

CITY OF URBANA
COMMUNITY DEVELOPMENT COMMISSION
Tuesday, November 28, 2000, City Council Chambers

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

Commission Members Absent: None

Others Present: Bob Grewe, Randy Burgett, Ella Coleman, Connie Eldridge, Mike Loschen, Karen Rasmussen, and April Getchius, Community Development Services; Edward Sykes.

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 October 24, 2000 minutes. Commissioner Silvis moved to approve the minutes. Commissioner Lewis seconded the motion. The motion carried unanimously.*

Chairperson Cobb asked for approval or corrections to the minutes of the November 2, 2000 special meeting. Commissioner Diana moved to approve the minutes. Commissioner Paquin seconded the motion. The motion carried unanimously.

Staff Report: April Getchius introduced Robert Grewe, the new manager of the Grants Management Division. She thanked the Grants Management staff and the Community Development Commission for their support during this long transition. She also thanked the commissioners for attending the special meeting of November 2.

Ms. Rasmussen distributed a memorandum summarizing Fall Neighborhood Cleanup costs. She noted the total cost was lower than the spring cleanup.

Ms. Rasmussen distributed two preliminary surveys dated November 2000: (1) Homeless Persons in Champaign-Urbana, and (2) Near-Homeless Persons and Persons With No Housing Problems in Champaign-Urbana. These were completed by agencies in the Continuum of Care. She was disappointed in the number of participating agencies. In response to Commissioner Silvis, Ms. Rasmussen explained the interviewers did not know the sex or relationship of other adults in the household.

Noting the commissioners had received the Urbana HOME Consortium and the City of Urbana Consolidated Plan for Program Years 2000-2004, Ms. Rasmussen suggested they review the Five Year Strategies and the Specific Objectives. These strategies and objectives are used for annual program and budget planning.

Since there were no applications last year, Ms. Rasmussen asked commissioners to consider whether or not to offer the Neighborhood Organization Grant (NOG) this year.

Petitions and Communications: None.

Old Business: None.

New Business: **Update on Transitional Housing (TH) Program** – Ella Coleman, Transitional Housing Coordinator for the City of Urbana, summarized the city’s program. The program’s goal is to help families become self-sufficient. She distributed a program summary and a definition of a homeless person from the Department of Housing and Urban Development (HUD). The City of Urbana owns three of the five housing units, with Carle Foundation donating two units. When there is a vacancy, Ms. Coleman advertises and selects the homeless family that most closely fits the guidelines for homelessness. Applicants must have resided in Champaign County for six months before applying to the program. She noted earlier applicants were single mothers with children. Ms. Coleman is now seeing intact homeless families. Families work on such issues as education, getting and keeping a job, and mental health. Ms. Coleman stated the majority of past participants are surviving on their own and have not returned to a homeless program.

In response to Chairperson Cobb, Ms. Coleman said all units are currently filled. The City of Urbana has two two-bedroom and three three-bedroom units. She thanked Mr. Burgett for his help with rehabilitating one of the properties that was damaged by a fire. Commissioner Silvis inquired about a wish list. Ms. Coleman will accept the following donations: any furniture, pots and pans, kitchen utensils, mattress sets, bed linens, lamps, etc. She does not accept clothing.

Commissioner Lewis asked if the federal government subsidizes the program. Ms. Rasmussen answered no; the 1990 Supportive Housing Program has expired, and the program is funded by CDBG Public Service monies and any rent received.

Commissioner Diana requested Ms. Coleman to compile data about the program for possible expansion. Ms. Rasmussen noted the annual CAPER includes a report of the Transitional Housing Program. Discussion continued on furniture donations. Commissioner Silvis suggested that fraternities or sororities collect furniture for the TH Program. Ms. Coleman noted property owners in the campus area often donate furniture to her program. She inspects potential donations and does not accept damaged furniture.

Disposition of the following properties to Illinois Center for Citizen Involvement (ICfCI) for use in the HomeBuild and Eads at Lincoln Subdivision Build-Out and the Urbana School District for use in the Construction Trades Program:

- **906-906 ½ West Eads Street**
- **908 West Eads Street**
- **910 West Eads Street**
- **914 West Eads Street**
- **916 West Eads Street**
- **1101 North Gregory Street**

- **1101 North Harvey Street**
- **1103 North Harvey Street**
- **1105 North Harvey Street**
- **1107 North Harvey Street**
- **902 Wascher Drive**

Rather than present 11 separate ordinances and dispositions to the Community Development Commission and City Council, Mr. Loschen and Ms. Getchius decided to create one ordinance to reserve these properties for the three programs listed above. Mr. Loschen said the City of Urbana has a CHDO agreement with ICfCI to donate four properties to the HomeBuild Program. The City of Urbana has donated two of the four properties. This ordinance will reserve two lots for the HomeBuild Program, six lots for the ICfCI Eads at Lincoln Subdivision Program, and two lots for the Urbana School District 116. The Urbana School District has requested the lots at 906-906 ½ West Eads and 1105 North Harvey. The remaining nine lots would be reserved for ICfCI, thus providing a variety of lots for their clients. The ordinance will reserve the lots until June 30, 2001, at which time it expires.

Noting the ordinance refers to vacant properties, Commissioner Diana asked if the City of Urbana could donate 906 West Eads since demolition has not yet occurred. Mr. Loschen answered that 906 West Eads is scheduled for demolition before spring 2001. Commissioner Diana noted the contract language refers to transferring “as-is properties” and asked if the City would be able to pay for demolition after the transfer. Mr. Loschen clarified that it has always been the City of Urbana’s intention to donate vacant lots. The lot at 906 West Eads will be vacant by the time of donation. Chairperson Cobb asked if staff would modify the contract to make the donations legal. Mr. Loschen answered yes; he will work with the city attorney to insure the properties being donated were vacant.

In response to Chairperson Cobb, Mr. Loschen said after June 30, 2001 the ordinance would no longer apply to any properties that had not been donated. Staff would prepare individual disposition plans for any remaining properties.

Referring to staff’s earlier comments about a shortage of properties, Commissioner Vidoni was curious about the number of available properties. Mr. Loschen answered the city had been holding the above lots for the Eads at Lincoln Subdivision Program. Two of the lots will be donated to ICfCI’s HomeBuild Program. There is still a shortage of properties for ICfCI’s HomeBuild Program and Habitat for Humanity.

Commissioner Vidoni moved to recommend to City Council disposition of the following properties to Illinois Center for Citizen Involvement for use in the HomeBuild Program and Eads at Lincoln Subdivision Build-Out and to the Urbana School District for use in the Construction Trades Program:

- 906-906 ½ West Eads Street*
- 908 West Eads Street*
- 910 West Eads Street*
- 914 West Eads Street*
- 916 West Eads Street*

1101 North Gregory Street
1101 North Harvey Street
1103 North Harvey Street
1105 North Harvey Street
1107 North Harvey Street
902 Wascher Drive

Approval is based on appropriate revisions being made to the contract. Commissioner Lewis seconded the motion. The motion carried unanimously.

Update on property issues at 1401 West Bradley Avenue – Mr. Burgett asked commissioners for their direction regarding this property, which is owned by Sonya Pickens. The City of Urbana did a whole house rehabilitation on this property in 1997 and currently has a second mortgage of \$10,000 on it. Recent title work indicates a first mortgage of \$29,572. According to Mr. Sykes, the first mortgage company had begun foreclosure proceedings until he provided funds to stop the foreclosure. Mr. Sykes also has a mortgage against the property, and a tax buyer has bought the 1998 and 1999 taxes. Staff has met several times with Ms. Pickens and has attempted to direct her to other agencies for help.

Mr. Sykes indicated that because he has money invested in the property, he was interested in purchasing the property. Mr. Sykes asked the City of Urbana to forgive \$5,000 of the \$10,000 mortgage on the property. He planned to renovate the property and then rent it. Mr. Burgett anticipated the property would either be foreclosed or bought for back taxes. Mr. Burgett said initial negotiations with Mr. Sykes involved forgiving \$3,000 of the \$10,000 mortgage. Mr. Sykes' letter of confirmation asked for forgiveness of \$5,000 and requested a different loan on a separate property (1202 West Ellis Drive) be forgiven. Mr. Burgett felt the agreement concerning 1202 West Ellis Drive did not pertain to this situation. Concerning 1401 West Bradley Avenue, staff recommends forgiving \$3,000 with the remainder of \$7,000 due upon property closing.

Mr. Sykes discussed Ms. Pickens' financial situation and how he came to take a quick deed on the property. He felt the City of Urbana did not properly rehabilitate the property and listed the problems. Mr. Burgett disagreed and noted at the time rehabilitation was completed, the homeowner and city inspectors had signed a statement that the work was satisfactorily completed. Mr. Sykes anticipated it would cost \$54,865 to pay the mortgages and back taxes and to bring the house up to Section 8 standards. Noting the current owner is disabled and has very little income, he planned to rent the house to her with Section 8 assistance. Mr. Sykes believed if he did not attempt to help the homeowner, she would be homeless due to her financial situation. If her situation improved, he planned to sell the house back to her for his expenses.

Mr. Sykes referred to a letter from Mayor Satterthwaite congratulating him on his past efforts to improve housing stock. He hoped the City of Urbana could work with him on this project so all would benefit. He is requesting the City of Urbana (1) forgive \$5,000 of the \$10,000 mortgage on 1401 West Bradley, and (2) forgive the balance owed on 1202 West Ellis so he may use the property as collateral. Mr. Sykes stressed he has never missed a payment on the property at 1202

West Ellis. Mr. Burgett emphasized that the agreement and mortgage on 1202 West Ellis did not pertain to this situation.

Noting the two financial transactions could not be mixed, Chairperson Cobb asked about Mr. Sykes' plans. Mr. Sykes replied he must return to his bank and discuss other forms of collateral. He reviewed his history as a successful landlord in the Section 8 program. Chairperson Cobb questioned the quick deed situation and how it would affect Ms. Pickens. Mr. Sykes believed that despite financial hardship Ms. Pickens would pay her rent. Ms. Rasmussen added Ms. Pickens has closed her business, and staff was concerned that Ms. Pickens and her family would be homeless. Staff had advised her to seek legal counsel. Ms. Rasmussen asked about Mr. Sykes progress with getting an emergency Section 8 voucher. She stated the Section 8 waiting list is closed, and there is a three to four year waiting list. Mr. Sykes replied that since it appeared she would have to apply for public housing, he would keep Ms. Pickens in the house and charge her rent during the repairs. Ms. Rasmussen questioned whether the amount of rent he would charge was the Fair Market Value. Mr. Sykes listed past repairs and his rehabilitation plans.

Commissioner Diana asked if Ms. Pickens was a year behind in her mortgage payments when Mr. Sykes made the mortgage current. At the time he helped her, Mr. Sykes was not aware of the principal owed. Commissioner Diana inquired if Ms. Pickens was not able to make her mortgage payment, how would she be able to pay a higher rent payment. Mr. Sykes said he was basing his decision on faith. If she were unable to pay, she would have to go to public housing. Commissioner Diana asked how many months of unpaid rent Mr. Sykes could absorb. Mr. Sykes answered four months. Commissioner Diana understood Mr. Sykes desire to help Ms. Pickens; however, he stated someone would have to pay the mortgage. Mr. Sykes reiterated his request for the City of Urbana to release the mortgage on the property at 1202 West Ellis to help with financing the property at 1401 West Bradley Avenue. He planned to continue making payments for the property at 1202 West Ellis. Commissioner Diana asked if the City of Urbana could legally do this. Ms. Rasmussen answered no.

Chairperson Cobb asked if releasing \$5,000 of the \$10,000 mortgage on 1401 West Bradley would be enough to help Mr. Sykes. Mr. Sykes discussed filing his quick deed on the property and using his other properties as collateral. He mentioned problems with the appraisal of the property. Commissioner Diana asked about the appraised value when Ms. Pickens purchased the property. Mr. Sykes estimated it was \$30,000. Discussion continued about the timing of the first and second mortgages. In response to Commissioner Paquin, Mr. Sykes stated he owns six rental properties.

Chairperson Cobb pointed out the Community Development Commission must consider legal restrictions when making decisions. Due to the possible foreclosure and tax situation, Mr. Burgett stated commissioners must decide tonight. Commissioner Silvis asked if the tax situation changed staff's recommendation. Mr. Burgett answered no. The assessed value of properties in the area was \$34,000. Chairperson Cobb asked what risk the City of Urbana would have by releasing \$5,000. Mr. Burgett explained the risk lies with the foreclosure because the City may not recover any of the \$10,000 mortgage. Upon closing when Mr. Sykes acquires the property, he then owes the City of Urbana the deferred loan portion of the mortgage. Once the

mortgage is released, the City is no longer at risk. At this point Mr. Burgett is concerned with returning a portion of the funds to the funding pool.

Commissioner Vidoni questioned the amount of the mortgage the Community Development Commission may release. Commissioner Diana agreed and asked (1) if this is an arms-length transaction, and (2) if Mr. Sykes had a lien against the property. Mr. Burgett answered yes to both. Commissioner Diana questioned the arms-length interpretation and the net sale proceeds of the property. Ms. Rasmussen said in the past the Community Development Commission has forgiven partial mortgages. Mr. Burgett based the value of the property on the assessed value of neighboring properties. Discussion continued as to the possible net proceeds of the sale, possible liens, and back taxes. Once ownership transfers, the City of Urbana's deferred loan is due. Discussion continued on assessed value and how staff uses assessed value in city programs. Commissioner Diana was concerned about determining the property's value. Commissioners Diana and Lewis requested property appraisals be conducted in the future.

Discussion continued on anticipated net sales and whether \$3,000 or \$5,000 of the deferred loan should be forgiven. Commissioner Vidoni asked if these amounts are in compliance with the mortgage language. Mr. Burgett answered yes. Commissioners mentioned the value of the rehabilitation, the property's condition, and the need for an appraisal. Mr. Burgett believed the roof was leaking from a vent. Commissioner Vidoni asked if the amount of taxes due supported a greater amount of forgiveness. Mr. Burgett said yes.

Mr. Sykes asked commissioners to consider who loses if the property is foreclosed or bought for back taxes.

Commissioner Lewis moved that the Community Development Commission, in concurrence with Grants Management Division, release \$5,000 of the \$10,000 mortgage on the property at 1401 West Bradley Avenue. The balance of \$5,000 will be due and payable at closing. Commissioner Silvis seconded the motion. Commissioner Diana commented this situation does not have anything to do with the tenant. It is reclamation of funds for the City of Urbana. Commissioners discussed amending the motion to allow the tenant to remain on the property for a certain length of time. Commissioner Diana questioned the arms-length transaction. Chairperson Cobb stated the original motion stands. Commissioner Lewis amended his motion to include "The City of Urbana's legal department must determine if this is an arms-length transaction and then approve the release." Commissioner Diana seconded the amended motion. The motion carried unanimously.

Schedule for Adoption of FY2001-2002 Annual Action Plan (Community Development Block Grant [CDBG] and HOME Budgets) and allocation of FY2001-2002 Consolidated Social Service Funds – Ms. Rasmussen stated the City of Urbana's allocation is \$554,000 in CDBG funds and \$1,038,000 in HOME funds. She outlined the schedule for adoption and noted commissioners must decide whether or not to offer funding for neighborhood organizations. Commissioner Lewis requested staff make available to the public an updated matrix that summarizes available program funds. He suggested creating a flyer that explains the funding process, eligible and ineligible activities, percent of funds available, and any duplication of services. Ms. Rasmussen agreed and suggested an article in the newsletter. He felt this would

help the agencies during the application process and help the Community Development Commission determine which programs to fund.

Ms. Rasmussen said the first round of funding is for capital improvements and the Neighborhood Organization Grants (NOG). Commissioner Silvis asked if there were funding limits per agency. Ms. Rasmussen answered there is a cap of 15 percent of entitlement funds for public service and 20 percent for administrative services. HOME requires 100 percent be expended for low- to moderate-income persons. Although CDBG requires 70 percent of monies be expended for low- to moderate-income persons, the City of Urbana has always directed a higher percentage. Commissioner Silvis felt eligibility, objectives and amount of funding would be helpful to interested agencies. Ms. Rasmussen stated that agencies are told to apply for as much funding as they need. However, neither CDBG nor HOME can afford to fully fund any activity.

Ms. Rasmussen mentioned another factor that will affect program funding is the impact of lead based paint regulations. She anticipated the following agencies would apply for funding next year: Crisis Nursery, Center for Women in Transition, Prairie Center, and TIMES Center. She said money would need to be set aside for two infrastructure projects in the CD Target Area. All funding requests must be tied to a strategy in the Consolidated Plan. Commissioner Silvis requested agencies receive a description of past funding. Ms. Rasmussen said all agencies receive a copy of the Strategic Five Year Plan with their application. Commissioner Diana agreed that a one-page summary listing last year's projects and their corresponding strategies would be helpful. Ms. Rasmussen agreed.

Commissioner Lewis asked how the City of Urbana would be meeting the lead based paint requirements. Mr. Burgett replied that an extension has been granted. According to a representative from HUD, the City of Urbana is ahead of most communities in the United States in meeting these requirements. He estimated the additional cost for the whole house rehabilitation program to vary from \$3,000 to \$7,000 per project. With recent training there should be plenty of certified contractors. In response to Commissioner Lewis, Mr. Burgett said when a project cost reaches \$25,000 then lead based paint abatement must take place.

Chairperson Cobb asked if the Neighborhood Organization Grant (NOG) Program should be offered again this year. Ms. Rasmussen noted there were no applicants last year. Commissioners Diana and Silvis felt the NOG should be offered every year. After further discussion, it was the consensus of the Community Development Commission that NOG applications should be available annually to meet the stated goals of the Consolidated Plan.

Ms. Rasmussen asked commissioners to consider how CDBG funds could spur economic development. She noted federal regulation and the Five Year Strategies in the Consolidated Plan limit CDBG funds. Currently funds may be used to offer job training, assistance to businesses with hiring and training low-income persons, and funding the Small Business Development Center.

Mr. Loschen asked for guidance concerning a property acquisition. The owner wants substantially more than the appraised value of the property. Discussion continued on the differences between appraisers and the need for the property.

Commissioner Silvis requested the subject of property appraisals be discussed at the January Community Development Commission meeting. This concerns the value of a property when the Community Development Commission is asked to forgive all or part of a mortgage.

Adjournment: Chairperson Cobb adjourned the meeting at 9:31 p.m.

Recorded by Connie Eldridge

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