



APPROVED by Community Development Commission 2-24-04
MINUTES
COMMUNITY DEVELOPMENT COMMISSION
Tuesday, January 27, 2004, City Council Chambers

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

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

Commission Members Present: Fred Cobb, Robert Lewis, Carl Perry, Joanna Shisler, Anne Heinze Silvis, Umesh Thakkar, Dennis Vidoni

Commission Members Absent: Chris Diana and Nancy Quisenberry

Others Present: Bob Grewe and Connie Eldridge, Community Development Services; Wendy Sage, Developmental Services Center; Jean Algee, Urban League of Champaign County.

Approval of Minutes: *Chairperson Cobb asked for approval or corrections to the November 23, 2003 minutes. Commissioner Lewis noted a correction on page 3, paragraph 4. The first sentence should read, "Commissioner Lewis brought up this issue because it appeared to be a stumbling block with the City of Urbana." Commissioner Thakkar moved to approve the corrected minutes, and Commissioner Lewis seconded the motion. The motion carried unanimously.*

Petitions and Communications: None.

Staff Report: Mr. Grewe distributed the following: a staff memorandum, information on the University of Illinois's 2004 Planning Institute, a flyer on the Fourth Annual Affordable Housing Fair, and a pamphlet on the Department of Housing and Urban Development's (HUD) American Dream Downpayment Initiative.

Mr. Grewe noted there has been no feedback on the *Analysis of Impediments to Fair Housing Choice* from either the city's website or other sources in the community.

City Council has approved the Certification of Consistency for the Housing Authority of Champaign County 2004 Annual Plan and modification of the City of Urbana and Urbana/Champaign/Champaign County HOME Consortium Annual Action Plans for FY 2003-2004, FY 2002-2003, and FY 2001-2002.

Mike Loschen, Grants Coordinator for the HOME Program, has taken a position with the Village of Rantoul.

Mr. Grewe announced the Affordable Housing Fair would be held on March 6, 2004. The original focus was on helping a homebuyer. Now a Fair Housing/Home Maintenance track has been added. Land of Lincoln Legal Services will provide the workshops on Fair Housing. Commissioners Lewis and Thakkar suggested the City of Urbana's *Analysis of Impediments to*

Fair Housing Choice be available at the housing fair. In response to Commissioner Thakkar, Mr. Grewe said the Champaign-Urbana Community Reinvestment Group offers this fair once a year. He believed there might be other opportunities throughout the year to promote fair housing issues.

Mr. Grewe discussed the estimated HOME and Community Development Block Grant (CDBG) funds for FY 2004-2005. Total HOME funds for the HOME Consortium are \$2,315 less than the previous year. However, the HOME Consortium did receive new funding of \$152,714 for the American Dream Downpayment Program. HUD is still determining the final regulations and program guidelines. The Urbana HOME Consortium is one of the few consortiums outside of Chicago to receive funding for this program.

Mr. Grewe estimated the City of Urbana would receive \$565,000 in CDBG funds for FY 2004-2005. This is \$12,000 less than the previous year. Mr. Grewe noted the current administration wants to fund home ownership programs. Also, the 2000 census resulted in more communities now qualifying for CDBG funds. Commissioner Lewis wondered if CDBG regulations were changed. Mr. Grewe replied no; the only change was the allocation of funding.

Commissioner Vidoni inquired if the Lakeside Terrace funding balance reflected the estimated HOME and CDBG funding. Mr. Grewe answered yes; however, it was hard to estimate federal funding for a period of nine years. He anticipated the funding trends would continue with a slight increase in HOME funds and a slight decrease in CDBG funds. In response to Commissioner Lewis, Mr. Grewe had expected to see more cuts in entitlement funding. Commissioner Lewis commented that the total amount of funding appears to be the same but the amounts have shifted between HOME and CDBG.

Old Business: Commissioner Thakkar described how a well-known African American artist had created a mural on a wall in the City of Berkeley, California. The City of Berkeley has subsequently used this collage as their city's logo. Commissioner Thakkar wondered if the CD Commission would invite local artists to think about the City of Urbana's diversity and create a representation of this. He would like the City of Urbana to have a similar collage. Chairperson Cobb suggested giving this idea some thought.

New Business: **An Ordinance approving the Urbana HOME Consortium Community Housing Development Organization (CHDO) Developer Agreement with Urban League of Champaign County Development Corporation for the Lease-Purchase Program (FY 2003-2004)** – Mr. Grewe reviewed the similarities and differences with previous agreements. Staff worked with the City of Champaign in revamping the standard agreement for Urban League's Lease-Purchase Program. Also, staff incorporated information from training sessions and ICF Consulting, which reviewed all HOME agreements. This agreement is still more similar than not to past agreements.

The agreement allocated \$74,995 in CHDO funds for Urban League's Lease-Purchase Program for five units. The affordability period relates to the length of time that an income-qualified person must remain in the unit. This agreement equates to \$14,995 per unit, which results in a five-year affordability period.

One change is setting up a reporting system with a quarterly reporting schedule to better monitor the project's progress. Mr. Grewe added there has not been any difficulty in the past; however, HUD wanted a reporting system included as a matter of good practice. He also reviewed the standard HUD regulatory language, the schedule of activities, and Urban League's contract with the homebuyer.

Commissioner Vidoni questioned the numbers on the agreement and asked if they were from an old contract. Mr. Grewe replied yes, the agreement is just a template. Mr. Grewe added that HUD has instructed the City to record a Land Use Regulatory Agreement that qualifies the affordability period related to the investment of the HUD money. This is similar to past agreements.

Mr. Grewe noted one new addition is the mortgage template. The City's Legal Department felt the Land Use Regulatory Agreement was good. However, if an owner defaulted or sold before the end of the affordability period, a mortgage helps collect on this. HUD also indicated this was good practice. A Promissory Note accompanies the mortgage.

Mr. Grewe indicated that Urban League would tract clients as they go through the necessary course work and will provide a quarterly report.

Referencing page 3, Section 1: Use of the HOME Funds, paragraph c, Mr. Grewe noted one item was omitted. He distributed a page from the City's Annual Action Plan which speaks more definitively on the use of the money. Urban League will own or purchase five single-family homes: two in Champaign, two in Urbana and one in the unincorporated area of Champaign County. He discussed how an exception clause would allow Urban League to use the money for a unit in either Champaign or Urbana. Mr. Grewe recommended this language be included into the agreement.

Jean Algee, Urban League, explained how the agreement worked when Urban League neared the end of the program and funds. If Urban League could not find a buyer who wanted to live in either Champaign or Urbana, Ms. Algee would request permission to purchase a home in the city in which the buyer wanted to live. Urban League needs that flexibility in case they are in the same situation. Although Urban League attempts meet the requirements, Ms. Algee cannot make a homebuyer live in either Champaign or Urbana.

Mr. Grewe added that CHDO funds are common for the Cities of Urbana and Champaign and Champaign County. He noted that Champaign County is part of the HOME Consortium but has not benefited from CHDO funding in the past.

Commissioner Vidoni acknowledged the time pressure but questioned the need to deviate from committing two units in Urbana. Ms. Algee remarked the program works in most cases, but timing may cause problems. The market is very tight, and houses for sale may be sold within one day.

Commissioner Vidoni asked what was the nature of the agreement for two houses in Urbana and two in Champaign. Ms. Algee responded that a client would choose where to live. After a client selects a home, they contact Urban League, which then negotiates with the seller. Ms. Algee

contacts the City to determine if the home is within city limits. During the process of purchasing the home, Urban League receives funds from the cities at closing. The program makes the house more affordable for the client by providing approximately \$15,000 toward the cost of the home. The client then rebuilds his/her credit while in the Lease-Purchase Program and also saves for downpayment and closing costs. Eventually the client purchases the home from Urban League.

Urban League started the Lease-Purchase Program in July 2001. In the first year Urban League purchased ten houses, and by 2003 all ten clients have purchased their homes from Urban League. Urban League continues to regularly meet with the clients, who are staying in the homes and are paying their bills on time. Ms. Algee stated this program works.

Mr. Grewe wondered about preparing the agreement so that it could be modified if Urban League's clients did not want to purchase a home in the unincorporated area of Champaign County. Ms. Algee answered that Urban League would definitely market in that area, although her concern was meeting the location requirements near the end of the program. Mr. Grewe suggested amending the agreement in advance if Urban League did not get any interest from clients. Mr. Lewis asked if the market was feasible for areas outside of the city limits. Mr. Grewe explained in the past people were required to purchase a home within Champaign and/or Urbana city limits. Commissioner Vidoni commented that Urban League's enthusiasm for the program made him more interested in making sure that houses are purchased in Urbana. He would want to reconsider the agreement if Urban League wanted to change the current arrangement of two homes in Urbana.

Commissioner Silvis suggested tracking home purchases over time and believed there would be a balance among Champaign, Urbana and Champaign County. She did not want to require the balance every year. Ms. Algee has seen a difference in clients' interests every year, depending on the market and cost of homes. She stated that currently Urbana has more affordable homes for sale than Champaign.

On page 3, paragraph c of the agreement, Mr. Grewe suggested deleting the wording "the yet to be determined" and replacing it with, "consisting of two units in Champaign, two units in Urbana and one in the unincorporated area of Champaign County". If there were additional changes, the CD Commission could amend the agreement. He noted this meets the Annual Action Plan goals and has a standing exception agreement. Commissioner Silvis asked if this would give Urban League enough program flexibility. Mr. Grewe answered yes, the agreement could be amended if needed. Commissioner Lewis felt this approach was appropriate.

Commissioner Vidoni moved to recommend to City Council approval of an ordinance approving the Urbana HOME Consortium Community Housing Development Organization (CHDO) Developer Agreement with Urban League of Champaign County Development Corporation for the Lease-Purchase Program (FY 2003-2004). Article I, Section 1, paragraph c) is modified as discussed. Commissioner Shisler seconded the motion. The motion carried unanimously.

Commissioner Thakkar inquired about funding a technology resource center for low-income families. He asked about the possibility of getting a percentage of funds in support of a center. Mr. Grewe answered that the City of Urbana funds organizations that deliver programming and services through its Consolidated Social Service Funding Pool. Mr. Grewe explained that an

organization would have to plan on building and running a resource center for the City to fund this. Commissioner Lewis asked about matching funds. Mr. Grewe said that City Council looks to see how City funds will leverage other funding. He noted that CDBG funds are slowly being reduced, and HOME funds are ineligible for a resource center. Chairperson Cobb clarified that an outside entity would have to bring this proposal to the City and suggested Commissioner Thakkar contact different agencies. Commissioner Silvis noted the redevelopment of Lakeside Terrace would be a good time to consider the physical infrastructure needs of a resource center. If a building were available, then a technology resource center would be more doable. Commissioner Lewis agreed it was more expensive to retrofit an older building than construct a new one. Commissioner Thakkar requested that commissioners raise this issue at the meeting on Lakeside Terrace redevelopment. Ms. Algee added that Urban League also has a computer center, and she understood the problem of updating an old building for new technology. The Urban League wants to work with the Housing Authority in the redevelopment of Burch Village and Lakeside Terrace.

Adjournment: Chairperson Cobb adjourned the meeting at 7:55 p.m.

Recorded by Connie Eldridge

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