



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: March 10, 2016

SUBJECT: AN AMENDMENT TO A SUBRECIPIENT AGREEMENT BETWEEN THE URBANA HOME CONSORTIUM AND HABITAT FOR HUMANITY OF CHAMPAIGN COUNTY (FY 2014-2015)

Description

Included on the agenda of the March 14, 2016 regular meeting of the Urbana Committee of the Whole is a resolution approving and authorizing the execution of an amendment to an Urbana HOME Consortium subrecipient agreement as part of the HOME Investment Partnerships Program.

The original agreement allocated \$150,000 to assist Habitat in constructing three new single-family units and rehabilitating one single-family unit for resale to a low-income buyer. Due to difficulties in negotiating the purchase of two of the properties and a previously unanticipated opportunity to purchase one additional property, Habitat has requested an amendment to this agreement to allow for the removal of two of the original properties and the addition of one new property as an acquisition, demolition, and new construction project.

Proposed Projects and Schedule

The original project locations and funding breakdowns are detailed below:

| Project Address | Amount |
|------------------------|------------------|
| 1403 Eads | \$37,500 |
| 903 Eads | \$37,500 |
| 1118 W Hill | \$37,500 |
| 802 Goodwin | \$37,500 |
| Total | \$150,000 |

Habitat recently sold the completed 903 Eads Street property to an eligible home buyer and currently owns the 1403 Eads Street property. Habitat was unable to complete negotiations to acquire the Hill Street and Goodwin Avenue properties, and has therefore requested that they be removed from this contract. Habitat is also now in the process of acquiring 1203 Beslin Street and would like to dedicate funds for this property in the contract as an alternate location.

The proposed project locations and funding breakdowns, as modified by this amendment, are detailed below:

| Project Address | Amount |
|------------------------|------------------|
| 1403 Eads | \$37,500 |
| 903 Eads | \$37,500 |
| 1203 Beslin | \$37,500 |
| Total | \$112,500 |

Each of the projects will be completed within at most three years of commencement based on the progress of families participating in Habitat’s Affordable Homeownership Program. The homes will carry mortgages with zero interest rates, lasting 20 to 25 years. By providing a zero interest mortgage, opportunities for homeownership will be made available to low-income families that may not otherwise qualify for traditional private financing. The proposed projects are in line with the City’s goals and strategies outlined in the *City of Urbana and Urbana HOME Consortium FY 2010-2014 Consolidated Plan* and the *FY 2015-2019 Consolidated Plan*.

Project Funding

Funds have been disbursed for 903 Eads Street and the property has been sold to an income-eligible buyer, but Habitat is still seeking other families for the remaining homes. An Affirmative Marketing Plan will be relied upon in the decision-making process.

The remaining construction financing needed for the projects is also detailed in the submitted applications and is being provided by private donations/grants and through the Attorney General grant award that Habitat received in 2013. These funds also serve as the match requirement stipulated in the HOME program guidelines of a minimum of 25 percent leverage.

Project Oversight and Applicable Codes/Regulations

The projects will be overseen by Sheila Dodd, Executive Director of Habitat, as well as Gary Pierson, Construction Manager for Habitat. The *Program Manual*, as well as the *Policies and Procedures Manual*, will be followed in carrying out this program. All applicable building codes and requirements will be followed. The selection of families will follow the *Board Approved Family Selection Guidelines*, and the project will also follow all *House Sale Requirements*.

Options

1. Forward the Resolution to the Urbana City Council with a recommendation for approval.
2. Forward the Resolution to the Urbana City Council with a recommendation for approval with suggested changes.
3. Do not recommend approval of the Resolution.

Fiscal Impacts

There will be no change to the City General Fund as a direct result of executing the proposed contracts. The funding proposed for these projects is already incorporated into the FY 2014-2015 Annual Action Plan and City Budget. The \$37,500 in HOME funding that will be released by this amendment is presently anticipated to be used in current projects such as Highland Green (i.e. the Kerr Avenue Development) and the Whole House Rehabilitation Program. The establishment of three new, single-family units in Urbana will generate property tax revenue for the City and other taxing bodies once each sale is completed.

Programmatic Impacts

The proposed projects are all in keeping with the goals and strategies outlined in the previous *City of Urbana and Urbana HOME Consortium Consolidated Plan FY 2010-2014* as well as the current *City of Urbana and Urbana HOME Consortium Consolidated Plan FY 2015-2019*. The proposed amendment will also allow other projects stated in the FY 2015-2016 Annual Action Plan to receive additional HOME funding.

Recommendations

Staff recommends that the Committee of the Whole forward the Resolution to the Urbana City Council with a recommendation for approval.

Memorandum Prepared By:



Matthew Rejc
Community Development Coordinator
Grants Management Division

Attachments:

1. A RESOLUTION AMENDING AN URBANA HOME CONSORTIUM SUBRECIPIENT AGREEMENT (Habitat FY 2014-2015)
2. Application for funding (1203 Beslin)
3. An Amendment to an Urbana HOME Consortium Subrecipient Agreement (Habitat FY 2014-2015)
4. Unapproved Community Development Commission minutes – February 23, 2016

RESOLUTION NO. 2016-03-012R

A RESOLUTION APPROVING AN AMENDMENT TO A SUBRECIPIENT AGREEMENT BETWEEN THE URBANA HOME CONSORTIUM AND HABITAT FOR HUMANITY OF CHAMPAIGN COUNTY (FY 2014-2015)

WHEREAS, The City Council of the City of Urbana, Illinois, has found and determined that execution of the attached subrecipient agreement was 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 (Champaign/Urbana/Champaign County) FY 2010-2014 Consolidated Plan; and*

WHEREAS, Circumstances outside the control of the City of Urbana and Habitat for Humanity of Champaign County have necessitated the removal of two properties contained within the original Agreement and the addition of one other property to the Agreement.

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

Section 1. That the Urbana City Council hereby approves the amendment to the Urbana HOME Consortium Subrecipient Agreement with Habitat for Humanity of Champaign County in substantially the same form as attached hereto.

Section 2. That an Amendment to an Agreement providing \$112,500 in HOME Program funds, for the creation of three (3) affordable single family units, between the City of Urbana and Habitat for Humanity of Champaign County, in substantially the form of the copy of said Agreement attached hereto and hereby incorporated by reference, be and the same is hereby authorized and approved.

Section 3. That the Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver and the City Clerk of the City of Urbana, Illinois, be and the same is authorized to attest to said execution of said Agreement as so authorized and approved for and on behalf of the City of Urbana, Illinois.

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

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

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

Laurel Lunt Prussing, Mayor

AN AMENDMENT TO A SUBRECIPIENT AGREEMENT BETWEEN THE URBANA HOME CONSORTIUM AND HABITAT FOR HUMANITY OF CHAMPAIGN COUNTY

(Habitat Subrecipient Agreement)

THIS Amendment is made this ____ day of _____, 2016, between the CITY OF URBANA, an Illinois Municipal Corporation, acting as lead entity for the Urbana HOME Consortium (hereinafter the “**GRANTOR**”), and HABITAT FOR HUMANITY OF CHAMPAIGN COUNTY, an Illinois Not-For-Profit Organization (hereinafter “**SUBRECIPIENT**”).

WITNESSETH

WHEREAS, the City of Urbana, the City of Champaign, and Champaign County have been jointly designated as a Participating Jurisdiction by the U.S. Department of Housing and Urban Development (hereinafter “HUD”) for purposes of receiving HOME Investment Partnerships (hereinafter “HOME”) Program funds in the name of the Urbana HOME Consortium under provisions of Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended (42 U.S.C. 12701 *et seq.*) (herein after the “National Affordable Housing Act”); and

WHEREAS, the Urbana HOME Consortium, CFDA #14.239, has received HOME Program funds from HUD for the period beginning **July 1, 2014**, and ending **June 30, 2015**, to increase affordable housing opportunities for low-income residents of Urbana, Champaign, and unincorporated Champaign County; and

WHEREAS, the GRANTOR, as the administrator of the Urbana HOME Consortium, has authority under the provisions of the HOME Program to amend HOME Agreement; and

WHEREAS, on April 20, 2015, the Urbana City Council passed Resolution No. 2015-04-016R approving and authorizing execution of the Urbana HOME Consortium Subrecipient Agreement (Urbana HOME Consortium Subrecipient Agreement Habitat Subrecipient Agreement).

WHEREAS, the GRANTOR and the SUBRECIPIENT desire to amend said Agreement to modify and clarify certain conditions,

NOW, THEREFORE, for and in consideration of the agreement and of the mutual covenants herein contained, the parties agree to the following changes to the Agreement:

- 1) The SUBRECIPIENT and the GRANTOR agree that Article I: HOME REQUIREMENTS, Section 1: Use of HOME Funds, is changed as follows:
 - a.) The GRANTOR agrees to provide the SUBRECIPIENT an amount not to exceed **\$112,500.00 (City of Urbana HOME FY 2014-2015 entitlement)** from its Federal HOME allocations to be used primarily for development subsidy as well as providing

down payment assistance to low- to moderate-income households for homeownership opportunities.

- b.) The SUBRECIPIENT shall own or purchase the real property for the Project in the following locations: **1403 Eads, 903 Eads, and 1203 Beslin.**

2) The SUBRECIPIENT and the GRANTOR agree that Article I: HOME REQUIREMENTS, Section 3: HOME Project Requirements, is changed as follows:

- a.) The GRANTOR shall provide HOME funds not to exceed **\$112,500.00** in accordance with 24 CFR 92.205(b) for eligible costs as described in 24 CFR 92.206 and 92.207. HOME Program funds will be disbursed on behalf of the SUBRECIPIENT under the following terms and conditions;

3) The SUBRECIPIENT and the GRANTOR agree that an additional statement be added to Article I: HOME REQUIREMENTS, Section 8: Request for Disbursement of Funds, as follows:

- a.) This Agreement does not constitute a commitment of funds or site approval, and the commitment of funds or approval may occur only upon satisfactory completion of environmental review and receipt by the Urbana HOME Consortium of an approval of the request for release of funds and certification from the U.S. Department of Housing and Urban Development under 24 CFR Part 58. The provision of any funds to the project is conditioned on the Urbana HOME Consortium's determination to proceed with, modify or cancel the project based on the results of the environmental review.

4) The SUBRECIPIENT and the GRANTOR agree that Article IV: CERTIFICATIONS, is changed as follows:

- a.) SUBRECIPIENT acknowledges it shall match HOME Program funds disbursed by the GRANTOR and pursuant to this AGREEMENT in the amount of **\$28,125.00** in non-federal funds as defined in 24 CFR Part 92.220.

5) The SUBRECIPIENT and the GRANTOR agree that the HOMEBUYER PROGRAM AGREEMENT, Paragraph 4. TERMS AND CONDITIONS OF THE DEFERRED LOAN, is changed as follows:

c. Recapture Provisions. The City has adopted a Recapture Policy based upon the guidance found in Code of Federal Regulations Title 24, Section 92.254.

- i. The Owner agrees, among other things, within the HOME Affordability Period, to notify the City of any proposed sale of the Residence.
- ii. In the event of a sale, conveyance or other transfer of the Residence excluding any one or more of the following (each, a "Permitted Transfer"): any sale, conveyance or transfer (A) to a spouse upon a dissolution of marriage, (B) to the surviving spouse upon the death of a joint tenant Owner, (C) by will, or (D) upon foreclosure or deed in lieu of foreclosure, provided however that there are no Net Proceeds (as hereinafter defined) from the foreclosure or deed in lieu of foreclosure or that the City has received all or a portion of the Deferred Loan

from the Net Proceeds (as herein below as outlined) from the foreclosure or deed in lieu of foreclosure, then the City shall receive a portion of the Deferred Loan (as herein below as outlined) from the Net Proceeds.

- iii. The portion of Deferred Loan received by the City from the Net Proceeds is based upon the proration of the remaining years of the HOME Affordability Period at the time of a sale, conveyance or other transfer of the Residence, excluding those Permitted Transfers described in clause ii. The table below describes the portion of the Deferred Loan the City will receive from the Net Proceeds.

| Sale occurs within: | Years 1-2 of 10 Year Period | Years 3-4 of 10 Year Period | Years 5-6 of 10 Year Period | Years 7-8 of 10 Year Period | Years 9-10 of 10 Year Period |
|---------------------------|--|---|---|---|--|
| Portion of Grant Received | 90% (<i>Max Amount to be recaptured: \$33,750</i>) | 70% (<i>Max. Amount to be Recaptured: \$26,250</i>) | 50% (<i>Max. Amount to be Recaptured: \$18,750</i>) | 30% (<i>Max. Amount to be Recaptured: \$11,250</i>) | 10% (<i>Max. Amount to be Recaptured: \$3,750</i>) |

5) The SUBRECIPIENT and the GRANTOR agree that EXHIBIT “A” (to mortgage) PROMISSORY NOTE, is changed as follows:

If, during the Affordability Period, as defined in the Mortgage, the subject property is sold, then the City shall receive a portion of the Deferred Loan (as herein below as outlined) from the Net Proceeds. The portion of Deferred Loan received by the City from the Net Proceeds is based upon the proration of the remaining years of the HOME Affordability Period at the time of a sale, conveyance or other transfer of the Residence, excluding those Permitted Transfers described in clause ii. The table below describes the portion of the Deferred Loan the City will receive from the Net Proceeds.

| Sale occurs within: | Years 1-2 of 10 Year Period | Years 3-4 of 10 Year Period | Years 5-6 of 10 Year Period | Years 7-8 of 10 Year Period | Years 9-10 of 10 Year Period |
|---------------------------|--|---|---|---|--|
| Portion of Grant Received | 90% (<i>Max Amount to be recaptured: \$33,750</i>) | 70% (<i>Max. Amount to be Recaptured: \$26,250</i>) | 50% (<i>Max. Amount to be Recaptured: \$18,750</i>) | 30% (<i>Max. Amount to be Recaptured: \$11,250</i>) | 10% (<i>Max. Amount to be Recaptured: \$3,750</i>) |

For the purposes of this Note, the net proceeds are defined as the sale price minus:

- (a) (Sale in other than foreclosure proceeding) the amount of the loan repayment, other than the HOME Investment, the verified cost of any capital improvements made by the Borrower since purchase and reasonable closing costs, or
- (b) (Sale in foreclosure proceeding) the amount stated to be “surplus funds” as indicated in the “Report of Sale” filed with the Court.

The amount due shall not exceed the total amount of the original HOME investment. The period from the date of this Promissory Note to the date that is ten (10) years after the date of the

execution of the sales contract for the property between Buyer and Habitat for Humanity of Champaign County which is _____ is referred to herein as the "Affordability Period". This note will be forgiven in its full amount upon expiration of the Affordability Period.

All other provisions of said Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, and have caused this instrument to be executed by their duly authorized officials and corporate seals affixed hereto, all on the day and year first above written.

GRANTOR:

SUBRECIPIENT:

Laurel Prussing, Mayor

Signature

Date

Title

Attest



400 South Vine St.
Urbana, IL 61801
(217) 384-2441

khmierkowski@urbanaininois.us

City of Urbana

City of Champaign

Champaign County

City of Urbana & Urbana HOME Consortium HOME Funding Application

Name of Organization: Habitat for Humanity of Champaign County

HOME Funds Requested: \$ 37,500

Project Address: 1203 Beslin, Urbana, IL

General Application Information

The Urbana HOME Consortium currently relies on a rolling application process. Questions regarding the application or application process should be directed to Kelly Mierkowski at 217-384-2441.

The City of Urbana Consolidated Plan for Program Years 2015-2019 is available online at www.urbanaininois.us or in the Community Development Office of the City of Urbana. The Consolidated Plan outlines the funding priorities for the City of Urbana and of the Urbana HOME Consortium.

Application Review

All complete applications submitted will be reviewed and evaluated by Grants Management Division Staff. The review process is designed to ensure that HOME funds are allocated to proposals that demonstrate need for financial assistance, an ability to carry out well-designed projects, and are consistent with the City of Urbana and the HOME Consortium's affordable housing goals.

A. Applicant Information

Legal Applicant

| | |
|----------------------|--|
| Name of Organization | Habitat for Humanity of Champaign County, Inc. |
| Executive Director | Sheila Dodd |
| Street Address | 119 E University Ave., Champaign, IL 61820 |
| Telephone Number | 217-819-5111 |
| FEIN | 37-1277094 |
| DUNS | 964078971 |

B. Executive Summary

Please provide a short summary of your proposed project:

1203 Beslin is a purchase, demolition and reconstruction project which will then be sold to a low income family. A purchase contract is currently in place and will be closed in May.

C. Targeted Population

Indicate the number of households that will be assisted by income range of Median Family Income.

| # | Income Level |
|---|--------------|
| | 0-30% |
| | 31-50% |
| 1 | 51-80% |



If special needs populations will be *targeted*, please check what specific populations will be served by the proposed activity:

| ✓ | <i>Please check all that apply</i> | |
|---|------------------------------------|--------------------------|
| | Homeless | Developmentally Disabled |
| | Chronically Homeless | Elderly |
| | Seriously Mentally Ill | Frail Elderly |
| | Chronic Substance Abuse | Veterans |
| | Physically Disabled | Persons with HIV/AIDS |
| | Victims of Domestic Violence | Other |

Please specify 'Other' Special Needs Populations, if applicable:

D. Project Schedule

Habitat currently has a signed contract to purchase the property. Once closed, demolition will take place this summer with reconstruction starting in fall of 2016. Attorney General grant and private donations will be used to fund the project.

E. Project Budget

Please attach a sources and uses pro forma, describing all secured or requested financial contributions to the project. Please note whether funds are federal, state, local or other private financing.

See attached



F. Matching Funds

Applicants are required to provide at least 25% of the total project cost. Match is defined as any funds or resources, **other than federal funds**, dedicated by the applicant toward the successful completion of the proposed project. Please list all sources of matching funds. Use a separate sheet if necessary and attach it to this section of the application.

| Source | Amount | Secured or Requested |
|------------------------------|--------|----------------------|
| Attorney General Grant | 83,600 | Secured |
| Private Donations and Grants | 41,400 | Secured |
| HOME Funds | 37,500 | Requested |

G. Project Management & Capacity

Please attach staff resumes for the person(s) responsible for each phase of the project, including construction and ongoing property management of the project to ensure compliance with the HOME regulations throughout the affordability period. Please also submit a portfolio of successful affordable housing developments undertaken within the past 5 years.

Please also note any prior experience your staff has with HUD requirements and regulations in a brief narrative below:

| | |
|------------------------------------|--|
| Sheila Dodd, Executive Director | 25 years of affordable housing experience working with CDBG, HOME, NSP, IHDA and other grant funding on Community Development projects in Champaign County |
| Gary Pierson, Construction Manager | 17 years construction experience with rehabilitation and new construction. Gary has worked with CHDO and HOME projects in the past two years |



H. Affirmative Marketing Plan

Families have been selected following the Board Approved Family Selection guidelines. All construction and rehabilitation projects will be completed according to code requirements. The House sales and Family Selection policies are attached.

I. Tenant Selection Plan

Include a copy of the Tenant Selection Plan that will be followed in carrying out this program. (Note: This applies to all rental projects.) N/A

J. 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, the Habitat for Humanity of Champaign County assumes the responsibilities specified in the HOME regulations at 24 CFR Part 92 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 are given for the purpose of obtaining financial assistance from the Urbana HOME Consortium, the City of Urbana, the City of Champaign, and Champaign County are 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 Consortium, the City of Urbana, the City of Champaign and Champaign County will disqualify the applicant and may hold the applicant ineligible to apply for HOME funds until any issue of restitution is resolved;
- I. If false information is discovered after the award of HOME funds, the Urbana HOME Consortium, the City of Urbana, the City of Champaign and Champaign County may terminate the applicant's written agreement and recapture all HOME funds expended;
- 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.

Sheila Dode
Authorized Signature

Sheila Dode
Print Name

Executive Director
Title

Feb 19, 2016
Date



PRO FORMA -
SOURCES AND USES OF FUNDS

HABITAT AFFORDABLE
HOMEOWNERSHIP PROGRAM

1203 Beslin

SOURCES OF FUNDS - Development & Mortgage Financing

SUBSIDIES

| | |
|-------------------------------------|----------|
| Attorney General Funds | \$83,600 |
| HOME CHDO Developer Subsidy | \$30,000 |
| Homebuyer Downpayment | \$500 |
| IHDA | \$15,000 |
| HACC | \$17,500 |
| HOME Direct Homebuyer Assistance | \$0 |
| Homebuyer Mortgage Payments 5 years | \$15,900 |

SOURCES OF FUNDS

\$162,500

USES OF FUNDS

Soft Costs

| | |
|-------------|----------------|
| Property | \$1,200 |
| Maintenance | \$750 |
| | \$1,950 |

LAND DEVELOPMENT

| | |
|------------------|-----------------|
| Site Prep | \$27,000 |
| Sanitary Sewer | \$1,800 |
| Site Improvement | \$1,500 |
| Storage Shed | \$0 |
| Landscaping | \$1,600 |
| | \$31,900 |

CONSTRUCTION

| | |
|---------------|-----------|
| Buildings | \$120,550 |
| Change Orders | \$0 |

\$120,550

PROFESSIONAL FEES

| | |
|------------------------|----------------|
| Architect | \$2,000 |
| Engineering and Survey | \$2,500 |
| Developer Fee | \$0 |
| Legal Fees | \$1,500 |
| Appraisal | \$200 |
| Permits | \$1,750 |
| | \$7,950 |

FINANCING

| | |
|--------------------------|-------|
| Construction Loan Fees | \$0 |
| Closing Costs for Seller | \$150 |

\$150

TOTAL USES OF FUNDS

\$162,500



**UNAPPROVED
MINUTES
COMMUNITY DEVELOPMENT COMMISSION MEETING
Tuesday, February 23, 2016, City Council Chambers
400 South Vine Street, Urbana, IL 61801**

Call to Order: Chairperson called the meeting to order at 7:07pm.

Roll Call: Kelly H. Mierkowski called the roll. A quorum was present.

Commission Members Present: Fred Cobb, Janice Bengtson, Chris Diana, Anne Heinze-Silvis, and Lauren Karplus.

Commission Members Excused/Absent: Brian Cunningham, Jerry Moreland, and Lisabeth Searing

Others Present: Kelly H. Mierkowski and Matt Rejc, Community Development Services.

Approval of Minutes: Chairperson Cobb asked for approval or modifications to the October 27, 2015 minutes. Commissioner Bengtson brought up the subject of homelessness and the need for services for a family that she knows, in relation to the Emergency Solutions Grant and the Emergency Family Shelter as stated in the minutes; Commissioner Silvis moved to approve the minutes as written and Commissioner Diana seconded the motion. Chairperson Cobb stated that a lot of clarification was given in the minute which helped to explain better. The motion carried unanimously.

Petitions and Communications: Chairperson Cobb asked if there was any written communication to the Commission; there were none.

Audience Participation: Chairperson Cobb stated that there were no audience members.

Staff Report: Kelly H. Mierkowski, Grants Management Division Manager, provided a brief overview of the staff report provided to the Commissioners that evening, which included HUD activities, staff activities, meetings attended, and various projects and programs.

Ms Mierkowski noted that the City had received its allocation from HUD for FY1617 and the amounts for both CDBG and HOME are down. Ms. Mierkowski also noted that the City received the letter from HUD regarding the HOME Monitoring Response and that there are still several issues to resolve.

Old Business:

Chairperson Cobb asked about the comments that were made in the minutes from the previous month regarding requested items, and Ms. Mierkowski stated that the items had been sent out, but she would check to make sure and would send anything out that had not, including the original ordinance/resolution creating the Commission.

New Business:

FY 2016-2017 Annual Action Plan Schedule (revised)

Ms. Mierkowski updated the Commission with a revised schedule for the Fiscal Year 2016-2017 Annual Action Plan process, noting the changes being made to the schedule.

A RESOLUTION APPROVING THE TRANSFER OF VOLUME CAP IN CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES, SINGLE-FAMILY MORTGAGE REVENUE BONDS, AND RELATED MATTER (PRIVATE ACTIVITY BOND CAP ALLOCATION-EIEDA, SERIES 2016)

Ms. Mierkowski began the presentation stating that the issue before the Community Development Commission is regarding the use of the City of Urbana's 2016 private activity bond cap. As a Home Rule Unit in Illinois, the City is allowed a per capita of private activity bond cap per population in the amount of \$100. It is not actually money, but are bonds that can be issued for a particular project which may have a gap in funding.

The City is allowed \$100 per capita and the total available, as stated in the memo, is \$4,204,400, based on the population of 42,044. The different uses for the bond cap include multi-family housing projects, manufacturing, hospitals, and mortgage credit certificates in support of homeownership, which the City participated in the past, through Stern Brothers. As you can see, there are a lot of different uses for the bond allocation.

Since 2012, the City has allocated all its Bond Cap to the Eastern Illinois Economic Development Authority (EIEDA), which was created in 2005 by Illinois Public Act 94-0203. This Act allows EIEDA to issue taxable and tax-exempt bonds. They have a multi-county jurisdiction. The bond cap has been ceded in the past for possibly use toward multi-family housing projects in the City. In the past the bond cap was ceded toward homebuyer assistance programs, but they have either been discontinued or do not have an immediate need for additional bond cap. By ceding the bond cap to EIEDA, we felt that it could be used towards Highland Green (Kerr Avenue Development), or Aspen Court/Urbana Townhomes Development (The Havens at Prairie Park). By using EIEDA, it removes any financial liability on the part of or burden to the City.

The City must allocate or reserve its private activity bond cap authority for 2016 by May 1, 2016. The next step is to take this to Council, as a Resolution has to be submitted to the State. There is no fiscal impact to the City Budget in ceding volume bond cap to EIEDA. Staff is recommending that the Community Development Commission forward the Resolution to the City Council with a recommendation that the 2016 private activity bond cap allocation of \$4,204,400 be ceded to EIEDA for possible neighborhood initiatives. Ms. Mierkowski then asked if there were any questions from the Commissioners.

Commissioner Karplus asked for an explanation on how the bond cap would work through EIEDA, stating that they issue the bonds on behalf of the City at a rate of \$100 per capita. Ms. Mierkowski stated that per the State Home Rule, the City has \$4,204,400 available, so we are ceding the total amount to EIEDA, which has been done for several years. Commissioner Karplus asked if the bond cap had been used on Aspen Court, Urbana Townhomes, Kerr Avenue or other development projects, and Ms. Mierkowski stated that it was ceded in the past for possible use for any of these projects. Highland Green right now is working on getting their finances or funding sources in order, such as LIHTC; Urbana Townhomes is not as far along.

Commissioner Karplus asked in what ways does this help the developer and Ms. Mierkowski stated that it would help fill a gap in funding. Ms. Mierkowski that according to Andrew Hamilton, EIEDA, the bond cap works very well with the 4% LIHTC from the Illinois Housing Development Authority (IHDA), which are non-competitive tax credits. Nine Percent (9%) LIHTC are the competitive tax

credits. Commissioner Karplus then stated that the bond cap, as far as uses, would fall under #1 in the memo, i.e. multi-family affordable housing projects, and Ms. Mierkowski agreed. Commissioner Karplus asked what other potential uses of this bond cap allocation there are, and Ms. Mierkowski stated that in the past the bond cap was ceded to Stern Brothers, based in Aurora area, for homebuyer assistance programs. They issued the bonds and from there funds were made available; lenders were then able to access these funds for homebuyers to be used towards their mortgage. Instead of upfront down payment assistance, it was at the backend through their taxes. Commissioner Silvis commented that the bond cap is not a pool of money, but rather the capacity to borrow against the amount allocated or are allowed a certain capped number. It is not like the City is giving money, but is just borrowing, and Ms. Mierkowski agreed. Ms. Mierkowski also explained that not for profits in the community look more for funds to upgrade their facilities, rehabbing rather than new construction.

Commissioner Diana commented that in that past a lot of these bonds were used to bring industrial development into the State of Illinois, which has not happened for a while. Commissioner Diana then asked if there was any kind of feedback number, or how much in total has been allocated to them out of our funds vs. how much we have captured for projects in Urbana, and Ms. Mierkowski stated approximately \$12 million has been ceded and would need to contact EIEDA to determine the amount that has been used for projects in the community.

Commissioner Diana commented that he would be interested in the information, as the bonds probably go into a large pool made up of many counties, with Champaign County probably being the most stable. We may be more of a contributor than a borrower, so he would be interested in that ratio. Ms. Mierkowski agreed to contact EIEDA to obtain that information; she also stated that if a particular project came up and more bond cap was needed, we would be able to access from EIEDA and other authorities around the state that have not used all their cap. Commissioner Diana agreed that this is the case and that it was done in the past, but was curious about the in and out ratio, which Ms. Mierkowski agreed to obtain from EIEDA.

Chairperson Cobb asked for a motion to recommend that the resolution be forwarded to City Council with a recommendation for approval. Commissioner Silvis moved to approve the resolution and Commissioner Diana seconded the motion. Chairperson Cobb asked if there were any questions or comments; Commissioner Diana asked about the last page of the memo and if anything was missing. Ms. Mierkowski stated that the page showing only Urbana's population was included, since it was a large document. The motion carried unanimously.

AN AMENDMENT TO A SUBRECIPIENT AGREEMENT BETWEEN THE URBANA HOME CONSORTIUM AND HABITAT FOR HUMANITY OF CHAMPAIGN COUNTY (FY 2014 - 2015)

Mr. Rejc stated that the amendment is to an agreement that was brought before this Commission on May 27, 2015. The original agreement conveyed \$150,000 to Habitat for Humanity to construct or establish four (4) single family homeownership opportunities in Urbana. As time as gone on, some progress has been made, especially with 903 Eads in which Habitat has finished construction on this lot and has sold the completed house to a income-eligible homebuyer. Habitat also owns 1403 Eads and is progressing on that lot as well; however, Habitat has had some difficulties in acquiring the properties located at Hill and Goodwin.

With that in mind, Mr. Rejc stated that they have requested to amend the agreement to remove these two properties and replace them with another property that has come to their attention that they have been looking to acquire, i.e. 1203 Beslin. Their proposition is presented in the table on the second page of the memo. They are proposing the same funding amount of \$37,500 be allocated for each of the three properties, to bring the total agreement to \$112,500. It would essentially reflect the table listed on page two of the memo, and as before, each of the projects would be completed as part of Habitat's Affordable Housing Homeownership Program, using the same policies that they used or planned to use for the original agreement.

In addition to the HOME funds being requested for these properties, Habitat again has been using the Attorney General Grant rather extensively and would continue to use that grant for the 1203 Beslin property, the pro forma for this project is located in the application in the packet. The project would be overseen by Sheila Dodd, Executive Director and Gary Pearson, Construction Manager for Habitat. They would use the same selection and guidelines, and program manual, so with that in mind, we would like to give the option for forward the resolution to the Urbana City Council with a recommendation for approval, or make suggested changes, or do not recommend approval of the resolution.

In terms of fiscal impacts, since this project entirely deals with HOME grant funds, there would be no change to the general fund. The \$37,500 in HOME funding that would be released by this amendment would be allocated to other HOME eligible projects. It is important to point out that the establishment of three new single family units in Urbana would help the City to build the tax base and in terms of programmatic impacts, since this amendment straddles two consolidated plans, it would fulfill goals in both con plans, both the immediate past and the current one (FYs 2015-2019).

Staff recommends that the Community Development Commission forward the Resolution to the Urbana City Council with a recommendation for approval, and will add that we are still analyzing the 1203 Beslin project from a regulatory stand point, in light of the HUD Monitoring that we received and the new guidance from HUD, we are making sure that it would still be eligible. Given our trust with Habitat and that we have partnered with them many times, we are very confident that this project, similar to other projects completed, will move forward. The agreement is also pending legal review, it will be sent to the Legal Dept. so changes may occur between now and City Council. Mr. Rejc then asked if there were any questions.

Commissioner Diana stated that he had two questions: (1) with regard to amounts, since this was originally a \$150,000 plan which is now \$112,500, what is the impact with regard to the remaining \$37,500. Mr. Rejc stated that essentially this amendment would turn that amount into unprogrammed funds, which could only be used for HOME eligible uses. Some of the examples that were put in the memo include Kerr Avenue/Highland Green Development project; as that project moves along a portion of the funds could be committed to the developer for that project. It could also be used for the Whole House Rehabilitation Program. We have projects that the funds could be put to, so the funds will not sit, but it becomes unprogrammed at this point.

Commissioner Diana then stated his second question, which is more related to time, in that if the funds are unprogrammed funds, when is the deadline for commitment? The funds were originally from 2013, and the agreement was then done in FY 1415, and it is now 2016. It is noted in the memo that there is a three year time limit issue. When does that three years start? Or, when does it end? Mr. Rejc asked for clarification in that is it HOME deadlines or Habitat deadlines, and Commissioner Diana stated that each of the projects, per the memo, will be completed in three years from when, i.e. from 2013, when we first wrote the agreement or from today when we re-wrote it? One project is already completed, one is in process and one has not started. Commissioner Diana stated that he was trying to figure out if we are designating the correct timeline for this project or should the three year time limit be changed.

Mr. Rejc stated that in terms of construction, for ones that have not started yet, it would probably be further than three years from the 903 Eads, from when the three years started from that project. In terms of logistics, but the actual Federal HOME Rule states the deadline that would come up would be a commitment deadline, and this contract committed FY1415 funds, so the deadline for that is this July 31, 2016, which we are working on. Ms. Mierkowski stated that committed funds involve a signed contract. Commissioner Diana reiterated that the language states three years to complete the project. Mr. Rejc noted that there is a separate deadline that would be reflected. The deadline listed in the memo is more of a programmatic deadline from Habitat; it is a time line that they project for completion of the project. In terms of HOME funds, there is a completion deadline of four or five years, but the more immediate concern is the two year commitment deadline of the FY 1415 funds. Ms Mierkowski stated that deadlines are confirmed through IDIS reports to ensure that the commitment deadline is met.

Chairperson Cobb asked for a motion to forward the resolution to City Council, forward with changes, or not recommend approval. Commissioner Diana made a motion to forward the resolution to the Urbana City Council with a recommendation for approval, Commissioner Karplus seconded. No further comments or questions, motioned carried unanimously.

A RESOLUTION CERTIFYING A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION FOR THE URBANA HOME CONSORTIUM (Habitat February 2016)

A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF AN URBANA HOME CONSORTIUM COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT (Habitat CHDO Developer FY 2015-2016)

Mr. Rejc presented on both agenda items together, stating that Community Housing Development Organizations need to be certified for each of their projects that they undertake. In this case, Habitat has submitted an application to the City to use CHDO funds for three projects, two in Champaign and one in Urbana. As in the past, we are putting the certification and the project agreement through together at the same time. The CHDO reserve amount for FY 2015-2016 funds is \$97,962.60, so this would be committing the full CHDO reserve amount to Habitat. As it is mentioned in the memo, staff has not received a completed CHDO Certification Application from Habitat, and at this time will more than likely need to forward this agenda item to the next meeting. When we are able to receive the completed CHDO Certification Application another possibility would be to have the Community Development Commission make some kind of recommendation regarding this contingent upon Habitat bringing forward a completed CHDO Certification Application, but it is the Commission's decision on how to proceed in that regard.

Ms. Mierkowski noted that the previous Certification, as stated by HUD, did not follow the new HOME Rule, so a revision of the Certification Application was made. There is a lot more information requested in the new Application, and Habitat tried to complete the application before the deadline for packets to be sent out, but was unable to do so. They [Habitat] are working on it and we expect it to be submitted very soon, but it was decided to bring the agenda item to the Commission with the Resolution, and then present it to the Commission for your preference with regard to this item.

Chairperson Cobb asked if there were any questions and stated that the contingency option would be good and if they [Habitat] do not get the Certification Application completed, then the Commission would go from there. Chairperson Cobb asked for other Commissioner's thoughts. Commissioner Diana asked if there is any negative impact by not approving the agenda item at this meeting and deferring it to the next one? Mr. Rejc stated that the only advantage to that would be Sheila Dodd will be out of town over the next few weeks, so it is possible she may need more time to complete the Application. With that in mind, forwarding it to the next meeting and keeping it at the Community Development Commission could be an advantage. Commissioner Diana reminded the Commissioners and staff that it has only been a few years since we have had some issues regarding Habitat and HUD, where activities were suspended between the City and Habitat for about a year that came about because of procedures, who they brought in to offices, so we might want to be cautious or over cautious, as long as it does not do any harm to the Resolution, to make sure "our ducks are in a row." Ms. Mierkowski stated that as far as commitments go, we have until July 31, 2016 which is the deadline, so waiting one more month would not hurt, if that is the Commission's wish.

Chairperson Cobb asked what was the pleasure of the Commission regarding this issue, asking for a motion. Commissioner Diana moved that the Resolution be deferred to the next Community Development Commission meeting. Commissioner Karplus seconded, motion carried unanimously. Ms. Mierkowski asked for clarification regarding where on the agenda the item should go and it was confirmed under Old Business. Ms. Mierkowski also stated that maybe Ms. Sheila Dodd would be available to come to the next meeting as well, and would check with her schedule.

Study Session: No items for this agenda.

Adjournment: Before the close of the meeting, Commissioner Bengtson brought up the issue of the homeless family and what services they could be referred to. It was suggested calling 211, as there is no long a First Call For Help, as well as the Emergency Family Shelter, a collaboration between United Way and the Housing Authority of Champaign County, however, it is not open yet. Another suggestion that was made was the Phoenix Drop-in Center/C-U at Home, a great organization and resource with limited case management; contact information was given to Commissioner Bengtson.

Seeing no further business, Chairperson Cobb adjourned the meeting at 7:57pm.

Recorded by
Kelly H. Mierkowski
Manager, Grants Management Division

UNAPPROVED