



APPROVED by CD Commission 2-27-07
MINUTES
COMMUNITY DEVELOPMENT COMMISSION
Tuesday, January 30, 2007, City Council Chambers

Call to Order: Chairperson Cobb called the meeting to order at 7:06 p.m.

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

Commission Members Present: Fred Cobb, Chris Diana, Theresa Michelson, Joy Ready, Anne Heinze Silvis

Commission Members Absent: Umesh Thakkar, Dennis Vidoni

Others Present: John Schneider, Kelly Hartford and Connie Eldridge, Community Development Services; Jim Rose, Homestead Corporation; Katrin Klingenberg, Ecological Construction Laboratory; Jean Algee and Ben Egoft, Urban League of Champaign County Development Corporation; Janice McAteer and Katie Avalos, Developmental Services Center; Tami Tunnell, A Woman's Fund/Place; Bob Leach, United Citizens and Neighbors; Vicki Mayes and Ellen Kirsanoff, Urbana Park District.

Approval of Minutes: *Chairperson Cobb asked for approval or corrections to the November 28, 2006 minutes. Commissioner Michelson asked for clarification. Commissioner Diana moved to approve the minutes as clarified, and Commissioner Michelson seconded the motion. The motion carried unanimously.*

Petitions and Communications: Agency representatives gave their presentations during the New Business portion of the meeting.

Staff Report: Mr. Schneider distributed a staff briefing memorandum and provided updates on Grants Management Division staff and Department of Housing and Urban Development (HUD) activities. In response to HUD's Program Year Review letter, staff submitted additional information to HUD on the Fiscal Year (FY) 2005-2006 Consolidated Annual Performance Evaluation Report (CAPER). Staff also held four neighborhood meetings/public hearings in January to receive input for the FY 2007-2008 Annual Action Plan (AAP).

The Transitional Housing (TH) Program received two large donations of furniture. Kelly Hartford, TH Coordinator, is accepting applications to fill one opening. Ms. Hartford and staff from the City of Champaign also monitored subrecipient agencies that receive joint Community Development Block Grant (CDBG) funds.

Randy Burgett is working with the Urbana Fire Department, City of Champaign and state Representative Naomi Jakobssen on a campaign for donation of carbon monoxide detectors. Mr. Schneider reviewed the program and distributed information. The Fire Departments will deliver and install the donated carbon monoxide detectors.

Old Business: None.

New Business: **Agency Presentations. Review HOME Program Community Housing Development Organization (CHDO) operating requests and HOME Program grant applications for funding for Fiscal Year 2007-2008 to be included in the FY 2007-2008 Draft Annual Action Plan.**

Ecological Construction Laboratory (e-co lab) – Katrin Klingenberg, Executive Director, stated the e-co lab is a relatively new neighborhood organization founded to promote, research and implement sustainable energy efficient homes. E-co lab finished and sold its first home (1005 West Fairview Avenue, Urbana) in October 2006. The Department of Energy and the National Renewable Energy Lab are monitoring this prototype house and will have complete data in one year. E-co lab has been accepted as an Energy Star Partner, so all future homes will be labeled “Energy Star.”

Ms. Klingenberg explained how last year’s CHDO funds were very helpful to sustain e-co lab’s program.

The City of Urbana has donated 1007 West Fairview Avenue for e-co lab’s second single family home. The home has been redesigned to have four bedrooms. Priority would be given to a family to maximize use of HOME funds. The home will be similar to the first home; however, it will be simplified to cut costs, value engineer the construction and streamline the process. E-co lab would like to speed up the construction process in order to build more homes this year.

Last year e-co lab held Energy Efficiency Training and an Ecological Construction Symposium. They have presented the home at 1005 West Fairview at many national conferences, including Green Build in Colorado.

Commissioner Diana asked how e-co lab could reduce costs. Ms. Klingenberg replied that it would depend on redesigning the house to make it smaller. Ms. Klingenberg also mentioned the learning process to become a CHDO. It is very difficult closing the gap between market construction costs and the selling price. If e-co lab cannot close that gap, it cannot do the project.

Chairperson Cobb inquired how easy it was for a lower income person to purchase these homes. Ms. Klingenberg noted that the local financial institutions have several programs for homebuyers to lower the cost of a house. These programs have successfully lowered the cost of the home for the homebuyer. The homebuyer at 1005 West Fairview was able to access many different funding sources, and that lowered the cost to \$80,000. The next homebuyer may not have access to the same type of programs.

Commissioner Michelson wondered about the economy of scale to bring down the costs. Ms. Klingenberg responded that e-co lab is building a custom single family home, which is not the most cost effective as compared to multi-unit townhouses. Commissioner Silvis asked if other housing agencies were interested in e-co lab’s design. Ms. Klingenberg answered that part of e-co lab’s business plan was to consult and work with other nonprofit agencies. She discussed costs to low income families, nonprofit agencies, etc. e-co lab is working with Habitat for Humanity to upgrade their homes to Energy Star level.

Mr. Schneider clarified that the City of Urbana provided funds from Urbana's allocation of HOME funding from FY 2004-2005 for 1005 West Fairview. The funds for the second house are being provided from FY 2005-2006 Urbana HOME allocation. CHDO funding of \$20,000 was allocated to e-co lab in FY 2006-2007 CHDO funds. For this process, e-co lab is requesting project and CHDO operating HOME funds from the FY 2007-2008 AAP.

Homestead Corporation – Jim Rose, Executive Director, reviewed their two applications for HOME funding. CHDO operating funds are used to support development activities, such as redevelopment of Lakeside Terrace. Brinshore Development, LLC asked Homestead Corporation to become a partner with them on the redevelopment of Lakeside Terrace. Homestead signed a general partnership agreement with Brinshore and formed a new not-for-profit corporation, Homestead Crystal View, Inc.

The second application is in response to a Request for Proposal (RFP) from the City of Champaign to develop three new single family homes in Champaign. This will provide in-fill housing in the Douglass Park neighborhood. Homestead is requesting \$70,000, of which \$30,000 will be for a developer's subsidy to reduce the selling price of the homes. The remainder will be used for architectural and engineering fees, attorney's fees, construction closing costs, etc. Homestead has a firm commitment from Busey Bank for the construction loans, and they have the same contract as used for nine homes previously constructed through this program.

In response to Chairperson Cobb, Mr. Rose said, if the City of Champaign did not fund the proposal, Homestead would work with the City of Urbana concerning that allocation. Champaign will make a determination on April 1, 2007. Homestead could withdraw or reconfigure their request.

Mr. Schneider clarified that this was CHDO project funding, which is the Urbana HOME Consortium's allocation rather than from the communities. If funds are committed in the AAP and the project is not funded, the AAP can be amended. One example was Homestead's rental program that was converted to its affordable homeownership program. Homestead completed all homes in that program last year.

Urban League of Champaign County Development Corporation (ULCCDC) – Jean Algee, President, introduced Bill Egoft of Egoft Family Construction. Ms. Algee stated that ULCCDC's goal is to provide affordable housing, and they have completed a 24 unit rehab project in the City of Champaign for very low income persons. The project, which is at 302-306 East Park Street, is currently at 80% occupancy. ULCCDC also owns and manages Crestwood Townhomes, which is a 20 unit townhome complex in Urbana. ULCCDC has served 621 clients through its Credit Counseling Program.

Ms. Algee reviewed their three applications. ULCCDC, which has operated the Principal Reduction Lease Purchase Program, has purchased 38 homes over the past six years. Currently, eight homes are on-line, and ULCCDC has sold the rest back to their clients. ULCCDC purchases a home chosen by their client. ULCCDC then uses City of Urbana HOME funds to "buy down" the cost of the home. After the clients have cleaned up their credit, they buy the home back at a reduced price from ULCCDC.

Ms. Algee stated that ULCCDC needs CHDO funds for operational funding. They also receive funding from the National Urban League through its Housing Counseling Program. However, those funds have been cut. CHDO funds will be used for part-time salaries.

The Affordable 6 Program is a new project to construct six new energy efficient homes on property owned by ULCCDC at the corner of Washington Street and Lierman Avenue in Urbana. ULCCDC felt that constructing single family, owner-occupied homes would help stabilize this neighborhood. Ms. Algee distributed the Affordable 6 Program budget and noted they were working with Busey Bank. ULCCDC is requesting CHDO project funds from the City of Urbana to buy down the cost of the home. Ms. Algee reviewed the process for a family to participate and purchase a home. After meeting with the City's Planning Division, she noted there will be additional engineering and sewer costs to extend the sewer line (estimated at \$20,000-\$28,000). Ms. Algee hoped to apply for additional funds to meet this cost.

In response to Chairperson Cobb, Ms. Algee anticipated it would take three months to build the houses. Bill Egoff stated that ULCCDC will pre-sell the houses before the contractors begin construction. That way the contractors may work on one house after another, which will help keep the costs down. Mr. Egoff discussed the energy efficiency of the homes. Chairperson Cobb inquired about potential homebuyers. Ms. Algee said that ULCCDC has waiting lists of people wanting to participate. She mentioned that many people like the example home at 509 East Vine Street, Champaign. These homes have three bedrooms, two bathrooms and a one car garage.

Mr. Schneider clarified that this request is for both CHDO project and CHDO operating funds.

Review Neighborhood Organization Grant (NOG) application for funding for Fiscal Year 2007-2008 to be included in the FY 2007-2008 Draft Annual Action Plan: United Citizens and Neighbors (UCAN) – Mr. Schneider stated the funding for the NOG comes from the Neighborhood Improvement Fund (NIF), which was created through an agreement with Carle Foundation and the City of Urbana. There are no federal funds.

Bob Leach, President, reviewed UCAN's request for \$2,500. UCAN's main project will be planning and executing a comprehensive Neighborhood Development Plan for the area north of Carle Hospital. This would accommodate Carle's expansion plans for that area as well as bring improvements and value to the neighborhood. City staff will help UCAN develop this plan. UCAN will use these funds for printing, staff and consulting expenses, and it is requesting a waiver of the three year funding restriction.

It has been ten years since the last plan, and Carle is proposing further development into the neighborhood. Because there will be more encroachment on the neighborhood north of Carle, UCAN wants to offer alternatives for the City of Urbana to consider. The goal is to meet the needs of both Carle and the neighborhood.

Mr. Leach discussed problems with traffic and how expansion will make it worse. Although Carle staff uses the Champaign County Fairgrounds for parking, hospital visitors park on the neighborhood streets. UCAN would like to address this inconvenience.

UCAN is unsure about Carle's building plans for the area south of Church Street. The neighbors feel they should be more involved in Carle's planning than they were last time. Mr. Leach

mentioned getting consulting help from the University of Illinois. UCAN will also do some neighborhood surveys.

Mr. Schneider noted the three year funding restriction was put in place when the NOG was originally funded with CDBG funds. NIF funds are much less restrictive.

In response to Chairperson Cobb, Mr. Leach said that UCAN has a core group of ten people, with more getting involved on bigger issues. UCAN's mailing list has 240 households.

Review Community Development Block Grant (CDBG) Applications for funding for Fiscal Year 2007-2008 to be included in the FY 2007-2008 Draft Annual Action Plan:

A Woman's Place (AWP) – Tami Tunnell, Executive Director of A Woman's Fund (AWF), explained that AWF is the umbrella organization that houses A Woman's Place and Rape Crisis Services. She noted that there is one facility in Urbana and one in Champaign. AWP, which purchased the Urbana facility in the early 1990s, added an entire back wing for offices and a domestic violence shelter. AWP serves an average of 250 persons a year, and most programs are provided at their Urbana facility. AWP is requesting funds to repair 23 bedroom windows at the Urbana facility. They have a commitment for a 25% match from AWF Foundation. She distributed brochures about their programs.

Developmental Services Center (DSC) – Janice McAteer, Director of Development, discussed future expansion of their facility at Clark Road in Champaign. DSC received funding in the past, and they are trying to stay one step ahead of the need. Currently, DSC serves 177 people; however, 200 more will graduate this year and will need vocational training. They did a feasibility study for expanding in four phases. The first phase would add 5200 square feet to the building and would make the building even more accessible. 35% of DSC's clients are Urbana residents. 85% of these residents in the extremely low income category, and 15% are in the very low category. DSC's ultimate goal is to provide vocational training in a very supportive environment so that clients may move into the community with a lower level of support.

Commissioner Michelson asked if DSC would ask the City of Champaign for funding for this project. Ms. McAteer responded no, not at this time. DSC is requesting the City of Champaign provide funds for salaries. However, they will apply for funding from Champaign when those funds are available. Mr. Schneider mentioned that Champaign has already committed future public facility funds for next year to the Frances Nelson Health Clinic. The City of Urbana has met its commitment to Frances Nelson. In response to Chairperson Cobb, Ms. McAteer clarified that DSC was open for all Urbana residents who needed services.

Urbana Park District (UPD) – Ellen Kirsanoff, Development Coordinator, reviewed their application for funding to support Victory Park redevelopment. Victory Park is bordered by Main Street, Green Street, Lynn Street, and almost to Cottage Grove Avenue. The Park District worked closely with the Historic East Urbana Neighborhood Association (HEUNA) on plans for the park. The Park District is investing significant resources in Victory Park, beginning with the new playground that was installed in September 2006. Because the neighbors have a strong interest in a community garden program, the Park District has applied for funding to install infrastructure for gardens. HEUNA has surveyed the neighbors, and there is a lot of support for this project. In

response to Chairperson Cobb, Ms. Kirsanoff explained the design would allow expansion as needed. The minimum would be 10-12 garden beds.

Discussion Items – Mr. Schneider stated that the HOME Consortium had not yet met when the Community Development (CD) Commission’s packets were mailed. He distributed a memorandum concerning the Consortium member’s recommendation for HOME funding allocations. Staff will be developing the AAP over the next month with input from the CD Commission on which programs to fund.

Commissioner Silvis asked about changes to staff recommendations. Mr. Schneider stated that the CDBG and NOG applications are only for City of Urbana funds. The memorandum on HOME funding allocations represents the funding recommendations of the HOME Consortium’s three members. Mr. Schneider indicated that if there were requested changes to the CHDO funding, staff would need to take them to the Consortium members for review. The HOME Consortium recommends funding the CHDO project requests at full amounts.

The amount of the HOME budget could go up or down, depending on HUD’s allocation. Staff expects to receive the same amount of funding as last year. HUD regulations require setting aside 15% for CHDO (reserve) projects. There is a requirement to commit HOME funds within two years and to spend those funds within five years. For HUD, funds are committed through the Integrated Disbursement and Information System (IDIS). However, the City must go through the Annual Action Plan process before entering it into IDIS. Last year’s AAP had carryover CHDO reserve.

The total amount available is \$314,846.60. HUD operates on a first in, first out basis. It is important to keep committing funds. Mr. Schneider explained how funds returned to the City become program income. Program income must be spent before other funds may be spent.

The Consortium may decide whether or not it wishes to allocate CHDO operating funds. Mr. Schneider discussed the difference between operating and project funds. The HOME Consortium recommends that CHDOs use CHDO project funds for developer fees, site acquisition and development, etc. (as part of the 15% CHDO reserve). This would help the CHDOs become more self-sufficient. The 5% CHDO operating funding could then be divided proportionally among the Consortium members or be used for new CHDO’s to build capacity. CHDO operating is necessary for the agencies that are continuing to build capacity or provide affordable housing services. These are CHDO expenses that qualify but are not necessarily project related. The HOME Consortium agreed that the \$52,500 of CHDO operating funds should be divided equally among the three agencies.

Mr. Schneider reviewed the anticipated federal grant for CDBG funding and the programs that would be funded, such as Public Service, Emergency Grant/Access Grant, Senior Repair Service Program. The City of Urbana committed \$50,000 in CDBG funds in FY 05-06 and \$50,000 in Urbana HOME funds in FY 06-07 to the Lakeside Terrace Redevelopment. The City of Urbana wants to commit another \$50,000 from each funding source in FY 07-08, for a total of \$200,000 for Lakeside Terrace Redevelopment. The Harvey Street Sidewalk Project was in the AAP a few years ago, but funds were redirected. Staff believes there is enough unobligated carryover funding to complete the project. The total estimate two years ago was \$235,000.

The balance of \$68,073 would be for other projects such as acquiring lots for development of affordable housing. CDBG funds allow more flexibility, since HOME funds do not allow “land banking.” CDBG allows removal of slum and blight, which then typically results in the City owning a lot that can be used for affordable housing development.

Commissioner Ready questioned dividing the CHDO operating funds evenly. She suggested taking the full amount requested and then dividing it appropriately so that each one does not get the fully funded amount. It would be reduced by a ratio. For example, e-co lab is newer, but it is asking for the same amount of funds as Homestead Corporation. Mr. Schneider mentioned the history of the programs and the reasons for the allocations. The HOME Consortium has regularly funded Homestead because it provides a greater number of affordable housing opportunities in the community. The HOME Consortium supported dividing the CHDO funds among the three agencies. Agencies can also use CHDO project funds to recover costs associated with developing affordable housing. Commissioner Ready stated those are different than operating funds, which are harder to come by. Mr. Schneider agreed.

There was discussion whether to fund the agencies proportionally based on the staff members. Commissioner Diana commented on the difference between part-time and full-time staff. He remembered the CD Commission suggesting to divide the funds proportionally, but historically they have been divided equally.

In response to Commissioner Ready, Mr. Rose described how funds were divided 50/50 when there were two CHDOs. He understood the need for new organizations to receive CHDO funding. However, the reality of the situation was that Homestead had to cut salaries when it received less funding last year. Commissioner Ready remarked that she still preferred to divide proportionally. Mr. Schneider noted that the agencies may ask for higher developer fees and use it for the same purpose.

Referencing the different amounts of requested funding, Commissioner Michelson commented that some agencies are requesting more funding to receive more funds when divided proportionally to their requests. Mr. Schneider discussed how the HOME Consortium arrived at the decision to divide CHDO funds. The HOME Consortium realized that because e-co lab is new, it will need more operating funds to build capacity. However, it is only producing one unit per year. If the funds were divided based on the number of affordable housing units produced, then Homestead and Urban League would get the “lion’s share” of funds. The HOME Consortium also considered the agencies’ production of affordable units.

Assuming that each agency asked for what funds it needed, Commissioner Ready preferred to base funding each agency’s request. Ms. Algee commented that the ULCCDC had asked for more funding in other years; however, they knew there were funding cuts last year. They are trying to be realistic in their requests. Mr. Rose commented that funding is a guessing game. Commissioner Ready remarked that money to fund staff positions is hard to come by.

Referencing the project funds, Commissioner Michelson felt the recommended amount was fair. Mr. Schneider said that an agency can acquire more funds through developer fees for projects. Developer fees can offset project staff costs. The State of Illinois allows a maximum of 12% for developer fees, and these agencies are asking for half of that amount. The HOME Consortium discussed ways that agencies could acquire more funding through developer fees.

In response to Chairperson Cobb, Mr. Schneider stated that the agencies would have to request additional developer fees. For example, ULCCDC will likely incur additional costs with its Affordable "6" project. Those are reasonable project costs, and additional funding is available.

Commissioner Diana said there was a need to develop additional CHDOs. He felt being over-funded for the demand on CHDO requests was unusual. There are many projects targeting households at the 51-80% Median Family Income (MFI) level. However, there are not many CHDOs with projects for low and extremely low income projects. Mr. Schneider explained that HOME's affordability is based on the amount of funds provided. It takes heavy subsidizing to fund homeownership for very low income persons. The maximum subsidy of HOME funds requires a 20 year affordability period, which means a 20 year lien would be attached to the property. Affordability periods of five to ten years are more manageable. Other agencies may apply to become a CHDO; however, the amount of CHDO funding for each would then get smaller. Mr. Schneider noted that there was a need to allocate more CHDO funds this year due to a previous misunderstanding of the regulations .

Chairperson Cobb stated the majority of the CD Commission expressed the option that CHDO funding amounts should not be equal. Commissioner Michelson then said that she had changed her mind and felt the CHDO funding should be divided equally. Commissioner Silvis agreed and felt it should be fair so that each agency is viable. She did not want agencies to lose capacity. Commissioner Silvis agreed with staff's recommendations for the allocation.

Chairperson Cobb asked how the excess would be dealt with. The purpose of these funds is to aid low-income people. The excess should be used to benefit the highest number of low-income persons, depending on whichever organization can do this. Commissioner Diana agreed.

Commissioner Silvis was pleased that all three agencies were adding energy conservation measures. Extra insulation will be very important since families will struggle with the rising energy costs. Mr. Schneider mentioned discussions with Katrin Klingenberg regarding lenders. It will take a while to convince lenders that large savings on energy costs will help families afford higher mortgages. Commissioner Michelson added that some persons may not be able to make their mortgage payments due to extreme energy costs.

Chairperson Cobb announced that the CD Commission was in consensus with the staff recommendations for the HOME and CDBG budgets. Staff will develop the Draft AAP for FY 2007-2008, and it will be on agenda for next month.

Adjournment: Chairperson Cobb adjourned the meeting at 8:41 p.m.

Recorded by Connie Eldridge