



MINUTES
COMMUNITY DEVELOPMENT COMMISSION
Tuesday, November 26, 2002, City Council Chambers

Call to Order: Acting Chairperson Lewis called the meeting to order at 7:05 p.m.

Roll Call: Connie Eldridge called the roll. A quorum was present.

Commission Members Present: Robert Lewis, Joanna Shisler, Anne Heinze Silvis, Dennis Vidoni

Commission Members Absent: Fred Cobb, Chris Diana, Alice Englebretsen

Others Present: Bob Grewe, Connie Eldridge, Mike Loschen, and Elizabeth Tyler, Community Development Services; Jerry White, Champaign Community Advocacy and Mentoring Resources; Jim Rose, Homestead Corporation, and Gregg Rogers, GCAP.

Approval of Minutes: *Acting Chairperson Lewis asked for approval or corrections to the October 22, 2002 minutes. Commissioner Silvis moved to approve the minutes, and Commissioner Shisler seconded the motion. The motion carried unanimously.*

On page 6, paragraph 2, Commissioner Vidoni asked for clarification about verification of household income. Mr. Loschen explained the differences in income verifications between the banks and the Department of Housing and Urban Development (HUD). The banks do income verifications for their own underwriting purposes. However, the Department of HUD is requiring the City of Urbana or its subgrantees do separate verifications to determine eligibility for homebuyer assistance programs.

Staff Report: Mr. Grewe distributed a Schedule for FY 2003-2004 Annual Action Plan and indicated the CD Commission will be reviewing the draft Annual Action Plan at the March 25 meeting. Last year's schedule was unique due to joint study sessions. This schedule allows for significant changes, if needed. Mr. Grewe noted the public hearings and neighborhood meetings match the citizen participation portion of the Consolidated Plan.

Mr. Grewe noted the Housing Authority has requested the City of Urbana provide a certificate of consistency with their FY 2003 Action Plan. This annual request is similar to earlier requests.

There was a public hearing on the amendment to the Annual Action Plan.

Mr. Grewe updated commissioners on the following: tax status of the Homestead Single Room Occupancy, Federal Home Loan Bank funding, disposition of lots in the Eads at Lincoln subdivision, and the Urbana HOME Consortium's progress on policies and procedures.

The transition with Illinois Center for Citizen Involvement (ICFCI) is continuing. Mr. Loschen is coordinating with ICFCI to close on the last three remaining homes. There will be a separation agreement that clarifies the future responsibilities of both parties.

The City of Urbana completed two projects with the Illinois Department of Public Health for the Get the Lead Out Program. A grant amendment would provide the City of Urbana another \$30,000 to do four housing units. New requirements will only allow rehabilitation of homes where children under the age of 6 live. In the past the City could rehabilitate a house where children spent a great deal of time, for example, a grandparent's home. Mr. Burgett mentioned targeting households with children in the next newsletter.

Petitions and Communications: None

Old Business: **FY 2002 Fall Cleanup Report** – Mr. Burgett briefly summarized Fall 2002 Neighborhood Cleanup. He thanked UCAP for furnishing food, tents and port-a-potties, which helped keep the project within budget. Although the number of trips was lower, the vehicles were so full that the amount of junk collected was the same. Some UCAP members had suggested having only one cleanup in the spring and allowing more junk drop-offs and yard waste recycling at the Landscape Recycling Center. Acting Chairperson Lewis asked about the impact of having just one cleanup. Mr. Burgett preferred offering cleanup twice a year and limiting residents to one trip. He felt if the number of trips were increased, persons outside of the target area would be more likely to participate. Mr. Burgett suggested that commissioners consider budgeting options for FY 2003-2004. Comparing Fall 2001 to Fall 2002 Neighborhood Cleanup, Commissioner Vidoni congratulated staff on cost efficiencies. Mr. Grewe noted that cleanup must be budgeted through public service category, which has limited funding.

10-Year Plan to End Chronic Homelessness – Ms. Rasmussen explained this effort addresses chronic homelessness, not homelessness in general. According to the University of Massachusetts, 15 percent of the homeless population is chronically homeless. The other 85 percent of the homeless population has lost their homes due to job loss, medical expenses, etc. The chronically homeless use about 80 percent of the supportive services. This plan will shift how the community looks at homelessness through its policies and procedures. Currently this community's emphasis is on emergency shelters and transitional housing. Instead, the community must shift its focus to permanent housing. Ms. Rasmussen noted there is a lack of affordable housing in the community. One of the highest priorities will be developing additional permanent housing.

Ms. Rasmussen has asked 50 agencies and individuals to participate on a committee to end chronic homelessness. This committee will develop statistics through a more in-depth survey of the homeless population. The first effort is to develop a baseline, and the Homeless Management Information System (HMIS) will help. Regional Planning Commission had applied for funding for this data system, which will help track individuals. Acting Chairperson Lewis remembered in the last survey it was difficult to identify persons who are homeless. He asked how this group would approach the problem to understand its scope. Ms. Rasmussen has met with T.I.M.E.S. Center staff about identifying the homeless population who does not seek shelter.

Ms. Rasmussen believed the biggest difficulty would be identifying families who move from household to household and are not on the streets. She planned to talk with local schools and Champaign County's truancy program. Many children are truant because their families are homeless. Acting Chairperson Lewis added the school districts are focusing on student population and asked about possible federal funding. Ms. Rasmussen replied that the breakdown of public housing in some communities is shifting populations, which results in great stress on the schools. She believed the federal government will shift funding from emergency shelters and transitional housing to permanent housing.

Commissioner Shisler asked about follow-up on homeless persons from the 1998 and 2000 surveys. Ms. Rasmussen answered that agencies do not have the ability at this time; however, the HMIS will help. Currently, social service agencies do not have funds to follow-up because their staffs are busy caring for immediate needs.

Commissioner Silvis inquired about the strategy and objectives to reach the homeless population who does not use the shelters. She questioned whether or not they would want to be involved in the homeless system. Ms. Rasmussen said at this time there will not be outreach. Because they impact services (for example, emergency rooms), there is a need to count and know who they are. 21 percent of the homeless population has mental health or substance abuse issues. If the agencies can develop a sense of trust with them, Ms. Rasmussen felt it made sense to bring this population into permanent housing. There is an effort to move persons through the continuum of care to make space for others entering the system.

King Park Neighborhood Center Special Meeting Report – Mr. Grewe summarized the notes on the special meeting that was called by Councilperson Jim Hayes. There was a tremendous turnout and a lot of sharing. At the close of the meeting, Councilperson Hayes asked for a straw vote to indicate preference for a neighborhood center. 21 persons voted in favor of a stand-alone center; 9 voted for an attached center. At this time there is no other information to consider. Staff has provided examples from the Internet on neighborhood centers and will provide information from the Department of HUD about creating a technology center.

Acting Chairperson Lewis asked if the project was on hold. Mr. Grewe believed so. Acting Chairperson Lewis asked about the window of opportunity to link with the Urbana School District. Mr. Grewe mentioned the Urbana School District had planned to build four new classrooms at King School and had considered linking with the neighborhood center. Because the school district had a deadline of the first of the year, the neighborhood center project would have to coordinate with that deadline. Acting Chairperson Lewis remarked if pending grants have not come through, it would be logical to consider phasing the project to investigate various grant possibilities. This could possibly satisfy the criteria of the center being attached to the school but yet still independent. He believed this was still a good opportunity and did not want to see it go by the wayside.

New Business: Disposition of Surplus City-Owned Property for Housing – 808 North Romine Street – Mr. Loschen stated the City of Urbana had planned to donate this property to ICFCI for HomeBuild4. However, HomeBuild4 is not going forward. Habitat for Humanity

requested a lot to start construction of a home this spring. The house would be completed by June 2004. Habitat is also building another home in this neighborhood at 1202 West Fairview.

Staff is now using HOME regulations to determine a home's affordability period, even if the property was purchased with CDBG funds. Because approximately \$26,000 was spent on acquisition and demolition of this property, there is a ten-year affordability period. If the initial low-income family re-sells the home, they must sell to another low-income family for a period of ten years. For every year a low-income family lives in the house, one tenth of the grant amount is reduced. In response to Acting Chairperson Lewis, Mr. Loschen said the amount of HOME dollars determines the affordability period. \$14,999 or less in HOME dollars results in a five-year affordability period. \$15,000- \$40,000 equals a ten-year affordability period. Above \$40,000 is 15 years.

Commissioner Vidoni moved to recommend to City Council approval of the disposition of 808 North Romine Street to Habitat for Humanity of Champaign and Piatt Counties. Commissioner Silvis seconded the motion. The motion carried unanimously.

Amendment to Urbana CDBG Agreement – Prairie Center FY 2002-2003 – Mr. Grewe explained that the FY 2002-2003 Annual Action Plan provided Prairie Center with CDBG funds to acquire or build a new center for outpatient treatment. Prairie Center's board of trustees is not ready to proceed with a new center at this time. Considering timely expenditure of CDBG funds, staff discussed funding Prairie Center's renovation of their Hill Street facility. The amended agreement would allocate \$40,000 from FY 2002-2003 for rehabilitation of 122 Hill Street. \$60,000 from FY 2003-2004 would be used for property acquisition or further renovation.

Ms. Rasmussen, who toured the Hill Street facility, said Prairie Center wants to make this permanent housing for persons who have completed their treatment program. The average stay will be 18 months. Ms. Rasmussen believed this was a good intermediary step. This meets the City of Urbana's Consolidated Plan goals and is a plus when considering the 10-Year Plan to End Chronic Homelessness. Mr. Grewe added this project seems to be most feasible. Ms. Rasmussen added that Prairie Center has not given up on an expansion project or a new facility. Mr. Grewe remarked that State of Illinois funding is not the same as earlier. Ms. Rasmussen believed that purchasing and renovating a facility would possibly cost \$1,000,000.

Acting Chairperson Lewis asked about program costs and if the project was eligible for federal funds. Ms. Rasmussen mentioned costs for property acquisition, rehabilitation, asbestos and lead paint issues. If the City of Urbana contributes federal funds to the development of a new facility, the City's Consolidated Plan requires that Prairie Center establish a youth residential program. When building a new facility, all units must be ADA accessible. Residential treatment programs have security issues since some treatment programs are court-ordered. This would also increase the cost. In response to Acting Chairperson Lewis, Ms. Rasmussen said that federal funding overall is being reduced due to funds being transferred to homeland security.

Mr. Grewe said staff recommends amending the agreement, with the project being reconsidered in the FY 2003-2004 Annual Action Plan. In response to Acting Chairperson Lewis, Ms. Rasmussen said the entire project would cost \$175,000; however, this did not include addressing any lead based paint or asbestos issues.

Commissioner Vidoni remembered that the CD Commission had voted last month to eliminate the Neighborhood Organization Grant (NOG) administrative funds for United Citizens and Neighbors and for Lakeside Terrace Residents Council. Now the City of Urbana is willing to commit \$60,000 to acquisition or rehabilitation of a facility about which little is known. He felt this was a stark contrast. Commissioner Vidoni did not want to undermine the Prairie Center; however, he felt that NOGs help support the CD Commission's mission. Commissioner Vidoni will support this amendment but wanted to remind commissioners that NOGs provide a "big bang for the buck" without a large commitment.

Noting it would cost \$175,000 to renovate six units, Commissioner Silvis asked why it was so expensive. Ms. Rasmussen replied that, due to changing the floor plan, the greater portion of the HVAC system needed to be replaced. The cost for demolition and reconstruction is only for the second floor. Mr. Grewe added this is an older, multi-story building. Prairie Center has decided to remain on the site rather than look for new units. Ms. Rasmussen noted that on-site units are considerably cheaper operationally by using staff and programs already in the building.

Commissioner Shisler asked why the City of Urbana did not provide \$100,000 for one year rather than dividing it. Mr. Grewe replied that last year only \$40,000 was available. \$60,000 was pledged during the second year of the agreement. Most large capital projects are multi-year projects. Commissioner Shisler asked about options if the Department of HUD did not approve \$40,000 for this project. Mr. Grewe responded that the City of Urbana would carryover the funds to FY 2003-2004 and use the funds for a different program. However, this would affect the City's efforts to expend funds in a timely manner.

Commissioner Silvis moved to recommend to City Council approval of Option 1. This amendment to the present agreement with Prairie Center Health Systems, Inc. will permit \$40,000 to be expended for renovation of the second floor of 122 Hill Street, Champaign, IL and allocate \$60,000 to either additional renovation activities at this address or property acquisition of a new facility yet to be determined. Commissioner Shisler seconded the motion. The motion carried unanimously.

Amendment to an Urbana HOME Consortium CHDO Agreement - Homestead Corporation Rental Project FY 2001-2002 – Mr. Loschen reviewed the December 2001 CHDO agreement between Homestead Corporation and the City of Urbana. This gave Homestead one year to spend \$116,000 to purchase rental properties. Homestead has purchased one property in Champaign and four properties in Urbana. Because there is \$35,350 left of Urbana's share of funds, Homestead wants to purchase two additional properties in Urbana. The amendment will extend the agreement until June 30, 2003.

Commissioner Vidoni moved to recommend to City Council approval of the amendment to an Urbana HOME Consortium CHDO Agreement with Homestead Corporation, Rental Project, FY 2001-2002. Commissioner Shisler seconded the motion. The motion carried unanimously.

Urbana HOME Consortium CHDO Agreement - Homestead Corporation Eads at Lincoln Homebuyer Project FY 2002-2003 – Mr. Grewe explained this is the transition from ICFCI to another CHDO developer, which is Homestead Corporation. Staff has met with Jim Rose of

Homestead Corporation and the Urbana HOME Consortium concerning the HOME agreements and incorporating changes from the Department of HUD. Mr. Grewe summarized the additional provisions for new home construction that were not included in previous agreements:

- Closeout information – City of Urbana will receive all closeout information before releasing funds.
- Two party checks
- Developer fee at closing – Rather than reimbursing administrative costs, the City of Urbana will provide a developer’s fee at closing.
- Management fee – Lesser amount than developer’s fee. Prorated amount in monthly installments to non-profit to manage project.
- Performance bond – Will help insure project is completed.
- Developer walk-through with homebuyer
- Maximum per unit subsidy and subsidy layering – HOME regulations require in agreement. Do not anticipate reaching maximum subsidy levels.
- Restriction of sale of units – Department of HUD is requiring government unit and homebuyer have written agreement on land use restriction.

Because there could be unforeseen investments per lot, Mr. Grewe said the amount of HOME funds used per house will be determined at closing. In response to Acting Chairperson Lewis, Mr. Grewe believed the investment amounts would not be changed. Mr. Loschen did not expect the amount of funds to go over \$40,000 per unit. Mr. Grewe added that Urbana’s Legal Department had suggestions about clarity; however, they have not yet thoroughly reviewed the agreement.

Mr. Grewe discussed the attachments on Exhibit 1, which included the budget and schedules for expenses and activities. He reviewed Homestead’s Pro Forma, which listed the sources and uses of funds for Eads at Lincoln Development Project. The last page summarized the analysis of homeowner subsidies, with Federal Home Loan Bank (FHLB) and HOME subsidies needed to make up the difference. Mr. Grewe stated that the initial HOME investment would have been between \$10,000 and \$14,000. Mr. Loschen said the amount of HOME funding was increased due to increased costs and the fact that ICFCI had planned to include \$5,000 of its own funds as a subsidy.

Commissioner Vidoni asked Mr. Rose about the increased performance demands compared to the previous agreement. Mr. Rose said the Homestead Board has signed similar requirements for their rental programs. He did not feel the requirements were too burdensome and stated that Homestead would be able to meet the requirements. The Pro Forma was based on estimated construction costs of \$90,000 per home. At this time he felt good about the cost estimates. Mr. Rose said that Homestead is not redesigning the house; however, they are computerizing the design. Mr. Rose stated the architect will help with the bid documents and will do weekly site visits. Engineering work is required because site elevation affects water runoff. The water company needs to run waterlines under the street to these properties. He stated that tree removal is the biggest problem. Mr. Rose anticipated possibly screening the Wascher lot from Cunningham Avenue.

Concerning the difficulty of the earlier project, Commissioner Vidoni felt positive about the provisions and noted this was a positive step in the right direction. Acting Chairperson Lewis concurred that the agreement's language is a step forward and would endorse it pending legal approval.

Commissioner Vidoni moved to recommend to City Council approval of the Urbana HOME Consortium Agreement with Homestead Corporation for the Eads at Lincoln Homebuyer Project FY 2002-2003, pending legal approval of the language. Commissioner Silvis seconded the motion. The motion carried unanimously.

Mr. Grewe distributed version 3.5 of proposed Amendments to the Annual Action Plan FY 2002-2003. He noted there were minor language changes to the amendments.

Ms. Tyler suggested canceling the December meeting. Acting Chairperson Lewis concurred.

Adjournment: Acting Chairperson Lewis adjourned the meeting at 8:43 p.m.

Recorded by Connie Eldridge