



*APPROVED with corrections by CDC 2/28/06*  
**MINUTES OF RESCHEDULED REGULAR MEETING  
COMMUNITY DEVELOPMENT COMMISSION  
Tuesday, January 31, 2006, 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, Chris Diana (arrived 7:07 p.m.), Theresa Michelson, Anne Heinze Silvis, Dennis Vidoni

**Commission Members Absent:** Nancy Quisenberry, Umesh Thakkar

**Others Present:** Libby Tyler, Erin Bullok, Kelly Hartford and Connie Eldridge, Community Development Services; Jim Rose and Thomas Hodson, Homestead Corporation; Matthew Hogan, Housing Authority of Champaign County; Andrea Goldberg and Barbara Dunn, Community Health Improvement Center/Frances Nelson Health Center; Katrin Klingenberg and Dave Stecher, Ecological Construction Laboratory (e-co lab); Jean Algee, Urban League of Champaign County Development Corporation; Wendy Sage, Developmental Services Center; Bob Leach, United Citizens and Neighbors (UCAN); Lloyd Carter Jr., Champaign County Board.

**Approval of Minutes:** *Chairperson Cobb asked for approval or corrections to the December 27, 2005 minutes. Referencing page 2, paragraph 3, Commissioner Vidoni suggested the sentence read: "Habitat for Humanity provided a flyer in Spanish..." Commissioner Michelson moved to approve the corrected minutes, and Commissioner Diana seconded the motion. The motion carried unanimously.*

**Petitions and Communications:** Lloyd Carter asked if the City of Urbana had minority contractor participation for housing rehabilitation projects that were funded from Community Development Block Grants (CDBG). Ms. Tyler answered yes. Mr. Carter was interested in the numbers of minority contractors and if the City was working to attract more. Commissioner Vidoni asked if Mr. Carter felt this was not being done. Mr. Carter questioned the city's licensing process and identification of minority contractors. Ms. Tyler will ask staff about the process of involving minority contractors.

**Staff Report:** Ms. Tyler stated that City staff has responded to the Department of Housing and Urban Development's (HUD) review of the Consolidated Annual Performance and Evaluation Report (CAPER) and HUD's monitoring of the Community Development Block Grant (CDBG), HOME, and Supportive Housing Programs (SHP). Staff also prepared a corrected Annual Action Plan. This has been a tough monitoring year with many changes of key staff members. She thanked staff for working on these responses while preparing for next year's budget.

Ms. Tyler distributed a revised Consolidated Plan and noted that an additional revised page would soon be forthcoming.

Ms. Tyler discussed the preliminary CDBG budget, which is 16% lower than last year's budget. The federal government may choose to discontinue CDBG funding, which is a great concern for the City. The amount of carryover from last year will be determined when last year's budget is completely reconciled. Public service funding is set at 15%, and the City is working hard to maintain staff. With the upcoming retirement of the Transitional Housing (TH) Coordinator, the TH Program will not continue in the same form. If it is not continued, the TH Program may be picked up by another agency. The City of Urbana created this program many years ago when there were no other TH programs.

Neighborhood Cleanup is budgeted for the same amount. However, the City may offer cleanup only once a year if CDBG funds continue to decline. Also, the amount set aside for the Consolidated Social Service Fund is reduced to be consistent with the lower amount of CDBG funds.

There will also be a reduction in the City's Affordable Housing Programs; however, the amount of funding for Emergency Grant, Access Grant, Get the Lead Out (GLO), and Senior Repair Programs will remain the same. These are very popular and serve many low-income persons.

The City is looking for carryover CDBG funds and some HOME funds for property acquisition.

Under Public Facilities and Improvements, the City of Urbana is working with the City of Champaign and United Way to help assist the new Frances Nelson Health Care Center. The amount budgeted represents Urbana's fair share based on population.

Residents in the Webber Street/Anderson Street area had requested streetlights, so \$40,000 is being set aside for that project. Ms. Tyler noted it helps to have projects that use CDBG funds for local match for capital improvement projects. If CDBG funds were not used, residents would have to help pay for this project. On behalf of these constituents, City Council requested that streetlights be funded.

Commissioner Michelson questioned the increase from \$40,000 to \$60,000 for the Scottswood Drainage Project. Ms. Tyler responded that further research indicated the amount needed to be close to \$50,000. Staff does not know the precise amount due to uncertainty about the number of residents who will qualify based on income.

Commissioner Diana inquired about the recaptured funds and their impact on the federal government's projected funding level. Ms. Tyler stated that the federal government timeliness test is May 1, and staff will run the first test soon. Depending on the results, staff may lean on subrecipients to complete their projects and submit their bills.

Ms. Tyler announced that Eco-lab's Wall Raising Ceremony scheduled for February 18 has been cancelled and will be rescheduled.

Ms. Tyler mentioned the two vacancies on the CD Commission and noted there may be a new member by February.

Commissioners who are interested in attending the Planning Institute's conference on Practical Planning, March 2-3, 2006 should contact Libby Tyler. The City of Urbana will pay for commissioners to attend part or all of the Planning Institute. One key part is Affordable Housing on March 2.

**Old Business:** None.

**New Business:** **CDBG Grant Applications for FY 2006-2007 Annual Action Plan (AAP).** Kelly Hartford noted that the City received three CDBG applications and one Neighborhood Organization Grant (NOG) application. Representatives from the agencies were present to discuss their applications.

**Community Health Improvement Center – Frances Nelson Health Center** – Barbara Dunn, Executive Director, and Andrea Goldberg, Site Director at Frances Nelson, gave an overview of their application. Frances Nelson Health Center provides primary medical care to 5,400 low-income persons in Champaign County. It is a busy clinic that has reached the maximum number of patient visits. 35% of the patients are Urbana residents. The Center, which is moving to a new larger facility in September 2006, will continue to offer more primary care.

Ms. Dunn reviewed the timeline to rehabilitate the facility at 819 Bloomington Road, Champaign. Construction should be finished in September 2006. The community has provided much financial and human resources support. There is room for growth, and Frances Nelson plans to hire additional medical providers after it has moved into the new building. Frances Nelson has obtained funding through the Champaign County Mental Health Board to provide counseling. Also, an optometrist will be on board soon.

Ms. Hartford said it was City staff's recommendation to fully fund Frances Nelson Health Center at \$20,000.

In response to Chairperson Cobb, Ms. Dunn said the current capacity of 20,000 patient visits is expected to increase to 30,000 at the new location. There will be another 3,000 actual users of the system. Commissioner Diana inquired about the impact of possible delays during construction schedule. Ms. Dunn said the architect provided this schedule, and she believes the work will be completed by September. Frances Nelson has waited for a new facility for such a long time that a delay of a few months would not be a problem.

**Developmental Services Center (DSC)** – Wendy Sage stated that DSC provides services and support to over 1000 individuals with developmental disabilities and delays. DSC, which has a 24-hour residential program, is requesting funds to purchase an automatic door opener to serve eight residents at its site on Hartle Street, Urbana. This would help staff and visitors as well as the resident in a wheelchair to operate the door without help. In response to Chairperson Cobb, Ms. Sage said this was an electric push button door opener.

**Neighborhood Organization Grant (NOG)**. Ms. Hartford commented that the NOG program uses CDBG funds to assist neighborhood organizations in building capacity to provide services to neighborhood residents.

**United Citizens and Neighbors (UCAN)** – Bob Leach, President, stated that UCAN greatly appreciates the City’s support. UCAN is seeking two things: \$2,500 to plan and build capacity to address neighborhood issues, and a waiver of the three year funding restriction. Recently UCAN has received many requests to address parking and crime issues north of Carle Hospital. The NOG funds and neighborhood dues provide funding for UCAN. Meeting announcements are e-mailed, with a postcard mailed every other month. The grant helps pay for postage and mailings to 100 residents.

Ms. Hartford remarked that due to the overall reduction of CDBG funds, \$1,250 is the annual maximum amount of NOG funds that may be awarded to a neighborhood organization.

In response to Commissioner Michelson, Mr. Leach said that Nancy Greenwalt is UCAN’s one paid staff member. She does mailings, produces the newsletter, and provides research for UCAN. Ms. Greenwalt is paid for half of the hours that she works.

Chairperson Cobb asked how many active members were in UCAN. Mr. Leach answered that 10 members regularly attend the monthly meetings, with more members attending community projects such as neighborhood cleanup. Membership appears to fluctuate around neighborhood issues, for example, when young persons were committing crimes in the neighborhood. At Commissioner Vidoni’s request, Mr. Leach will provide the number of members who pay dues.

Commissioner Silvis questioned whether UCAN was actually building capacity if only the same 10 people attended the monthly meetings. Mr. Leach felt that capacity building included mailing newsletters on important issues for neighborhood residents to consider. Commissioner Silvis felt it would be useful if UCAN could more clearly define the neighborhood’s needs for the City and if there was increased participation on issues at the end of the year.

Commissioner Diana wondered about separating NOGs from CDBG funding. He felt NOGs were worthwhile and met the Consolidated Plan goals, but there were problems on the use of CDBG funds. In response to Chairperson Cobb, Ms. Hartford indicated that staff determined UCAN was following the NOG guidelines. Chairperson Cobb believed that NOGs were beneficial to neighborhoods.

Commissioner Diana remembered past concerns about funding capacity building rather than daily operations. Commissioner Silvis commented that the three year time limit helped fledgling organizations graduate from city support. She felt all neighborhood organizations needed to address the objective of capacity building when providing their annual report. Ms. Hartford said that staff reviewed UCAN’s efforts to expand their service area, and UCAN’s application met the eligible uses.

Commissioner Michelson wondered about neighborhood organizations providing an annual report. She felt that, given the size of UCAN, an addition of 5-8 people would be a huge amount. Chairperson Cobb said another area of capacity is UCAN’s influence on Carle. Mr.

Leach noted that UCAN and Carle shared the same concerns about parking and crime in the neighborhood. In the past UCAN and Carle have worked together on parking problems. Since Carle owns many houses in the neighborhood, he felt that UCAN could work with Carle on crime during the next year.

Commissioner Vidoni remembered when a HUD representative visited the City of Urbana several years ago. The representative allowed for latitude in what constituted capacity building. Commissioner Vidoni felt UCAN's efforts constituted capacity building, and that the City received a lot of "bang for the buck" with these NOG funds.

Mr. Leach stated that UCAN has provided reports to City staff. Ms. Tyler added that the City receives invoices with documentation and also any flyers or mailers. Commissioner Silvis was interested in how UCAN would address the higher level objectives of crime and parking. She agreed that addressing these critical new issues would involve more people.

Commissioner Diana agreed that UCAN has brought a lot of value to the City of Urbana and the neighborhood. He said it was important to stress UCAN's new achievements. However, his concern was that organizations were supposed to be self-sustaining and that the NOG guidelines permitted only three years of funding. Ms. Tyler discussed past funding through the Neighborhood Improvement Fund (NIF) and suggested the possibility of funding UCAN from NIF funds. She noted that UCAN is a very long standing, stable neighborhood organization.

Commissioner Diana asked if other neighborhood organizations applied for funding. Ms. Tyler answered no. She agreed that NOG funds were designed for a limited life rather than sustaining programs. There was discussion on whether the three year restriction applied to NOGs from other funding sources. Ms. Tyler had mentioned NIF funds as a possible alternative.

Chairperson Cobb stated there was consensus about approving staff's recommendation and providing a waiver, if necessary.

*Commissioner Silvis moved to recommend that the City of Urbana approve a Neighborhood Organization Grant in the amount of \$1,250 to United Citizens and Neighbors and to recommend a waiver of the three year funding restriction, if necessary. Commissioner Vidoni seconded the motion, and the motion carried unanimously.*

*Commissioner Michelson moved to recommend that the City of Urbana approve the following CDBG funding: \$20,000 to Community Health Improvement Center for Relocation of Frances Nelson Health Center and \$2,888 to Developmental Services Center for an Automatic Door Opener at the Hartle Residential Home. Commissioner Diana seconded the motion, and the motion carried unanimously.*

**HOME Program Community Housing Development Organization (CHDO) Operating Requests and Grant Applications for FY 2006-2007 AAP** – Ms. Bullok gave a brief overview of the HOME program budget. The City of Urbana/Urbana HOME Consortium received six applications and, based on HUD's projected allocations, staff prepared a preliminary budget spreadsheet on how HOME funds could be allocated. While there is an overall reduction of 5.9%, the American Dream Downpayment Initiative (ADDI) is being cut 50%. The City of

Urbana is the administrative agent and provides staffing for the HOME Program. The administrative set-aside is capped at 10%. CHDO operating funds are capped at 5%. The HOME Program must maintain 15% set-aside of the cumulative total of grant awards for CHDO project funds. However, the HOME Consortium may allocate additional funds above 15% in a given year as long as the Consortium maintains a cumulative total of grant awards.

Due to increased administrative costs, there is a deficit of almost \$10,000 not covered by the HOME administrative cap. The City needs to designate costs as program delivery costs, which are associated with actual production of units. That change is significant because the costs will come out of project funds. The number of owner-occupied housing rehabilitation projects will be increased by one. The remainder of HOME funds will be in a general category for City Redevelopment Programs. This leaves \$75,000 to be set aside for applicants without CHDO status or for CHDO activities not eligible for CHDO fund use.

In response to Chairperson Cobb, Ms. Bullok clarified that the 10% administrative cap is from HUD. Commissioner Diana asked if there were other alternatives if administrative expenses were higher. Ms. Bullok explained that if staff salary cannot be paid out of administrative costs, staff must track the amount of time spent on an activity that produces a housing unit. Then those hours are attached to that unit. Salaries and benefits have a cost of living increase. Supplies, conference and travel have been kept level for several years. There are no new additions to the administrative category. Commissioner Diana wondered about HUD changing the formula to support the programs. Ms. Bullok mentioned HUD's parameters and that staff is not worried about crossing the threshold. However, a modest increase in administrative costs coupled with decreases in the HOME budget must be considered. An extra hurdle is to look for other sources of funding to help with programs. Usually other funds such as Federal Home Loan Bank (FHLB) do not offer administrative funds. Those funds must be used only for project costs.

Ms. Bullok said there was one application for CHDO project funds from Urban League. Project activity is the summary of scoring compiled by staff after reviewing applications.

**Urban League of Champaign County Development Corporation – (1) CHDO Set-aside and (2) Principal Reduction Lease Purchase Program** – Jean Algee clarified there were two applications. Urban League was first certified as a CHDO in 2002. CHDO operating funds help Urban League offer many programs and have contributed to the success of Urban League's programs.

In the Principal Reduction Lease Purchase Program, Urban League has purchased 42 homes, with 32 having been purchased by program participants. Ten homes are currently on line right now. Urban League is also receiving funding to acquire Park Place, which will assist in the redevelopment of Lakeside Terrace. Ms. Bullok noted that Urban League submitted the only application for CHDO Project Funds, which will be used for their Lease Purchase Program. Staff recommends fully funding this application at \$80,000. This will produce four additional lease purchase units in FY 2006-2007.

Ms. Bullok explained that HUD regulations allow Participating Jurisdictions (PJs) to set aside 5% of the annual allocation for operating expenses of current CHDOs. The decision is based on need within the community and availability of CHDOs requesting funds. The primary goal is

capacity building. The Urbana HOME Consortium is discussing an amendment to loosen their restriction on the number of years that an organization could receive CHDO funds. Because the federal government is cutting funding, the Consortium wants to wean CHDO funds from its budget. However, the Consortium wants to support organizations to help create financial stability.

Referencing Urban League's request for \$30,000 of CHDO set-aside funds, Chairperson Cobb asked about the impact of not receiving these funds. Ms. Algee said that one credit counselor may be let go. Urban League needs operating funds to continue the programs.

In response to Commissioner Michelson, Ms. Bullok reviewed the time limit to receive CHDO funds. Urban League has received funds since FY 2002-2003. Homestead Corporation has received funds from FY 1998-1999 but has not received funds continuously. Both organizations have received CHDO funds from FY 2002-2003 through FY 2005-2006. Ms. Bullok clarified that the four year time limit was set by the Urbana HOME Consortium; it is not a HUD guideline. HUD does not specify a number of years. If an organization receives CHDO operating funds, the organization must spend CHDO project funds within 24 months of receiving CHDO operating funds. Another requirement is that CHDOs must be certified annually. Another HUD guideline is that CHDO operating funds are used for building capacity in the organizations. Ms. Bullok added that the Urbana HOME Consortium is beyond its own four year guideline. She anticipates revisions to the guidelines in time for the FY 2006-2007 fiscal year funding allocations.

In response to Commissioner Vidoni, Ms. Bullok suggested making approval of the applications contingent upon revision of HOME policies so that CHDOs would be eligible for an additional year of funding. She did not anticipate this being an issue.

Ms. Tyler stated that if the HOME Consortium's time limit was not extended, this would undermine the entire HOME Program. She noted this was a self-imposed limitation and that there are not a great number of potential CHDOs.

Commissioner Diana questioned e-co lab's application for CHDO funds when it is not yet certified. Ms. Bullok replied that e-co lab applied last year for CHDO funds before receiving CHDO status. The Urbana HOME Consortium has discussed this many times. She noted there are no HUD policies that stipulate the precise timing. Due to the City of Urbana being short-staffed and not able to address e-co lab's application last year, the Consortium felt it was appropriate to address this on a conditional matter and is willing to provide this support.

**Homestead Corporation of Champaign-Urbana** – Jim Rose, Executive Director, thanked the City of Urbana and Urbana HOME Consortium for past funding. Homestead Corporation has been a CHDO for ten years. Mr. Rose noted that some years their programs have not done as well as hoped. However, Homestead is viable because of its diverse programs—Supportive Housing Program, rental housing, and affordable homeownership. CHDO operating funds have helped greatly. Currently Homestead is building two to three homes, and they will be done in a timely fashion.

Homestead is reviewing what did not work with its Affordable Homeownership Program, and it was researching other funding sources. Homestead is applying again for FHLB funds and is working cooperatively with other organizations for land acquisition and prospective homebuyers.

Mr. Rose noted that Homestead Apartments is the last (tenth) year of subsidy, and he will inquire about additional subsidies from HUD and the Housing Authority. Homestead Corporation has a long term commitment to this program and does not want to end it.

Mr. Rose mentioned Homestead Corporation's participation in the redevelopment of Lakeside Terrace. Homestead withdrew its proposal for 33 housing units due to financial problems and this being beyond Homestead's capacity. However, they would like to participate in some way and are looking at additional Supportive Housing Projects.

Commissioner Michelson questioned why Homestead Corporation should receive operating funds when it is not creating any new housing for Urbana in FY 2006-2007. Mr. Rose answered this was a timing issue concerning expenditure of funds. Homestead did not have properties lined up on which to build. CHDOs may use funds for the planning process as well as for immediate projects. In the past Homestead Corporation has always had a project to go with CHDO funding. Homestead's Board was not willing to ask for project funds at this point. However, Homestead Corporation still needs operating funds to help with its other programs.

Ms. Bullok stated it is within HUD guidelines for an organization to receive CHDO operating funds when it is not specifically engaged in production of home units, so long as within 24 months the CHDO has completed a project. The intention is for Homestead to be producing units for FY 2007-2008. If no units are produced, the HOME Consortium must reimburse HUD. In turn, the HOME Consortium would require Homestead to reimburse it.

Commissioner Vidoni asked if there was a precedent for this. Ms. Bullok responded that Homestead was awarded funds in FY 2004-2005 and FY 2005-2006 when they were not awarded CHDO project funds from that same fiscal year. Homestead was producing units from previous fiscal years. Commissioner Michelson asked if Homestead produced units last year. Ms. Bullok answered yes; a unit was completed as part of a previous project. Commissioner Diana asked if a unit in Champaign and one in Urbana needed to be completed. Mr. Rose answered yes, with the third unit in Urbana to be completed by June 30.

Chairperson Cobb commented that these funds will help Homestead with programs that will eventually benefit the community. Mr. Rose added that Homestead's fiscal year is different from the City of Urbana's, and this affects timing of events and funding cycles. He anticipates using these funds to apply for projects to accomplish next year. Homestead plans to apply next year with the project already in place—land acquisition, etc., so Homestead could move more quickly. Commissioner Silvis remarked that it is not simple to piece a patchwork of funding for a project, consider the community needs, and consider special needs.

Mr. Rose mentioned Homestead Corporation's high commitment to Homestead Apartments and the need for staff. If Homestead Corporation did not exist, another organization would need to operate the apartments.



Referencing CHDO project funds for FY 2002-2003 through FY 2005-2006, Ms. Bullok stated that Homestead received \$262,000 for production of seven units. In that same time period Urban League received \$445,000 for 33 units. Ms. Tyler added these were different types of units. Ms. Bullok clarified that seven of Urban League's 33 units are rental units, with 25 units being lease purchase. Homestead's seven units are new construction for homeownership.

**Ecological Construction Laboratory – CHDO Operating Funds** – Katrin Klingenberg, Executive Director, and Dave Stecher, Assistant Director, briefly reviewed their application. e-co lab received its 501(c)3 status last April. Their vision is to bridge the gap in affordable housing design and build highly energy efficient homes that are more sustainable for families. To implement these goals e-co lab has created an Affordable Housing Program to construct homes that use very little energy.

Ms. Klingenberg discussed marketing of low-income housing and a CHDO having a business plan to generate funds rather than depend upon subsidies.

e-co lab is concerned with protecting the environment, making houses energy efficient and using healthy materials. A passive house is built to a quality standard so that it can be heated and cooled passively. Homeowners will benefit from lower utility bills.

Mr. Stecher distributed a comparison of annual heating costs among three types of construction: standard construction that meets minimum building codes, EnergyStar standards, and passive house standards. The payback period for the passive house is faster than for EnergyStar, and it is also within the affordability period of the unit.

Ms. Klingenberg said that e-co lab is building its first home with volunteer labor. It is important that e-co lab keep building capacity. e-co lab would like to expand its services and become an official EnergyStar rater for the Cities of Champaign and Urbana. e-co lab would be able to help nonprofit organizations make buildings more energy efficient. e-co lab has begun talks with Habitat for Humanity.

Noting that the construction expenses were high, Chairperson Cobb asked if homes would be more affordable to purchase. Ms. Klingenberg discussed higher energy costs with standard construction versus much lower energy costs with passive housing. The payback time will grow shorter as energy prices rise. When energy-efficient housing reaches a critical mass, the building materials will become cheaper. e-co lab receives calls from other nonprofit developers about building more energy efficient homes. Also there are banks that provide special financing in this area.

Mr. Stecher mentioned new federal assurance for additional funding or tax credits for homes that meet certain energy standards.

In response to Commissioner Silvis, Mr. Stecher said the walls are 9 ½ inches thick versus the thickness of a 2x6. One added benefit to townhomes is that the same high energy savings are achieved with reduced wall thickness.

Ms. Bullok stated there were three applicants for non-CHDO project funds. The Urbana HOME Consortium's discussed several options. Its recommendation is to provide a larger amount to e-co lab with the rationale that it is starting up and the content of their application shows capacity building. In response to Commissioner Michelson, Ms. Bullok suggested the CD Commission give a conditional recommendation for e-co lab to meet these conditions by March 28, 2006. Ms. Bullok is working with e-co lab to help them fulfill CHDO status, and she is confident this will be in place for FY 2006-2007.

Commissioner Diana asked how the application scoring applied to consideration of funding. Ms. Bullok explained the scoring for unit production projects. CHDO operating funds are completely independent and not a factor. The Consortium did discuss linking CHDO operating and project funds.

Ms. Bullok explained the reason that e-co lab's four unit townhouse structure scored low in comparison to other projects. The HOME Consortium does not recommend funding this project since e-co lab is currently engaged in its first project. Also, e-co lab received \$25,000 from the FY 2005-2006 AAP for its second project, which will break ground in May. e-co lab has a backlog of projects underway.

**Habitat for Humanity of Champaign County** – Ms. Bullok said Habitat was requesting \$74,995 of non-CHDO project funds for five homes that will be built in Urbana in 2007.

Laura Huth distributed a packet of information regarding Habitat. Ms. Huth said the 2006 HomeBuilders Blitz would take place in Champaign, and the 2007 HomeBuilders Bliz would take place in Urbana. Each homebuilder organization provides the bulk of funds and finds volunteers. Habitat provides foundations and hookups before each build. Habitat is asking for \$14,999 for each unit for excavation, flat work, site clearing, building permits, etc. All families who participate have incomes in the 25-50% range.

Commissioner Silvis, who has toured Habitat homes, asked about their energy efficiency. Ms. Huth replied that Habitat has an energy efficient subcommittee reviewing house plans and has asked e-co lab to also review the plans. She anticipated changes in Habitat's homes by 2007. Habitat is very interested in pursuing EnergyStar ratings. Chairperson Cobb commented that the housebuilding bliz sounded very aggressive.

Due to his relationship with Habitat for Humanity and being on its steering committee, Commissioner Vidoni recused himself from voting on this matter due to conflict of interest.

*Commissioner Michelson moved to recommend that the City of Urbana approve \$80,000 of CHDO Project Funds for Urban League for its Lease Purchase Program. Commissioner Diana seconded the motion. The motion carried by voice vote with one abstention..*

*Commissioner Diana moved to recommend that the City of Urbana approve \$74,995 of Non-CHDO Project Funds to Habitat for Humanity for its Homebuilderz Bliz in 2007. Commissioner Michelson seconded the motion. The motion carried by voice vote with one abstention.*

There was discussion about including provisions and extensions for CHDO operating funds for e-co lab, Homestead and Urban League. Ms. Bullok clarified that the HOME Consortium's current policy allowed the CD Commission to consider CHDO operating funds with Urban League and Homestead. The HOME Consortium had a provision to extend funding an addition two years, but it plans to remove this restriction. Ms. Tyler added that City Council will look at the AAP in April and adopt it in May.

*Commissioner Vidoni moved to recommend that the City of Urbana approve HOME CHDO Operating Funds contingent upon consortium policy change: \$16,237 for Homestead Corporation and \$16,234 for Urban League. e-co lab should receive \$20,000 in HOME CHDO Operating Funds contingent upon achievement of CHDO status prior to the final City Council approval of the FY 2006-2007 Annual Action Plan. Commissioner Silvis seconded the motion. The motion carried unanimously.*

**Discussion Items:** **Lakeside Terrace** – Ms. Tyler said this update was similar to the one that the Housing Authority provided to Council Committee of the Whole on January 23 on the new developments on Lakeside Terrace. Because City Council has many new members, the Housing Authority also reviewed creation of the Lakeside Terrace Redevelopment Plan.

The Housing Authority has been successful in tenant relocation. Asbestos is currently being removed on site. The Housing Authority has a HUD grant for demolition and will rebid the demolition this spring. Demolition will be complete by the end of August. Brinshore Development, L.L.C will apply for Illinois Housing Development Authority (IHDA) low-income tax credits, which are the major financial driver for the project.

One of the requirements is a site plan. Brinshore Development provided scenarios for City Council and CD Commission review. Since the Lakeside Terrace Redevelopment Plan, the City of Urbana has adopted a new Comprehensive Plan and a new Consolidated Plan. The recurring theme was to look for 80% of the units to be replaced with permanent subsidized housing units affordable to extremely low-income families with children.

One element of the plan was on-site replacement with 100 tax credit units, 24 reserved for very low-income households through project-based Section 8 vouchers from the Housing Authority. This was the maximum for a mixed income community. The Housing Authority has applied to HUD for replacement units that equal an additional new 14 public housing units. Ms. Tyler noted that Homestead's proposal of 11 units every year for three years was not feasible for Homestead. So another alternative must be considered. Urban League was able to proceed with its plans for set-asides from two rehabilitated apartment projects. Once project based vouchers are applied, there will be a total of nine replacement units.

Ms. Tyler reviewed the City's acquisition of property east of Lakeside Terrace, which may help with the redevelopment. The City of Urbana ceded its 2004 private activity bond cap toward neighborhood initiatives which may include Lakeside Terrace. Staff is uncertain if this can be held for a second year and is working with bond counsel to accomplish this. Ms. Tyler mentioned other projects that may contribute to replacement housing, for example, Habitat for Humanity, e-co lab, and Urban League's Lease-Purchase Program.

Ms. Tyler noted that City Council was receptive to having some level of replacement to be owner-occupied for very low-income families. She discussed the changes in the City's CDBG and HOME allocations and how this would impact the project. Ms. Tyler stated the project is halfway to achieving the replacement goals and has identified other measures on how to achieve the remainder.

The architects for the developer prepared two new site plans, one with 96 units and one with 75 units. Staff recommended that City Council consider the lower density project, which would provide more greenspace. She mentioned the CD Commission's preference for lower density. Brinshore Development requested the lower density project for funding purposes. The lower density project would need one phase, while the larger project would need two phases, with IHDA less likely to fund it. However, City Council felt there was not enough gain in the lower density project to offset the loss of replacement units. City Council was unanimous in keeping the maximum replacement units, so Brinshore Development will proceed with this application to IHDA.

Concerning replacement housing, staff had asked City Council if it was acceptable for Habitat or another developer to create very low-income owner-occupied housing. Staff also requested pursuing a Request for Proposal (RFP) to find additional partners for the remainder of replacement housing. City Council agreed to these. Ms. Tyler noted there was a lot of budgeting to be done to determine which way to fund the replacement units. Referencing the HOME applications for funding for FY 06-07, Ms. Tyler felt two units could be deemed replacement units.

Chairperson Cobb inquired about Brinshore Development using minority and women contractors. Matthew Hogan stated that the Housing Authority maintains a minority contractor listing. The Housing Authority annually advertises and contacts the minority contractors. Referencing the Douglas Square project, Mr. Hogan stated that the siding, interior work and roofing went to well known local minority contractors. He expected Lakeside Terrace to have the same process.

Chairperson Cobb asked about the Housing Authority's preference for the scenarios. Mr. Hogan answered that the on-site development of 96 units will all be rental. The Housing Authority has no preference because this will be primarily a townhome complex due to the density. As a rental property this will work fine. This is a higher density than the Douglas Square project, but it will look nice. Mr. Hogan stated the management company is very capable of managing this efficiently. The Housing Authority will go through a similar process in deciding on the design, so the site may look similar to Douglas Square. The Housing Authority will use the same architect as for Douglas Square.

Commissioner Michelson asked if an on-site manager would be living in one of the units. Mr. Hogan replied there will be on-site management but not 24 hours a day.

Commissioner Vidoni asked if there was tension between the City's original requirement for 80% replacement units and the developer's preferred choice. Ms. Tyler replied yes. However, she felt the City has worked well with the Housing Authority to make the policies match. On one side is the developer and the Housing Authority, which must adhere to HUD's policies.

From their perspective, they have already successfully relocated the former residents of Lakeside Terrace. Because this is mixed income, they are providing a healthy number of affordable units, with only 10% market rate. From the developer's perspective, they are bringing to the community a brand new mixed income design with a community center and park. From the City's policy perspective, the third issue was to not have a net loss of housing for very low-income residents. How to achieve this has been difficult because the Housing Authority has traditionally provided this. Federal policies have changed, and housing authorities cannot build 100% low-income housing. Public housing is being reinvented in the United States, and there is a mandate for mixed income. The City of Urbana has set a high policy standard that does not match the core mission of the Housing Authority and the developer. The effort is to merge these three missions and still achieve the goals.

Mr. Hogan agreed. The Housing Authority's Five Year Plan and Annual Plan address this, and the Housing Authority has agreed to replace 80% of the units to correspond with the City's Consolidated Plan. Mr. Hogan stated that the 80% goal is difficult but not impossible. While Lakeside Terrace had 99 units, at the beginning of the redevelopment process there were only 89 families living there. The Housing Authority accessed 96 additional Section 8 vouchers into its program to relocate those 89 families. Several families wanted to stay in public housing, so they were transferred. Due to the demolition, the Housing Authority will receive public housing replacement housing funds. He anticipated that approximately 14 actual public housing units will be replaced. Referencing the 96 units at Lakeside Terrace, 24 will serve the same population as the public housing units. The Housing Authority plans to work with Homestead, Urban League, e-co lab, and Habitat for Humanity to provide housing throughout Champaign County.

Commissioner Vidoni was reassured by Mr. Hogan's comments that the 80% replacement unit goal was doable. Mr. Hogan said this will take time, but the 80% goal is definitely doable.

**Inclusionary Housing** – Ms. Tyler said the document, "Opening the Door to Inclusionary Housing," was found through accessing a search engine. This is provided for review, and staff may have further ideas in the spring.

**Adjournment:** Chairperson Cobb adjourned the meeting at 10:25 p.m.

Recorded by Connie Eldridge

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*APPROVED with corrections by CD Commission 2/28/06*