 in federal HOME funding originally obligated in previous years as Community Housing Development Organization (CHDO) project funds for Urban League of Champaign County Development Corporation's Lease Purchase Program and Affordable Six Programs. Funding is reallocated to the Homestead Corporation of Champaign-Urbana to be used for the Crystal View Townhomes project.

Crystal View Townhomes CHDO project funds will be reserved for Homestead Corporation of Champaign-Urbana for redevelopment of affordable rental housing units at the Crystal View Townhomes (*formerly Lakeside Terrace public housing*). The project must be consistent with affordable housing goals as outlined in the 2005-2009 Consolidated Plan, the 2005 Comprehensive Plan, and the 2004 Lakeside Redevelopment Plan, and must comply with applicable local, state and federal regulations.

HOME Program Budget Amendments:

<u>Urbana HOME Consortium</u>	<u>Current</u>	<u>AMENDED</u>
ULCCDC - Lease Purchase Program (FY 2008-2009)	\$ 60,000	-0-
ULCCDC - Affordable Six Programs (FY 2007-2008)	\$ 156,000	-0-
ULCCDC - Lease Purchase Program Cumulative Carryover (previous years) FY 2006-2007 & FY 2007-2008	\$ 60,004	-0-
Homestead Corporation CHDO Reserve - Crystal View Townhomes (redevelopment of Lakeside Terrace)	-0-	\$276,004

CITY OF URBANA FY 2008-2009 – COMMUNITY DEVELOPMENT BLOCK GRANT

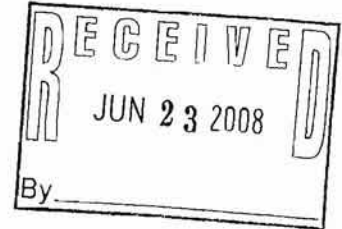
CDBG FY 2008-2009 Budget Amendment:

Center for Women in Transition (FY 08-09) Funds originally allocated to renovate duplex on North Fifth Street, Champaign (\$11,000) will be re-allocated to the Evans House - HVAC project. The total CDBG funding for the Evans House Project will increase to \$26,500.

<u>City of Urbana CDBG FY 2008-2009</u>	<u>Current</u>	<u>AMENDED</u>
Center for Women in Transition – Fifth Street Project	\$ 11,000	-0-
Center for Women in Transition – Evans House/Church Street Project	\$ 15,500	\$26,500

June 19, 2008

Kelly Hartford
Grants Coordinator
Grants Management Division
Department of Community Development Services
City of Urbana
400 S. Vine Street
Urbana, IL 61801




Dear Kelly:

We are submitting a request to reallocate the \$11,000.00 grant request submitted January 11, 2008 through CBDG funding from the duplex renovation project to the Evans House HVAC project. These monies will be addition to the \$15,500 previously requested through CBDG funding.

These additional funds are required in order to comply with the Davis Bacon and the Lead-Based Paint assessment requirements and complete any remediation work as needed to obtain a clearance report as the Evans House was built before 1978. Additionally, the funds will help offset the recent significant increases in the costs of materials and labor needed to complete the project.

If any of these additional funds are not expended on this project, the Center for Women in Transition will return and/or reallocate these funds as directed by the City of Urbana and in compliance with federal requirements.

Sincerely,

 FOR JOHN SULLIVAN

John Sullivan
Executive Director

JS:ch



Unlimited Possibilities Services Center



306 W. Griggs Street Urbana, IL 61801
Phone 217.328.9373 Fax 217.344.3327

Executive Director
Aaron P. Smith

Property Manager
Daniel Brinkman

Board of Directors
Thomas Z. Hodson
President

Len Heumann
Vice-President

Alan Nudo
Treasurer

Ted Apy-Tuhiso
Secretary

Shawna Abner

Tori Exum-Johnson

Carol Shupp

Latisha Smith

Shirley Stillinger

Kasey Umland

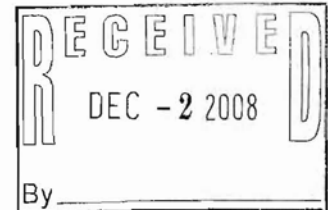
Kulapan Waranyuwat

Amy Wolff

Advisory Members
Jack Monkman

December 2, 2008

City of Urbana
Community Development Services
400 South Vine Street
Urbana, IL 61801
Attn: John Schneider



Dear Mr. Schneider:

The Homestead Corporation of Champaign-Urbana as partners and co-developers with Brinshore Development LLC in the redevelopment of the former Lakeside Terrace Housing Project into the new Crystal View Townhomes, has encountered shortfalls in the funding necessary to make this development the great success that we all hope it will be.

After three years of applying for Low-Income Housing Tax Credits to generate the bulk of necessary funding, we did finally receive those tax credits in April 2008. Although we were happy to finally receive that important source of funding, it unfortunately coincided with the beginnings of the financial crisis which currently continues to make the future of financial markets tenuous. As a result we will not be able to generate the same level of equity as we had originally expected to receive as the future value of those tax credit dollars has been significantly reduced (currently \$0.71 on the dollar, down from \$0.82 earlier this year). In addition, we were informed earlier this year that the Federal Home Loan Bank would be reducing the maximum amount of subsidy it provides from \$500,000 down to \$300,000 per project. This has left us with a substantial shortfall in our budget, all the while costs of construction are on the rise.

Homestead and Brinshore Development have taken numerous steps to deal with this shortfall, increasing the amount of our first mortgage with Chase Bank, maximizing the potential contributions from Illinois Housing Development Authority (itself experiencing shortfalls in funding) in return for deferring a portion of the payment of our developer fees to the back-end of the development, and pursuing additional funding for the energy-efficient aspects of the project from the Department of Commerce and Economic Opportunity. Despite all

homestead@prairienet.org
www.prairienet.org/homestead





306 W. Griggs Street Urbana, IL 61801
Phone 217.328.9373 Fax 217.344.3327

these efforts, the value of our tax credits in the current market leaves us with nearly a \$300,000 shortfall. Although we have already deferred a large portion of our developer fees, we cannot gain any further ground by further deferral, as this would make our credits less attractive to potential investors. Without additional HOME funding for the Crystal View Project we will be faced with the unpleasant choice of having to cutback on many aspects of the project which were considered desirable by City Council and City Development staff, as well as Brinshore and Homestead, such as the various "green" technology aspects of the project, in order for the project to move forward at its current level of funding.

Due to these circumstances I would like to request on behalf of Homestead Corporation and our partners Brinshore Development that the Urbana HOME Consortium consider allocating any available HOME program CHDO reserve funding that may be available as a result the decision of the Urban League of Champaign County Development Corporation to cease operations to address the funding shortfall we are currently experiencing. This would be enormously helpful to us as we try to close on the financing for Crystal View, so that the project may move forward as currently envisioned. We feel this would be a worthy use of the funding and would be the most expedient way for the HOME Consortium to allocate the funding in such a way as to expedite the spending of those previously allocated funds.

Thank you in advance for responding to this request as we look forward to providing good quality, affordable housing in the City of Urbana.

Sincerely,

Aaron P. Smith
Executive Director

**AMENDMENT TO THE ANNUAL ACTION PLAN
FY 2006-2007, FY 2007-2008, FY 2008-2009**

PUBLIC HEARING

**January 14, 2009 at 2:00 pm
City of Urbana Council Chambers
400 South Vine Street, Urbana**

Minutes

Present: *John Schneider, Manager, Grants Management Division; Kelly Hartford, Grants Coordinator (CDBG); Janel Gomez, HOME Coordinator; and see attached list for names of additional attendees.*

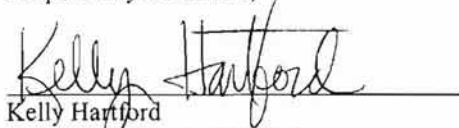
John Schneider called the meeting to order at 2:00 pm.

John Schneider provided a brief overview of the proposed reallocation of CDBG funds and proposed reallocation of HOME Program funds, specifically CHDO reserve originally allocated to Urban League of Champaign County Development Corporation for various programs including projects in FY 2008-2009, FY 2007-2008 and Cumulative Carryover from previous years including FY 2006-2007 and FY 2007-2008.

Aaron Smith from Homestead Corporation, who resides at 800 West Church, #1, Champaign supports both parts of the amendment, as he thinks they are important. No other participants in public hearing.

The meeting adjourned at 2:10 pm.

Respectfully Submitted,



Kelly Hartford
Grants Coordinator (CDBG)



**PUBLIC HEARING ON AMENDMENTS TO THE CITY OF URBANA AND URBANA HOME CONSORTIUM
FY 2008-2009, FY 2007-2008, & FY 2006-2007 ANNUAL ACTION PLANS
2:00 P.M., WEDNESDAY, JANUARY 14, 2009
URBANA CITY COUNCIL CHAMBERS, 400 SOUTH VINE STREET, URBANA, IL 61801
SIGN-IN SHEET**

<u>NAME</u>	<u>ADDRESS</u>	<u>PHONE</u>	<u>ORGANIZATION</u>
<u>Aaron P. Smith</u>	<u>306 W. Griggs St. Urbana</u>	<u>(217) 328-9373</u>	<u>Homestead Corporation</u>
<u>John Schmeide</u>	<u>400 S Vine St Urbana</u>	<u>384-3447</u>	<u>City of Urbana</u>
<u>Kelly Hartford</u>	<u>400 S. Vine St, U</u>	<u>328-8203</u>	<u>City of Urbana</u>
<u>Janel Gomez</u>	<u>400 S. Vine St. U</u>	<u>384-2335</u>	<u>City of Urbana</u>
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**ANNUAL ACTION PLAN AMENDMENT FY 2004-2005
PUBLIC HEARING**

**January 23, 2009, 10:00 AM
The City of Urbana Council Chambers
400 S. Vine Street, Urbana**

Minutes

Present: *John Schneider Mangare, Grants Management Division; Janel Gomez, Grants Coordinator (HOME);* and see attached list for names of additional attendees

John Schneider called the meeting to order at 10:00 AM.

John Schneider provided a brief overview of the HOME Program amendment including a description of the original fund allocation to the Champaign County Regional Planning Commission's tenant based rental assistance program and the program that will receive proposed reallocated funds, Crystal View Townhomes.

Aaron Smith, of the Homestead Corporation at 306 W. Griggs Street Urbana, came forth to comment on the proposed amendment. Mr. Smith stated that he supports the amendment and feels that the Crystal View Townhomes is an important development for the community and is greatly needed. He added that this funding amendment will help make the project a reality.

The meeting adjourned at 10:10 AM.

Respectfully Submitted



Janel Gomez, HOME Grant Coordinator



**PUBLIC HEARING ON AMENDMENT TO THE CITY OF URBANA AND URBANA HOME CONSORTIUM
FY 2004-2005 ANNUAL ACTION PLAN - 10:00 A.M., FRIDAY, January 23, 2009
URBANA CITY COUNCIL CHAMBERS, 400 SOUTH VINE STREET, URBANA, IL 61801
SIGN-IN SHEET**

<u>NAME</u>	<u>ADDRESS</u>	<u>PHONE</u>	<u>ORGANIZATION</u>
<u>John Schneider</u>	<u>400 S. Vine Urbana</u>	<u>217-384-2447</u>	<u>City of Urbana</u>
<u>Aaron P. Smith</u>	<u>360 W. Griggs St. Urbana</u>	<u>217-369-2039</u>	<u>Homestead Corp.</u>
<u>Janel Gomez</u>	<u>400 S. Vine St. Urbana</u>	<u>217-384-2335</u>	<u>City of Urbana</u>



UNAPPROVED - INCOMPLETE
MINUTES
COMMUNITY DEVELOPMENT COMMISSION
Tuesday, January 27, 2009, City Council Chambers
400 South Vine Street, Urbana, IL 61801

Call to Order: Chairperson Cobb called the meeting 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, Theresa Michelson, Jerry Moreland, Brad Roof, Anne Heinze Silvis, Dennis Vidoni

Commission Members Absent: George Francis

Others Present: John Schneider, Kelly Hartford, Janel Gomez and Connie Eldridge, Community Development Services; Aaron Smith, Homestead Corporation; Tami Tunnell and Roberta Morris, A Woman's Fund; Lisa Benson, Mental Health Center; Janice McAteer, Developmental Services Center; John Sullivan, Center for Women in Transition (CWIT); Katrin Klingenberg, Elise Pflederer and Jean Ascoli, Ecological Construction Laboratory (e-co lab).

Approval of Minutes: *Chairperson Cobb asked for approval or corrections to the November 25, 2008 minutes. Commissioner Michelson moved to approve the minutes, and Commissioner Roof seconded the motion. The motion carried unanimously. In response to Commissioner Vidoni, Mr. Schneider said the financial information for the Crystal View Townhomes project is changing daily. He will forward a copy to the Community Development (CD) Commission.*

Petitions and Communications: None.

Staff Report: Mr. Schneider provided updates and distributed a staff briefing memorandum dated January 27, 2009. The City of Urbana is preparing a response to the Department of Housing and Urban Development's (HUD) program year review letter regarding older Community Housing Development Organization (CHDO) money.

As requested by the CD Commission, first-time homebuyer statistics for the Assist Program were included on page 3. Average household income for a two person household is \$49,500, with \$54,125 the average for households of three or more. These fall between 80-100% of HUD's Median Family Income (MFI). Due to the market conditions, Stern Brothers is developing new programs for first-time homebuyers that will better fit within the current housing market. Mr. Schneider noted the Illinois Housing Development Authority (IHDA) Mortgage Credit Certificate (MCC) Programs were popular in 2007 and 2008.

Mr. Schneider distributed a January 27, 2009 letter from Homestead Corporation requesting \$40,000 in additional HOME CHDO Reserve Project funds for Fiscal Year (FY) 2009-2010. If approved, Homestead would use the funds to construct one new single family residence on a lot

the City of Champaign was holding as a result of the Urban League of Champaign County Development Corporation (ULCCDC) closing.

Mr. Schneider also distributed a January 5, 2009 letter from e-co lab requesting an additional \$15,000 in HOME funds to reduce the price of their house at 1007 West Fairview Avenue, Urbana. The HOME Consortium would like to reallocate older funds rather than use FY 09-10 funds.

Old Business: Commissioner Roof asked if the bond cap allocation could be used for other activities besides first-time homebuyer programs and whether the City of Urbana has done this. Mr. Schneider responded in some instances the funds can be used for new industrial development; however, to his knowledge, the City of Urbana has not done this. There was discussion on involving the City's Economic Development Division Manager, steps to consider funding small manufacturing, and competition for affordable housing funds. If there was a delay, the funds could be lost. Due to the economy, Commissioner Roof felt it might be timely to divert the bond cap funds from housing to job development. Mr. Schneider indicated that this would be a Council decision.

In response to Chairperson Cobb, Aaron Smith will forward the most recent pro forma to Mr. Schneider, who will then forward it to the CD Commissioners.

New Business: **An Ordinance Approving Further Modifications to the City of Urbana and Urbana/Champaign/Champaign County HOME Consortium FY 2004-2005, FY 2006-2007, FY 2007-2008 Annual Action Plans and Modifications to the City of Urbana and Urbana/Champaign/Champaign County HOME Consortium FY 2008-2009 Annual Action Plan** – Mr. Schneider discussed CWIT's request to reallocate Community Development Block Grant (CDBG) funds from their single woman duplex renovation to the Evans House HVAC installation project. CWIT initially believed they could fund both projects; however, most of the work was finished at the Fifth Street duplex. If CDBG funds were used late in the project, the entire project would need to meet Davis Bacon requirements. Upon realizing the additional Davis Bacon costs for both projects, CWIT requested that CDBG funds be reallocated to the Evans House HVAC project.

In response to Commissioner Roof and Chairperson Cobb, Mr. Schneider and Ms. Hartford provided the following information: (1) \$15,500 was CWIT's original request; (2) CWIT is requesting reallocation of \$11,000 in CDBG funds; (3) The total estimated projected cost of the HVAC installation at the Evans House is \$28,500; (4) Total CDBG project funding would be \$26,500. (4) The City of Urbana will only pay 75% of the project cost. CWIT must provide match funds of 25%.

Mr. Schneider discussed the HOME Program amendments. The City of Urbana is still adjusting to the loss of the ULCCDC, which was a high performer as a CHDO. Staff is discussing Urban League's contracts and reallocation of CHDO funds with HUD who indicated that it is best to allocate CHDO funds to a project that can use the funds in a timely manner.

In December Homestead Corporation, the non-profit partner with Brinshore Development for Crystal View Townhomes Project, requested any available HOME funding for that project. Chase

Bank, which was providing Federal Home Loan Bank (FHLB) funds, will no longer fund affordable housing projects such as Crystal View. Because of some changes in the financing structure, Brinshore Development's application will be rescored by IHDA. However, Brinshore believes the project will still go. In response to Homestead's request, the HOME Consortium Technical Committee recommended reallocating the remaining balance of \$276,004 of CHDO reserve funds from the Urban League's Lease Purchase Program, Affordable Six Program, and cumulative carryover from Lease Purchase to the Crystal View project.

Champaign County, which moved HOME funds from housing rehabilitation to Tenant Based Rent Assistance (TBRA), decided to reallocate up to \$55,000 of its remaining FY 2004-2005 HOME entitlement share of funds to the Crystal View Project.

In response to Chairperson Cobb, Mr. Schneider confirmed this would not affect other current projects. Commissioner Roof asked about public input, and Mr. Schneider noted that Aaron Smith of Homestead was the only attendee. Mr. Smith supports this reallocation.

Commissioner Roof inquired about using these funds to reduce the cost of e-co lab's house for sale at 1007 West Fairview Avenue, Urbana. Mr. Schneider said that although this was possible, the HOME Consortium Technical Committee decided the Crystal View project was the best allocation. Rather, staff is working to identify available City of Urbana HOME entitlement funds to allocate to 1007 West Fairview.

Katrin Klingenberg, Executive Director for e-co lab, discussed their concerns about finding a qualified buyer for 1007 West Fairview. In response to Commissioner Roof, Ms. Klingenberg stated that because e-co lab is holding a construction loan, they cannot move forward on other projects until the house is sold. Commissioner Roof felt it was beneficial to reallocate some ULCCDC funds to this project.

There was further discussion about allocating additional funds to e-co lab to reduce the price. Mr. Schneider mentioned the timing of the requests. In addition, if the amendment amount were to change, the amendment process would have to start over, including the need to convene an additional Technical Committee meeting to gain consensus of the other Consortium members. Staff will continue to meet with e-co lab concerning additional funds for 1007 West Fairview. Commissioner Roof was concerned that now that one CHDO had closed, another CHDO was hindered by not selling. Ms. Gomez discussed additional funding may increase the affordability period associated with the e-co lab project. Further, the ULCCDC found that potential buyers were reluctant to buy a home due to the longer affordability periods, which are based on the amount of HOME funds in a project.

Commissioner Roof remarked that between \$110,000 - \$100,000 would be the "sweet spot" for the price of e-co lab's house. Mr. Schneider noted the last American Dream Downpayment Initiative (ADDI) downpayment assistance of \$6,000 was also available for the e-co lab house. This would further reduce the sales price of \$117,000. Commissioner Roof asked which buyers would qualify. Mr. Schneider discussed qualifications and noted that ADDI funds are used for first-time homebuyers. HOME funds limit potential buyers to 80% of MFI.

Commissioner Vidoni moved to recommend to City Council approval of an Ordinance Approving Further Modifications to the City of Urbana and Urbana/Champaign/Champaign County HOME Consortium FY 2004-2005, FY 2006-2007, FY 2007-2008 Annual Action Plans and Modifications to the City of Urbana and Urbana/Champaign/Champaign County HOME Consortium FY 2008-2009 Annual Action Plan. The motion also included approval of the contracts associated with these modifications, provided the contracts are consistent with this ordinance. Commissioner Diana seconded the motion, and the motion carried unanimously

Review Community Development Block Grant (CDBG) Grant Applications for Funding for Fiscal Year 2009-2010 to be Included in the FY 2009-2010 Draft Annual Action Plan:

- 1. A Woman's Fund – Bathroom Repairs –**

- 2. Disabled Citizens Foundation – DSC Scovill Group Home –**

Review HOME Program Grant Applications for Funding for Fiscal Year 2009-2010 to be Included in the FY 2009-2010 Draft Annual Action Plan:

HOME Entitlement Funds Grant Application:

- 1. Mental Health Center of Champaign County – Tenant Based Rental Assistance –**

HOME Community Housing Development Organization (CHDO) Reserve and Operating:

- 2. Homestead Corporation –**
- 3. Ecological Construction Laboratory -**

Adjournment: Chairperson Cobb adjourned the meeting at 10:02 p.m.

Recorded by Connie Eldridge