



APPROVED by CD Commission 5-25-04
MINUTES
PUBLIC HEARING ON THE DRAFT LAKESIDE TERRACE
REDEVELOPMENT PLAN and
COMMUNITY DEVELOPMENT COMMISSION MEETING
Tuesday, April 27, 2004, City Council Chambers

Call to Order: Chairperson Cobb called the meeting to order at 7:05 p.m. and announced the public hearing was now in session.

Mr. Grewe provided a brief overview of the draft plan. The plan is based on a long-standing commitment by the City of Urbana to create 80 affordable replacement housing units if Lakeside Terrace was demolished. The plan identifies strategies to create these units. The challenge is how to achieve this goal. The plan includes demolition of existing apartments at Lakeside Terrace, relocation of all tenants, on-site redevelopment of 100 tax credit units (24 designated as replacement units for extremely low-income persons by using Project-Based Section 8 Vouchers), and the Housing Authority's application for replacement units from HUD to create 14 new public housing units throughout Champaign County. Local Community Housing Development Organizations (CHDOs) would provide the balance of the units. Homestead Corporation indicated it could create 33 single-family residences throughout Champaign-Urbana. Urban League is engaging in multi-family development opportunities, with 9 units out of 40 providing housing for very low-income persons. Of the 80 replacement units, all but 14 rely on Project-Based Section 8 assistance. This is the reason that the Housing Authority is a key partner in meeting Urbana's goal.

The plan references the City of Urbana's investment, which would be \$915,000 for a total project investment of \$21,000,000. The City feels its funding will leverage additional housing investment to Urbana. The City's investment is a mix of Community Development Block Grant (CDBG) and HOME funds from the Department of Housing and Urban Development (HUD). The City would also use its annual Private Activity Bond Cap allocation, which has been used for affordable housing in the past.

Mr. Grewe noted the draft plan was available for review at the City of Urbana in the City Clerk's office and in the Community Development Services Department. It is also available at the Urbana Free Library. Interested parties may request their own copy of the plan.

Chairperson Cobb invited members of the public to ask questions or comment on the draft plan.

Bill and Michelle Scott, who own property on Barr Avenue, Urbana, asked about the timeline for demolition, who would maintain the land between demolition and construction, and if there would be pest control during demolition. Mr. Grewe answered that the Housing Authority would apply for funding from HUD for demolition and relocation. The tentative date for demolition is May 2005. Construction of new units would be scheduled for June 2005. Mr. Grewe was not aware of pest control issues; however, because the Housing Authority is experienced in demolition, he expected they would address this. Commissioner Vidoni asked if this concern would be conveyed to the Housing Authority. Mr. Grewe responded yes. Mr. Scott wished a

representative from the Housing Authority was present. Commissioner Lewis added that the Housing Authority has annual contracts for pest control, which they would increase during this process. Ms. Scott was concerned that any pests escaping Lakeside Terrace would go into the surrounding area. Mr. Scott added that currently there are problems with rodents leaving the Lakeside Terrace area.

Ms. Scott asked if the sanitary sewer would also be demolished. She was concerned about the sanitary sewer service to neighboring houses and who would be responsible for these costs. Mr. Grewe did not believe the engineering had been completed and assumed there would be some public improvements. Mr. Scott stated that at least five houses were on the Lakeside Terrace sanitary sewer.

Ms. Scott asked when the preliminary plans would be available. Mr. Grewe answered that the tax credit application would be submitted in December 2004. Two or three months after submittal, the Housing Authority and its developer will hold a series of public input events that are very specific on the design. In response to Ms. Scott, Mr. Grewe clarified that the tax credit application required a certain level of public input.

Noting that demolition of Lakeside Terrace has been mentioned for many years, Mr. Scott inquired about the likelihood of this happening. Mr. Grewe said there were many things in place that make everyone very optimistic. A great deal of work has been done in anticipation of moving forward with this process. However, the Housing Authority is still waiting for demolition approval from HUD.

Chairperson Cobb asked if Mr. and Ms. Scott had any recommendations. Mr. Scott requested the City of Urbana put this plan on its website. Since their houses were already hooked up to the sanitary sewer, Ms. Scott did not want to incur any additional costs for sewer hookup or pest control. In response to Commissioner Vidoni, Mr. Scott indicated that he had looked at the draft plan and understood the demolition to be approved.

Commissioner Thakkar inquired about the possibility of the architects creating a 3-D model of Lakeside Terrace redevelopment for the public. Mr. Grewe answered that the developer of Lakeside Terrace has also redeveloped Burch Village. He is aware of their architectural and engineering planning and felt their graphics were very good. Commissioner Thakkar suggested this information be presented at a Community Development (CD) Commission meeting/public hearing.

Mr. Scott commented that this public hearing did not seem as well attended as past meetings on Lakeside Terrace. Commissioner Thakkar responded that people do not attend every meeting.

Lloyd Carter, Jr., who is a member of the County Board and is a precinct committeeman for Ward 3, asked about minority participation. Chairperson Cobb indicated that he had questioned Brinshore Development about this at an earlier meeting. Brinshore Development had explained how they set and achieved goals for minority participation. Mr. Carter indicated that he was willing to work with Brinshore on this and encouraged the City of Urbana to adopt a plan. Commissioner Thakkar suggested adding this to fair housing issues. Commissioner Lewis noted

that the federal guidelines were very specific regarding minority participation. Mr. Carter requested that the City of Urbana check the amount of minority participation during the project.

Cope Cumpston, member of Urbana School District Board of Education, was concerned about relocation of the children at Lakeside Terrace. The Urbana School District had 88 children registered from Lakeside Terrace. She understood that the Housing Authority would oversee the immediate relocation. Ms. Cumpston stated that continuity in school was very important and that children who start and continue in one school do much better. She questioned whether the replacement units would actually be available to extremely low-income households and asked if the 33 scattered sites were rental units. Mr. Grewe replied that the replacement housing was phased over three years. The Housing Authority will have the resources to provide displaced persons with housing vouchers. All scattered site replacement units will be rental.

Rhonda Blecher, representing Country Club Apartments and Excel Property Management, stated that she has managed tax credit units and specifically worked with the Illinois Housing Development Authority (IHDA). She asked how much leverage the City of Urbana actually had with IHDA. Mr. Grewe answered that the City of Urbana has been in contact with IHDA. Brinshore Developers has helped the City and Housing Authority understand how to score well in the tax credit application. They also helped the City of Champaign prepare a good application.

Mr. Grewe asked Ms. Blecher for suggestions on how communities could better position themselves for success. Noting her experience was working with the City of Champaign, Ms. Blecher suggested the following: providing additional lands for public parks, adding city funds to provide events and activities for children, getting agencies such as Don Moyer Boys and Girls Club involved, and suggesting the Housing Authority create on-site computer labs, children's playgrounds, and exercise equipment. The City should encourage more on-site activities to keep children occupied, engaged and educated. IHDA also provides points for on-site laundry, washer and dryer hookups inside the units, additional bathrooms, safety items and going one step beyond city codes. Concerning programs, Mr. Grewe mentioned another approach that made the redeveloped Lakeside Terrace a part of the community rather than an independent setting. For example, neighbors would be able to use the common facilities, i.e., parks, computers, etc.

Ms. Blecher asked to what extent the City would enforce a noise ordinance during construction. She is concerned about the impact of demolition and construction on the 108 apartments next door. Mr. Grewe mentioned Building Safety Division's guidelines on construction. Commissioner Lewis was aware of restrictions around hospitals but was not sure about construction sites.

Mr. Grewe announced that the City of Urbana would accept written comments until April 29, 2004. Chairperson Cobb concluded the public hearing at approximately 7:40 p.m. and continued with the regular Community Development Commission meeting.

Roll Call: Chairperson Cobb called the roll. A quorum was present.

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

Commission Members Absent: Chris Diana, Joanna Shisler, and Nancy Quisenberry

Others Present: Bob Grewe, Community Development Services; Jim Rose, Homestead Corporation; Lloyd Carter, Champaign County Board; Michelle Cleveland; Bill & Michele Scott; Rich & Kitty Ford; Cope Cumpston, Urbana School District Board; Rhonda Bleacher, Country Club Apartments.

Approval of Minutes: *Chairperson Cobb asked for approval or corrections to the March 23, 2004 Study Session minutes.* Commissioner Thakkar suggested delaying approval until more commissioners were present. In response to Commissioner Silvis, Mr. Grewe clarified that commissioners had received an incomplete set of notes at an earlier meeting.

Commissioner Thakkar questioned reducing funding to current programs to provide funds for the Ecological Construction Laboratory (E-CO LAB). Commissioner Vidoni remarked that any limitations or negative aspects were not brought up. Noting there is a lot of information on solar technology, Commissioner Thakkar felt there should be more discussion. Commissioner Lewis explained that this was a passive system, which relied on natural elements retaining heat. He added that this approach was not particularly cheap. Chairperson Cobb said that there was a fair amount of discussion and that commissioners were satisfied. The main problem was the lack of funding, and changes to the budget were made at the following meeting. In response to Commissioner Thakkar, Chairperson Cobb noted there was a demonstration house at 206 ½ Brady Lane. Commissioner Thakkar suggested re-examining potential benefits and not just focusing on lower utility bills.

Commissioner Thakkar moved to approve the minutes from the March 23, 2004 Study Session. Commissioner Vidoni seconded the motion. The motion carried unanimously.

Petitions and Communications: Jim Rose, Homestead Corporation, mentioned his meeting with a staff member from E-CO LAB. He believed that E-CO LAB's approach would be to create a pilot project and work with a housing developer. E-CO LAB would also raise funds for the type of housing they want to build. Commissioner Thakkar supported this idea. Mr. Rose felt the demonstration house was not the type of affordable housing unit that Homestead Corporation would use. In response to Commissioner Thakkar, Mr. Rose said a member of the E-CO LAB lives in this house. Mr. Rose noted that although it was important to lower the cost of utilities, a homebuyer must be able to afford the mortgage payment. He suggested E-CO LAB look at many different models to produce a product that is affordable.

Commissioner Vidoni asked Mr. Rose to address Ms. Cumpston's questions on scattered site housing. Mr. Rose said that Homestead Corporation plans to purchase and lease 33 houses to extremely-low income families. Due to the housing market, Homestead anticipates having to spend more to purchase the houses. Homestead must receive grant funds to reduce the cost of these houses so that rental payments will cover the mortgages, insurance and taxes. Mr. Rose mentioned the challenge of finding 33 houses within Champaign/Urbana that are not in areas with a concentration of low-income families. He felt this would take a while but that it was doable. Homestead, which currently leases 9 homes, is improving their approach to property management through more inspections. He clarified that the 33 houses would be in addition to

their current rental homes. Mr. Rose anticipated that Homestead would then have an in-house property manager and maintenance personnel just for their single-family homes.

Staff Report: Mr. Grewe updated commissioners on continuing and new items. In response to Commissioner Vidoni, Mr. Grewe said the City of Urbana's Bond Cap was reserved for neighborhood improvement activities, i.e., Lakeside Terrace redevelopment. City staff is working with the Governor's Office on this.

Commissioner Vidoni asked if those persons who attended the CD Commission's public hearing would be aware of other opportunities to speak about Lakeside Terrace. Mr. Grewe indicated that, at the Housing Authority's request, City Planning staff had provided a database of mailing addresses for the Lakeside Terrace neighborhood. He sensed the Housing Authority was also trying to engage the Lakeside Terrace residents. In response to Commissioner Vidoni, Mr. Grewe said the Housing Authority took the lead for the April 29th public hearing. He noted that the Draft Lakeside Terrace Redevelopment Plan was on the City of Urbana's website, as are all City Council agenda items. Mr. Grewe mentioned highlighting this draft plan in addition to its location in the City Council packet information. Commissioner Lewis suggested a site called Public Hearings. Chairperson Cobb asked about the public hearing being available on UPTV.

Commissioner Thakkar asked if the Affordable Housing Fair would be offered more than once a year. Mr. Grewe said the Community Reinvestment Group and member banks sponsor this annual fair, which is held during the spring peak homebuying season. Mr. Grewe did not believe there was interest in holding it more than once a year. Commissioner Thakkar was interested in getting the public involved in housing issues.

In response to Commissioner Vidoni, Mr. Grewe indicated that the City of Urbana received approximately 30 applications for the Grants Coordinator II position.

City staff gave the Housing Authority Board of Commissioners a brief overview of the Draft Lakeside Terrace Redevelopment Plan on April 22. City staff will continue to attend meetings and work with the Housing Authority. In response to Commissioner Vidoni, Mr. Grewe said that, due to other meeting conflicts, he was the only staff person from the City of Urbana. The Housing Authority Board meets only once a month, so Mr. Grewe anticipated it would take several meetings for them to digest the plan.

At this meeting a Housing Authority Board member asked about the two CHDOs and involvement of other community housing organizations. Mr. Grewe explained that CHDOs are uniquely positioned due to the HOME funding of CHDOs. The board members also commented on the density of putting 100 units on the Lakeside Terrace footprint. The City's plan to include as many replacement units on-site resulted in a denser development. Mr. Grewe noted the Burch Village redevelopment includes more green space and is less dense than the proposal for Lakeside Terrace.

Commissioner Lewis asked about preference for density. He commented that compressing housing units makes a development look and feel like public housing. Commissioner Lewis mentioned visiting public housing across the United States, and he was concerned with a denser development. Because people need and want space, mixed-income housing would fare better

with less density. Mr. Grewe remarked that the redevelopment plan was banking on the mixed-income approach to handle the density.

Commissioner Silvis felt the real question was how to provide as many affordable units as possible while making the development attractive, livable and not cramped. Commissioner Lewis said the design should reflect these goals with the CHDOs picking up any spillover. He did not want to sacrifice space when there are other entities to help provide housing. Chairperson Cobb agreed. Mr. Grewe noted the 100 housing units were requested by the City of Urbana. Commissioner Lewis stated that concentrated public housing results in other issues, and redevelopment is trying to move away from this.

Commissioner Vidoni asked if the Housing Authority Board identified other housing organizations besides the CHDOs. Mr. Grewe answered no.

City Council will consider approval of the draft redevelopment plan after the Housing Authority has provided feedback and is in agreement.

Mr. Grewe referenced the Federal Register for the American Dream Downpayment Initiative (ADDI). In its Annual Action Plan the City of Urbana has indicated that ADDI funds will be used for downpayment assistance to help homebuyers. The HOME Consortium discussed how to target residents and tenants of public and manufactured housing. Mr. Grewe mentioned focusing on a particular population and how that relates to fair housing. The City plans to work with existing homebuyer education programs and homebuyer credit counseling organizations to help homebuyers maintain homeownership.

Mr. Grewe anticipated the Annual Action Plan would be revisited to include more specifics. Also, since a portion of this funding requires match, staff will also consider leveraging other funds. Staff must also consider HUD's regulations concerning surety, risk, and foreclosure. For example, if the City of Urbana provides downpayment assistance and later there is a foreclosure, the City of Urbana might have to repay HUD.

Chairperson Cobb felt credit counseling and repair of credit was very important and asked if Parkland College offered such classes and its success rate. Mr. Grewe explained that Parkland offered a Home Buyer Seminar that many banks encouraged potential homebuyers to attend. He did not know the success rate. Mr. Grewe added that Land of Lincoln Legal Services just became qualified as a HUD counselor. Urban League is also certified as a HUD homebuyer counselor. Chairperson Cobb asked if these agencies repaired persons' credit. Mr. Grewe believed that was a past function; however, credit counseling still exists.

Referencing HUD's Federal Register on ADDI, Commissioner Thakkar questioned whether single persons who were not displaced homemakers or single parents could participate. There was discussion about who might qualify for this first-time homebuyer program. Commissioner Vidoni believed this program was targeting low-income families rather than single persons, and Commissioner Silvis agreed. Mr. Grewe added that the City's homebuyer program must include all of these requirements. Chairperson Cobb suggested getting a ruling from HUD to clarify the requirements. Mr. Grewe stated these are HUD's interim rules. Commissioner Thakkar was concerned with applicants who were single but might be getting married or having a child in the

near future. Mr. Grewe said that every day staff must determine eligibility for City programs. Commissioner Silvis felt the purpose was to target family categories that might be most in need. Resources are limited, so lines must be drawn.

Commissioner Thakkar suggested visiting the E-CO LAB's demonstration house before a future meeting. Chairperson Cobb remembered seeing an advertisement for energy-efficient, storm-resistant homes with concrete walls at Beringer Commons. He asked if Homestead Corporation has considered working with this contractor. Commissioner Silvis added there was a set of criteria to design homes that were resistant to wind damage.

Commissioner Vidoni noted that recently there has been more information on the City of Urbana's Housing Rehabilitation Program and asked if there were any concerns. Mr. Grewe answered that Libby Tyler, the CD Director, wanted to clarify the value of this program. Staff has not always promoted or reported on the Housing Rehabilitation Program, which has been running for many years and taken for granted. Also, the Housing Rehabilitation Manual and the Consolidated Plan will be updated next year. The Housing Rehabilitation Program should be examined and possibly changed, i.e., amount of funds, location of target area. This program includes approximately \$100,000 in CDBG and \$100,000 in HOME funds.

Old Business: None.

New Business: **Release Mortgage for the Grant/Deferred Loan at 1412 Eads Street, Urbana, Illinois** – Mr. Grewe stated that an attorney representing the current owner requested the City of Urbana release its mortgage, which was through the Owner Occupied Rehabilitation Program. The project was completed in 1999. The anticipated sale proceeds might provide a very limited remainder. The final settlement sheet will not be done until the closing date is set. The City of Urbana's Legal Department noted that releasing the mortgage so the sale could proceed would return some of the City's investment. However, this investment must be returned to the Illinois Housing Development Authority (IHDA), due to their grant funds. Although the City likes to recapture the funds when possible, staff does not plan on these funds being returned within a certain timeframe. Considering the circumstances, staff recommends this action in the interest of helping a lower-income person to avoid foreclosure.

Chairperson Cobb asked what would happen if the City did not release this mortgage. Mr. Grewe responded that the Legal Department indicated the foreclosure would go through, and there would be no net proceeds due to the fees. Although staff felt the value of this house would be worth more due to the City's rehabilitation, the house was very deteriorated.

Commissioner Silvis moved to recommend the City of Urbana release its Grant/Deferred Loan Mortgage on the property at 1412 West Eads Street, Urbana, Illinois, as defined in Option 1 of the April 22, 2004 memorandum. Commissioner Thakkar seconded the motion. The motion carried unanimously.

Urbana HOME Consortium Community Housing Development Organization Developer Agreement (Homestead Affordable Homeownership Program FY 2003-2004) – Mr. Grewe reminded commissioners that Homestead Corporation was not able to use the funding from the City of Urbana's Annual Action Plans for rental housing development. The Annual Action Plans

were amended to reprogram the funds from rental to a homebuyer arrangement. City Council approved this amendment in January 2004, and this is the resulting development agreement. Homestead Corporation will apply for Federal Home Loan Bank (FHLB) funding, which will help with affordability.

When Homestead Corporation closed out the Eads at Lincoln subdivision, Homestead was constrained by the previous development agreements, i.e., selected homebuyers and design guidelines. Mr. Grewe is interested in seeing how Homestead will address the design and affordability.

The agreement is very similar to the Eads at Lincoln agreement. Mr. Grewe clarified that on page 4, first paragraph, the termination date should be June 15, 2006. This provided a two-year window so that extensions of the agreement would not be required. The downpayment assistance schedule was a little lower than the Eads at Lincoln project. Two units would be in the City of Champaign with one unit in the City of Urbana. The affordability would be ten years. A schedule of activities for the next two years was included. Exhibit 2 outlined funding from HOME, Federal Home Loan Bank, and Department of Commerce and Economic Opportunity Energy Assistance.

Noting the Eads at Lincoln Program included donated lots, Mr. Rose stated that Homestead Corporation would need to purchase lots for this program. Homestead would pre-sell the house as they did in the Eads at Lincoln Program. After a homebuyer is prequalified at a bank, Mr. Rose will work with them to find a lot. The cost of the lot will affect affordability. He mentioned the City of Champaign's affordable housing program to reimburse the cost of lots. Mr. Rose felt the two-year window is needed to locate available lots and construct the houses.

Homestead Corporation requires that homebuyers go through Parkland College's Home Buyers Seminar.

Mr. Rose felt it was appropriate for a homebuyer to actually invest some of his/her money in the project. In the past Homestead Corporation has subsidized the homebuyer every step of the way, including closing costs. This is a potential change to the program.

Depending on lot sizes, Homestead may build three different housing models. Mr. Rose anticipated a "design-build" process with the contractor, architect, homebuyer and Homestead Corporation working together. The houses will be smaller than the Eads at Lincoln homes, which were 1500 square feet and cost \$100,000 - \$110,000. These homes will be 1200-1300 square feet and cost \$80,000 - \$90,000. Mr. Rose estimated \$70 square foot construction costs.

Commissioner Silvis asked about energy efficiency. Mr. Rose answered these will have the same energy efficient options. Also, the homes will be visitable and may include wind mitigation upgrades. Mr. Rose felt the knowledge he learned from the Eads at Lincoln Program would be useful for this project. Commissioner Lewis asked if the basic design of the house could be expanded. Mr. Rose answered this would depend on the lot size and if there was a deck on the rear of the house. He will also consider the cost of adding a basement.

Commissioner Vidoni inquired if Homestead would combine the HOME downpayment assistance with other grants. Mr. Rose answered yes; he would be requesting \$7,500 per homebuyer from the FHLB with some other smaller grants. In response to Commissioner Lewis, Mr. Rose is concerned with a homebuyer completing work done under sweat equity.

Homestead will sod the yard but not provide any other landscaping. Homebuyers prefer to do their own landscaping.

In response to Mr. Grewe, Mr. Rose will contact persons on his potential homebuyers' list. Homestead will build one home at a time rather than all at once as for Eads Subdivision. Chairperson Cobb asked if all of the Eads at Lincoln homes were financially self-sustaining. Mr. Rose answered that Homestead Corporation built the homes and provided warranty maintenance for one year; it is not involved with the buyer's mortgage payments. He believed if there was a problem that the bank would call him.

Mr. Rose discussed the possibilities of receiving funds from FHLB or American Dream Downpayment Initiative. He is confident that Homestead will receive FHLB funds.

Commissioner Vidoni moved to recommend to City Council the Urbana HOME Consortium Community Housing Development Organization Developer Agreement (Homestead Affordable Homeownership Program FY 2003-2004) with the June 15, 2006 termination date and the typographical correction. Commissioner Thakkar seconded the motion. Mr. Grewe clarified that ICF Consulting gave the City of Urbana additional suggestions on homebuyer agreements after this agreement was prepared. If there are material adjustments, staff will return the agreement to the CD Commission. If the adjustments are not material, staff will change the format and highlight these changes to City Council. There was discussion whether to include this in the motion. Commissioner Vidoni then retracted his motion, and Commissioner Thakkar retracted his second.

Commissioner Vidoni then moved to recommend to City Council the Urbana HOME Consortium Community Housing Development Organization Developer Agreement (Homestead Affordable Homeownership Program FY 2003-2004) with the modifications as stated earlier (typographical correction on page 2 and change of date on page 4). Pending further review of a template, if there are material differences the agreement will be submitted to the CD Commission. If there are not material differences, the agreement will move forward to City Council with the CD Commission's approval. Commissioner Thakkar seconded the motion. The motion carried unanimously.

Adjournment: Chairperson Cobb adjourned the meeting at 9:00 p.m.

Recorded by Connie Eldridge