

**CITY OF URBANA
COMMUNITY DEVELOPMENT COMMISSION
Tuesday, October 24, 2000, City Council Chambers**

Commission Members Present: Fred Cobb, Chris Diana, Robert Lewis, Anne Heinze Silvis, Dennis Vidoni

Commission Members Absent: Jon Liebman, Gigi Paquin

Others Present: Karen Rasmussen, Michael Loschen, and Connie Eldridge, Grants Management Division; John L. Johnson, Illinois Center for Citizen Involvement (ICfCI).

Call to Order: Chairperson Cobb called the meeting to order at 7:14 p.m. A quorum was present.

Approval of Minutes: *Chairperson Cobb asked for approval or corrections to the September 26, 2000 minutes. Commissioner Silvis moved to approve the minutes as written. Commissioner Lewis seconded the motion. The motion carried unanimously.*

Staff Report: Ms. Rasmussen announced that Robert Grewe was hired as Grants Management Division Manager. Mr. Grewe will start November 20.

Fall 2000 Neighborhood Cleanup was successful. Ms. Rasmussen mentioned the increased cost of Neighborhood Cleanups and asked commissioners to consider ways to reduce expenses, i.e., shorter hours, an annual rather than bi-annual cleanup, etc. Mr. Burgett is compiling the data on cost per household.

All Neighborhood Improvement Fund (NIF) monies (\$21,000) are allocated. In this last round of funding 26 households applied, and 13 of those households received funds.

Petitions and Communications: None.

Old Business: None.

New Business: **Agreement with the Illinois Center for Citizen Involvement Regarding the Eads at Lincoln Construction Closeout** – Mr. Loschen explained this is an agreement to build six homes in the Eads at Lincoln Subdivision. The funds are from the 15 percent CHDO set-aside plus \$8,854 of FY 1999 City of Urbana HOME funds. The funds will be used for downpayment assistance grants, program delivery expenses, administration and fees with almost \$36,000 set aside for site preparation infrastructure work. The City of Urbana will donate six lots to ICfCI. ICfCI will use its own funds and other outside grants to provide downpayment grants to homebuyers. Two households will be at or below 70 percent of Median Family Income (MFI), and four households will be between 70 and 80 percent MFI.

Concerning completion of the Eads at Lincoln Subdivision, ICfCI will complete six houses. The Urbana School District Housing Construction Trades Program will build one house. An individual homebuyer plans to purchase one double lot and construct a larger house on it. Two lots will be sold to the local daycare facility for its expansion.

Chairperson Cobb asked about the number of bedrooms and the anticipated cost of the homes. Mr. Johnson answered the homes have 3-4 bedrooms, 2 baths, 2 car garage, and meet visitability and wind mitigation standards. The homes are budgeted at \$91,520. Actual mortgage cost for a family at 60-70 percent MFI is \$67,524. A family in the 70-80 percent MFI would have a mortgage of \$71,024.

When Commissioner Silvis asked what the houses looked like, Mr. Johnson passed around the architectural drawing of the exterior. He will provide staff with a copy. The homes are 1200 square feet on a crawlspace. ICfCI has received a Federal District Bank grant to help with project closeout. One unit has already been sold.

Commissioner Vidoni inquired about difficulties meeting visitability standards. Mr. Johnson replied he was not aware of any problems yet, but there may be with the lot sizes. He reminded commissioners that issue is why ICfCI requested the right to petition for a waiver. He discussed how visitability affects the cost of the house. Mr. Johnson said even a small price increase affects affordability for low- and moderate-income homebuyers. Busey Bank determines the mortgage interest rate at closing based on the prime interest rate. This program makes houses affordable for low- and moderate-income persons because of grants from the Urbana HOME Consortium, the Federal District Bank funds, and the City of Urbana.

Commissioner Lewis was concerned about housing affordability and the volatility of interest rates from the start of construction to the closing. Mr. Johnson replied the bank absorbs many of the risk factors through a construction loan. Once the property is completed, the loan is converted to a fixed mortgage.

Mr. Johnson planned to have foundations for three houses completed before frost. He commented that many applicants are concerned about the higher tax rate in Urbana. To those applicants Mr. Johnson describes the benefit of ownership versus renting.

Commissioner Diana asked about the applicant's average family income. Mr. Johnson responded that federal regulations do not allow a borrower to spend more than 30 percent of household income on housing costs. ICfCI must certify and recertify that families can afford the house. This is why Mr. Johnson is concerned with escalating costs to build new homes.

Commissioner Diana inquired about the status of lots committed to other agencies. Mr. Loschen remarked that the city owes four lots to ICfCI's current HomeBuild Program. He will soon be closing on the property at 1107 West Fairview. Mr. Loschen is waiting for appraisals on three vacant lots in the target area. Two lots are in the 1300-1400 blocks of West Eads and one lot is on North Coler. With the donation of six lots for Eads at Lincoln Subdivision, Mr. Loschen said the city would not owe any additional lots to ICfCI.

Ms. Rasmussen thought the city would need four to six lots to meet its commitments. She reminded commissioners to let staff know about any potentially available properties in the Community Development Target Area. Although staff may purchase lots citywide, Mr. Loschen said that the Consolidated Plan requires staff to clear dilapidated lots in the CD Target Area.

Commissioner Diana asked about lots owed to ICfCI under the current agreement. Mr. Loschen answered that there are about a dozen available lots in the Eads at Lincoln Subdivision. Commissioner Diana asked what would be done with excess lots. Mr. Loschen replied there might be only one extra lot after disposition to ICfCI, the school district, and a private owner. In Spring 2001 Habitat for Humanity will construct a house at 1202 West Beslin.

Commissioner Vidoni moved to recommend to City Council approval of the Agreement with the Illinois Center for Citizen Involvement Regarding the Eads at Lincoln Construction Closeout. Commissioner Diana seconded the motion. The motion carried unanimously.

Adjournment: Chairperson Cobb adjourned the meeting at 7:50 p.m.

Recorded by Connie Eldridge