



## DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

*Grants Management Division*

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

**TO:** Mayor Diane Wolfe Marlin and City Council

**FROM:** John A. Schneider, MPA, Community Development Manager

**DATE:** February 8, 2018

**SUBJECT: A RESOLUTION APPROVING MODIFICATIONS TO THE CITY OF URBANA COMMUNITY DEVELOPMENT TARGET AREA**

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### **Description**

Included on the agenda of the February 12, 2018, meeting of the Urbana City Council Committee of the Whole is a Resolution Approving Modifications to the City of Urbana Community Development Target Area (CD Target Area). The modifications will bring the CD Target Area into conformity with updated data provided by the U.S. Department of Housing and Urban Development (HUD).

### **Issue**

The issue before the Urbana City Council Committee of the Whole is to recommend whether or not the Urbana City Council should approve revisions to the CD Target Area.

### **Background**

HUD requires that certain neighborhood projects funded through the Community Development Block Grant (CDBG), such as neighborhood cleanup activities and infrastructure development, be undertaken only in Census tracts or block groups where at least 51% of the residents are low/moderate income (LMI) according to American Community Survey (ACS) data. The existing CD Target Area is comprised of block groups that were determined to meet the LMI resident criteria using income data from the 2000 Census. Residents of the CD Target Area are able to take part in annual neighborhood cleanup events, and public infrastructure projects can be located within the CD Target Area. Homeowners in the CD Target Area are also eligible for whole house rehabilitation activities without prior approval by the Community Development Commission.

HUD announced in 2014 that new data from the 2006-2010 ACS must be used to determine the LMI status of block groups among communities that receive CDBG funds. The new ACS data shows that most of the existing LMI areas retained their LMI status, including Census Tracts 53 and 54, but other areas, such as Census Tract 56, Block Group 1 (the Lierman Neighborhood), were excluded. Specifically, 47% of the residents in Census Tract 56, Block Group 1 are qualified as LMI per the 2006-2010 data.

HUD also provides an opportunity to address areas that the grantee believes qualify as LMI but were not identified as such in the ACS data. If a CDBG recipient community feels that the ACS data is incorrect

for a certain block group, then the community may undertake an income survey of that block group's residents to verify the data. Staff prepared the methodology for a randomly selected sample-based income survey in Census Tract 56, Block Group 1 and submitted it to HUD on February 6, 2017. The decision to undertake an income survey in this area was made due to the advocacy of the Lierman Neighborhood residents, the relatively high percentage of LMI residents in the area, and the need to undertake two infrastructure projects listed in the City of Urbana's 2017 Capital Improvement Plan (CIP) in the neighborhood with the possibility of utilizing CDBG funds.

Based on the results of the income survey, Census Tract 56 Block Group 1 is at least 51% LMI and the proposed infrastructure projects would be CDBG eligible improvements. Prior to committing funds to the projects, staff recommends revising the extent of the CD Target Area to reflect the updated data provided by HUD and include Census Tract 56, Block Group 1, which will ensure consistency with the City's FY 2015-2019 Housing Program Manual.

## **Discussion**

All block groups within the proposed CD Target Area meet the qualifying criteria of having at least 51% LMI residents. Several block groups that did not meet the LMI resident criteria through the previously used 2000 Census data are now eligible for inclusion in the CD Target Area through the updated ACS data, including Block Group 2 of Census Tract 57.01, as well as Block Groups 3 and 4 of Census Tract 56. These block groups are proposed for inclusion in the proposed CD Target Area and are shown on the map in Attachment #2.

However, Census Tract 55, Block Group 4, which is the area bounded by Lierman Avenue on the east, Main Street to the north, Lynn and Grove Streets to the west, and Washington Street to the south, is no longer eligible to be included in the CD Target Area since ACS statistics show 37% of its residents as LMI. As such, this area is not included as part of the CD Target Area on the attached map of the proposed CD Target Area.

The proposed revisions would result in a net increase of 629 properties to the CD Target Area. The added properties would increase the size of the Target Area to 3,699 properties.

## **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 additional changes.
3. Do not recommend approval of the Resolution.

## **Programmatic Impacts**

The revision of the CD Target Area would allow for the use of CDBG funding to facilitate the completion of infrastructure activities in Census Tract 56, Block Group 1, which would be consistent with goals and objectives stipulated in the City of Urbana and Urbana HOME Consortium Consolidated Plan FY 2015-2019. Specifically, the Consolidated Plan states that anticipated CDBG resources will be used to support "the construction or reconstruction of City infrastructure in one or more projects in the City Target areas, or the construction of new streetlights or reconstruction of existing streetlights in target area neighborhoods." Goal

#8 in the Consolidated Plan calls upon the City to “Support Infrastructure Improvements” in target neighborhoods, with the anticipated outcome of assisting approximately 400 households in the area. The strategies included within Goal #8 include the following:

- The majority of CDBG funds will be targeted toward improvements in and services to the City's Community Development Target Area.
- The City shall allocate to its designated Community Development Target Area its proportionate share of City capital improvement funds for upgrading infrastructure. CDBG funds may be set aside during one fiscal year for infrastructure projects scheduled in another fiscal year in order to fulfill a commitment to a scheduled project.

The proposed modification of the CD Target Area would also help to fulfill Goal #41 in the City of Urbana 2005 Comprehensive Plan, which calls on the City to “[p]romote access to employment opportunities for all Urbana residents.” Objective #41.3 specifically states that the City should strive to “[p]rovide pedestrian and bicycle connections to employment centers.” One infrastructure project proposed in the Lierman Neighborhood would add a sidewalk along the east side of Philo Road between Washington Street and Florida Avenue. Completion of this project would substantially improve pedestrian and bicycle connectivity between the Aspen Court complex and the commercial district to the south along Philo Road.

## **Fiscal Impacts**

Amending the CD Target Area could impact the City General Fund, as City General Funds are used in the annual neighborhood cleanup event. The neighborhood cleanup event follows standard City procurement procedures by awarding contracts to the lowest responsible bid from a local solid waste hauler, and paying for junk collection on a per 20-yard dumpster basis. The CDBG program funds only \$4,000 of each cleanup activity, while \$4,377 in City General Funds were used to pay for the remaining balance of the May 2017 cleanup event. The amount of CDBG funds that can be used on neighborhood cleanup activities is limited by the 15% Public Services cap, which stipulates that only 15% of each annual grant award to the City of Urbana can be used for public service activities such as the neighborhood cleanup, the City’s Transitional Housing Program, and the CDBG-funded portion of the Consolidated Social Service Fund. Using CDBG funds on the Lierman Neighborhood infrastructure projects proposed in the CIP will not negatively impact funding for existing CDBG-funded programs. These projects have been listed in the CIP since FY 2014-2015, and the City has maintained CDBG reserves since that time to undertake the infrastructure activities in the event that the income survey is completed.

## **Recommendations**

Staff recommends that the Committee of the Whole review the Resolution and make a recommendation for approval to the Urbana City Council. The Community Development Commission voted unanimously to recommend approval of the Resolution to the Urbana City Council at its January 23, 2018 regular meeting. Unapproved minutes from the January 23, 2018 CDC meeting are attached.

Memorandum Prepared By:



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**Matthew Rejc, AICP**  
Community Development Coordinator  
Grants Management Division

**Attachments:**

1. A RESOLUTION APPROVING MODIFICATIONS TO THE CITY OF URBANA COMMUNITY DEVELOPMENT TARGET AREA
2. Map of the proposed Community Development Target Area based on the 2006-2010 ACS data
3. Map of the current extent of the Community Development Target Area based on the 2000 Census data
4. Unapproved minutes from the January 23, 2018 regular meeting of the Community Development Commission

**RESOLUTION NO. 2018-02-006R**

**A RESOLUTION APPROVING MODIFICATIONS TO THE CITY OF URBANA  
COMMUNITY DEVELOPMENT TARGET AREA**

**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 Partnerships Funds (hereinafter “HOME”) funds upon proper submittal being made to the United States Department of Housing and Urban Development (hereinafter “HUD”); and

**WHEREAS**, guidance promulgated by HUD through Notice CPD-14-11 requires the City of Urbana to use the 2014 Low/Moderate Income Summary Data (hereinafter “LMISD”) to qualify area benefit activities funded through the CDBG program; and

**WHEREAS**, this requirement makes it necessary to revise the existing Community Development Target Area.

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

**Section 1.** That the City of Urbana hereby approves the geographic extent of the Community Development Target Area, in substantially the same form as depicted in the attachment hereto.

**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 activities related to the CDBG and HOME programs undertaken in the Community Development Target Area and the provision of such additional information as may be required.

**PASSED BY THE CITY COUNCIL** this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

AYES:

NAYS:

ABSTENTIONS:

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Charles A. Smyth, City Clerk

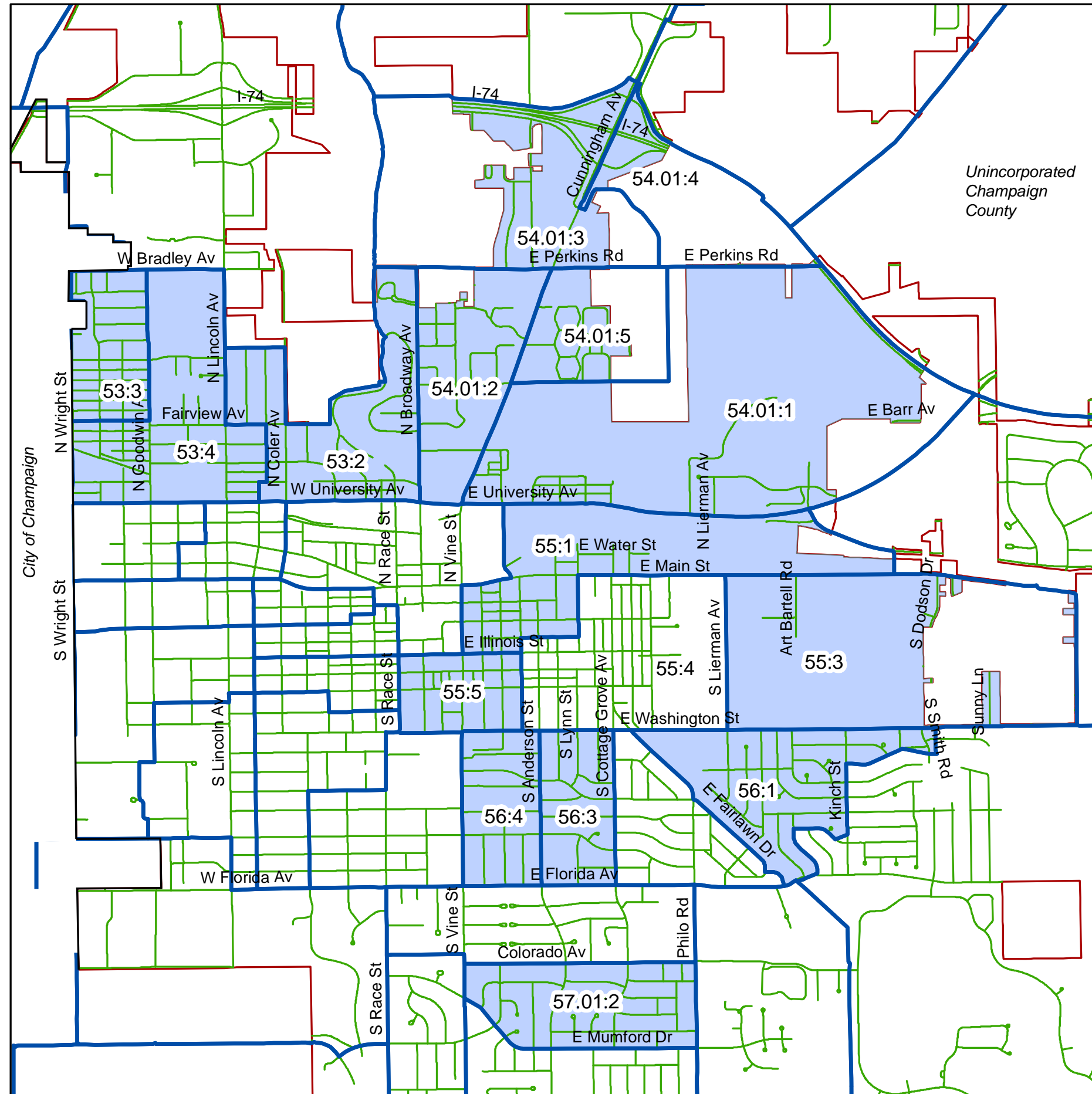
**APPROVED BY THE MAYOR** this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

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Diane Wolfe Marlin, Mayor

**Attachment #2**


**Proposed Community Development Target Area**



Unincorporated  
Champaign  
County

Census Tract	Census Block	Low/Mod Income %
53	2	69
53	3	64
53	4	84
54.01	1	90
54.01	2	58
54.01	3	52
54.01	4	66
54.01	5	75
55	1	74
55	3	66
55	5	54
56	1	60
56	3	78
56	4	57
57.01	2	61

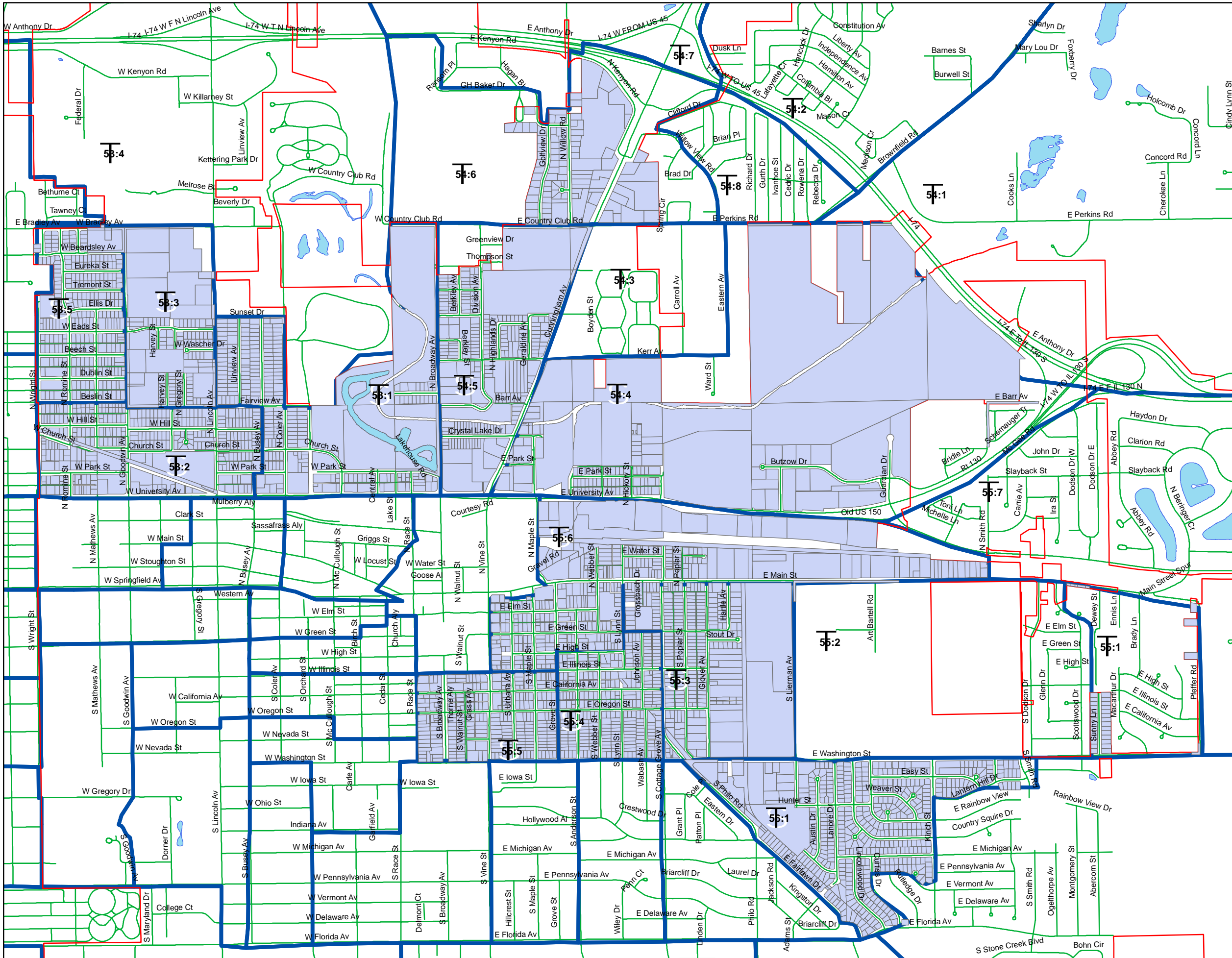
\*Based on 2006-2010 American Community Survey  
\*\*Does not include university-dominated parcels  
or downtown Urbana

-  Census Block Groups
-  Roads
-  Proposed Community Development Target Area
-  Urbana Corporate Boundary
- 53:4** Census Tract : Block Group



# Community Development Target Area

Approved July 1, 2005  
Urbana City Council



CENSUS TRACT	BLOCK GROUP	LOW MOD INCOME%
53	1	64.1%
53	2	87.4%
53	3	81.0%
53	5	76.7%
54	4	79.3%
54	5	68.7%
54	6	51.5%
55	1	91.9%
55	3	69.5%
55	4	39.4%
55	5	48.1%
55	6	61.0%
56	1	58.7%

\* Based on Census 2000 Data

## Legend

- Urbana Corporate Boundary
- Roads
- Lakes
- CD Target Area
- Census Block Group Boundary
- 55:1 Census Tract 55 Block Group 1





*UNAPPROVED*  
**MINUTES**  
**COMMUNITY DEVELOPMENT COMMISSION MEETING**  
**Tuesday, January 24, 2017, City Council Chambers**  
**400 South Vine Street, Urbana, IL 61801**

**Call to Order:** Chairperson Cobb called the regular meeting to order at 7:02pm.

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

**Commission Members Present:** Fred Cobb, Michael Braun, Anne Heinze Silvis, Karin Hodgkin-Jones, Rev. Robert Freeman, and James Winston

**Commission Members Excused/Absent:** Abdulhakeem Saalam, Chris Diana, and Jerry Moreland

**Others Present:** Kelly Mierkowski, Matt Rejc and Don Ho, Community Development Services; Sheila Dodd, Habitat for Humanity of Champaign County

**Approval of Minutes:** Chairperson Cobb asked for approval or corrections to the December 5, 2017 minutes. Commissioner Silvis moved to approve the minutes as written and Commissioner Braun seconded the motion. 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 audience members could speak if they so wished, no one from the audience stepped forward to speak.

**Staff Report:** Kelly Mierkowski, Grants Management Manager, provided a brief overview of the staff report provided to the Commissioners that evening, which included HUD activities, staff activities, meetings attended, the FY 18-19 Annual Action Plan process, and various projects and programs.

**Old Business:** Chairperson Cobb asked Ms. Mierkowski if she had contacted the Housing Authority of Champaign County about reimbursements for tenants that had to be relocated. Ms. Mierkowski responded that staff can inquire about whether or not reimbursements for tenants would be permissible.

**New Business:**

**A RESOLUTION APPROVING AN AMENDMENT TO AN URBANA HOME CONSORTIUM SUBRECIPIENT AGREEMENT (Habitat for Humanity FY 2017-2018)**

Mr. Rejc clarified that the proposed Resolution would only change the project sites for the previously approved HOME \$150,000 subrecipient agreement awarded to Habitat through the RFP process undertaken about a year ago. He stated that the original sites were 1206 and 1204 W. Church Street in Urbana, and 610 Phillips Drive in Champaign, as well as a location to be determined. The proposed amendment would replace the project in Champaign with a new construction activity at 1404 W. Beslin Street, and designate the new construction project at 1406 W. Beslin Street as the fourth and final property to receive development subsidy through this Subrecipient Agreement.

Mr. Rejc clarified that the lender for the homebuyer at 610 Phillips Drive did not approve of the HOME land use restriction agreement that was required to be recorded at that property, which meant that its development could not be assisted with HOME funding. Mr. Rejc then stated that both he and Sheila Dodd are available for questions.

Commissioner Freeman requested information about the Habitat home builds, and Ms. Dodd stated that 1406 W. Beslin was being developed in partnership with a local lender, and that they are aiming for a March 28, 2018 build. Ms. Dodd stated that 1404 W. Beslin will be the 50<sup>th</sup> Habitat home constructed in Urbana, and that she notified staff of all dedication dates and times. Chairperson Cobb asked about the property at 610 Phillips Drive, and Ms. Dodd clarified that the property was part of the Attorney General grant, and that the original purchaser was able to move into the property, but that the bank simply wasn't able to accommodate the land use restriction on short notice. Chairperson Cobb asked about fiscal impacts, while Mr. Rejc clarified that no fiscal impacts to any funding source will occur as a result of the amendment.

Chairperson Cobb entertained a motion for the Resolution, and Commissioner Hodgins-Jones motioned for approval with a second by Commissioner Freeman. The motion then passed unanimously.

## **A RESOLUTION APPROVING MODIFICATIONS TO THE CITY OF URBANA COMMUNITY DEVELOPMENT TARGET AREA**

Mr. Rejc introduced the Community Development Target Area as an area of Urbana made up of block groups which are comprised of at least 51% Low-/Moderate-Income (LMI) residents. The existing Target Area is based on data from the 2000 Census, but in 2014 HUD required that grantees instead use data from the more recent American Community Survey (ACS). Upon review of the data, staff realized that some parts of the Target Area, including the Lierman Neighborhood, would no longer be considered eligible for the Target Area using the new data, which would make the neighborhood no longer eligible for CDBG-funded infrastructure projects. In response, staff initiated an income survey about a year ago, and staff now believes that the survey has achieved statistical validity that in turn allows for the proposal of a new Target Area based on ACS data that includes the Lierman Neighborhood. Mr. Rejc also clarified that Census Tract 55, Block Group 4 is no longer eligible for inclusion in the Target Area, while three other block groups in south Urbana are newly eligible for inclusion in the Target Area.

Mr. Rejc stated that this revision of the Community Development Target Area would help staff to undertake infrastructure projects in the Lierman Neighborhood. Mr. Rejc specified that

properties within the Community Development Target Area are only eligible for participation in the annual neighborhood cleanup event, the development of infrastructure or public facilities projects, and for Whole House Rehabilitation projects without prior approval of the Community Development Commission. Ms. Mierkowski reiterated that those three activities are the only ones that would be impacted by this proposed modification.

Chairperson Cobb asked about the fiscal impacts section, and Mr. Rejc clarified its location. Chairperson Cobb also asked if the number of people included in the Community Development Target Area would increase. Mr. Rejc specified that one block group is being proposed for removal, while three smaller block groups would be added, and that he guessed that the net addition would be close to zero.

Commissioner Hodgins-Jones asked about the exclusion of the eligible block groups near the University. Mr. Rejc stated that those areas are primarily student occupied, and the Target Area has historically not included those areas. Ms. Mierkowski stated that many of the block groups close to the University are comprised of apartment buildings, while many of our programs are dedicated to single-family homeowners.

Commissioner Braun asked about the methodology of the income survey. Mr. Rejc clarified that staff prepared and executed a randomized sample survey in the Lierman Neighborhood. Ms. Mierkowski specified that the methodology was approved by HUD.

Chairperson Cobb asked about the negative impacts of approving the revisions to the Target Area. Mr. Rejc stated that Census Tract 55, Block Group 4 would no longer be included in the Target Area as a result of the change, but that staff cannot prevent it from falling out of eligibility based on its calculated percentage of LMI residents. Mr. Rejc stated the proposed Target Area brings its geographic extent into compliance with the data that HUD would like the City to use.

Chairperson Cobb entertained a motion for the Resolution, and Commissioner Braun motioned for approval with a second by Commissioner Freeman. The motion then passed unanimously.

**Study Session:** No items for this agenda.

**Adjournment:** Seeing no further business, Chairperson Cobb adjourned the meeting at 7:39 p.m.

Recorded by



Matthew Rejc, AICP  
Community Development Coordinator

*UNAPPROVED*