



APPROVED with corrections by CD Commission 4-22-08
MINUTES
COMMUNITY DEVELOPMENT COMMISSION
Tuesday, March 25, 2008, City Council Chambers

Public Hearing on the Proposed City of Urbana and Urbana HOME Consortium Annual

Action Plan for FY 2008-2009: Chairperson Cobb called the public hearing to order and declared it open at 7:02 p.m. No one spoke. Chairperson Cobb then closed the public hearing at 7:04 p.m.

Call to Order: Chairperson Cobb called the regular Community Development (CD) Commission meeting to order at 7:04 p.m.

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

Commission Members Present: Fred Cobb, Chris Diana, George Francis, Theresa Michelson, Brad Roof, Anne Heinze Silvis, Dennis Vidoni

Commission Members Absent: None

Others Present: John Schneider, Kelly Hartford, Janel Gomez and Connie Eldridge, Community Development Services; Laurie Barbee, A Woman's Fund; Katrin Klingenberg, Ecological Construction Laboratory (e-co lab); Betty Seidel, Prairie Center, Cynthia Hulsizer, Center for Women in Transition (CWIT); Aaron Smith, Homestead Corporation; Jerry C. White, Developmental Services Center; Dale Morrissey, CU Independence.

Approval of Minutes: *Chairperson Cobb asked for approval or corrections to the February 26, 2008 minutes. Commissioner Francis noted the following corrections: page 3, third paragraph, third sentence should read, "Commissioner Francis...in southeast Urbana in order to improve the comparison." Also, page 3, Old Business, "LEED" should read "Light Emitting Diodes (LED)." Commissioner Francis moved to approve the corrected minutes, and Commissioner Silvis seconded the motion. The motion carried unanimously.*

Petitions and Communications: Commissioner Michelson announced the Champaign County Computer & Electronics Recycling Event on Saturday, April 19, 2008, 9 am – 3:30 pm at the University of Illinois (U of I) Recycling Facility, 10 East St. Mary's Road, Champaign. She suggested the City of Urbana put signs around the neighborhoods as they do for leaf collection.

Staff Report: Mr. Schneider distributed a staff briefing memorandum dated March 25, 2008 and provided updates. Brinshore Developers, L.L.C. received Low Income Tax Credits for the Crystal View townhomes project. Construction should start in fall 2008 for this sustainable green development, which will incorporate geothermal heating and cooling.

The kick-off breakfast for MoneySmart Week will be held on Friday, April 4. A series of events will be held at various sites from April 7 – 12. The Annual Housing Fair, which culminates the week, is scheduled for Saturday, April 12, 9:30 am – 1:00 pm at the Champaign Public Library.

The demolition of 911 North Lincoln Avenue is in process. Staff has conducted a property conditions survey on the Community Development (CD) Target Area.

The City Attorney is looking into Commissioner Roof's questions about the City accepting donations of money.

In response to Chairperson Cobb, Mr. Schneider said that twice a year, Randy Burgett, Grants Management Division's (GMD) Housing Rehabilitation Coordinator, submits a Minority Business Enterprise/Women's Business Enterprise (MBE/WBE) to the Department of Housing and Urban Development (HUD). As the lead entity in the Urbana HOME Consortium, the City report includes MBE/WBE information for HOME projects from the City of Champaign and Champaign County. Mr. Schneider noted the communities work hard to find contractors; however, it is difficult because the profit margin is low. Many minority contractors work with the University of Illinois because it is more lucrative. The MBE/WBE report will be provided to the CD Commission.

Old Business: **City of Urbana and Urbana HOME Consortium Annual Action Plan (AAP) for Fiscal Year (FY) 2008-2009** – Mr. Schneider stated this Annual Action Plan has incorporated previous comments from the CD Commission. The Executive Summary looks different from the past because HUD now requires the evaluation of past performance. Staff is working with Champaign County and the City of Champaign to complete the table on page 5. Page 6 includes objectives and outcomes also required by HUD to be in the Executive Summary. These objectives are part of the performance measurements and are tied to goals in the City's Consolidated Plan. At the end of the outcome description in the Executive Summary, the outcome measures show to which projects or activities they apply. Each program detailed later in the AAP indicates objectives, outcomes, and outcome indicators.

Staff indicated that, during a January public meeting, one citizen requested Community Development Block Grant (CDBG) funding to provide temporary emergency relocation assistance. One example was the renters who lived in the Denny's building. Because these persons had paid first and last month's rent plus a security deposit, they did not have sufficient funds when they were required to move from the unsafe building. However, if such a program was associated with a CDBG redevelopment project that was underway, certain Uniform Relocation Act requirements would apply. Staff believes that emergency temporary relocation is an eligible use of CDBG funds; however, further research is needed. If feasible, the FY 2007-2008 AAP would need to be amended to include this program.

There was discussion about the American Dream Downpayment Initiative (ADDI) Program funded by HOME regarding Commissioner Vidoni's remark that the amount is reduced for FY 2008-2009 of \$9,506. The Consortium has assisted 29 families through this program since its inception. There was discussion on the Median Family Income guidelines provided by HUD, and the fact that applications have slowed along with the housing market. In response to Commissioner Roof, Janel Gomez reviewed the ADDI criteria for first-time homebuyers. Local lenders who are members of the Community Reinvestment Group (CRG) decide which

homebuyers and homes qualify for the ADDI Program. In response to Commissioner Francis, staff will provide commissioners with the ADDI flyers.

In response to Commissioner Diana, staff indicated the date in the second paragraph on page 3 was anticipatory and based on when City Council is scheduled to approve the ordinance for the AAP. The AAP is due to HUD by May 15 each year. Staff will provide the CD Commission with a copy after City Council approves the document and it is finalized.

In response to Commissioner Michelson's comment on the City's Owner Occupied Housing Rehabilitation Programs, Mr. Schneider stated the overall cost of maintaining a home continues to rise. Deferred maintenance is an issue that continues to affect neighborhood appearances. The AAP also has a program for property acquisition to address slum and blight. The City may assist homeowners in other ways to remove boarded up structures and acquire vacant buildable lots. Also, churches have purchased properties, many of which are vacant, and that gives a different neighborhood appearance.

Commissioner Francis indicated that in some neighborhoods there are barren yards with no shrubs, trees, etc. He felt the Park Department would encourage plantings on their properties. Mr. Schneider noted the Urbana Park District has mini-parks in various neighborhoods. Also, GMD staff has asked the Community Housing Development Organizations (CHDOs) to install sod in the front yards of the houses they construct. Commissioner Michelson added the City of Urbana's Arbor Division will pay for half the cost to plant a tree in the City's right-of-way next to the street. Commissioner Francis suggested having public service organizations such as sororities and fraternities provide volunteer labor if the City would provide the trees and shrubs.

Commissioner Vidoni moved to recommend to City Council approval of the City of Urbana and Urbana HOME Consortium Annual Action Plan for Fiscal Year 2008-2009. Commissioner Roof seconded the motion, and the motion carried unanimously.

New Business: **Consolidated Social Service Grant Funding Priorities for Community Development Block Grant (CDBG)** – Kelly Hartford reviewed the application process for Consolidated Social Service Funds (CSSF), which are comprised of City of Urbana general funds, Cunningham Township funds, and CDBG public service funds. Carol Elliott, Cunningham Township Supervisor, and Ms. Hartford provided mandatory training for not-for-profit agencies on March 18. Each year the CD Commission designates funding priorities for the CDBG portion. In FY 2007-2008 the priorities were: (1) Affordable Housing; (2) Special Populations; (3) Seniors/Youth; (4) Services and Training for Low- & Moderate Income Persons; (5) Homelessness; and (6) Community Facilities. CDBG funds were provided to: Crisis Nursery, Frances Nelson Health Center, Mental Health Center/Homeless Youth Program, and Persons Assuming Control of their Environment (PACE, Inc.). To provide flexibility and a larger range of possibilities, staff recommends funding: Seniors, Special Populations, Homeless and Youth.

There was discussion on the number of priorities, if an agency would apply for funds under a particular priority, and whether the priorities should be ranked in order of importance. In response to Commissioner Francis, Mr. Schneider explained the difference between affordable housing and barriers to affordable housing. Examples are that producing an actual housing unit

would address affordable housing, while providing information on fair housing would address barriers to affordable housing.

In response to a question on community facilities, Chairperson Cobb remembered residents wanting a community center in the King Park area. Mr. Schneider noted these funds would not be used for a community center building; rather, they would be for staff to provide programs for seniors, youth, etc.

In response to Commissioner Francis, Ms. Hartford explained that special populations would include persons with special needs or disabilities. Mr. Schneider said the City Council will review all CSSF applications and decide which ones to fund. By using the CD Commission's priorities and HUD's regulations, Ms. Hartford determines which applications are eligible to receive CDBG monies.

Chairperson Cobb asked if the public hearings provided any guidance from the public. Janel Gomez answered that persons at the King School public hearing were pleased with the City's programs for seniors.

Commissioner Roof recommended giving all categories equal priority and letting staff decide based on their knowledge of the agencies. Commissioner Diana noted the priorities provide funding guidelines and give staff direction if there was a tie. He asked if last year's guidelines worked well. Ms. Hartford replied that only four agencies received CDBG funds and noted that other applicants would not qualify. Consideration was given to those agencies who received CDBG in the past since agencies must be familiar with the many federal regulations when they use CDBG funds.

Commissioner Diana wondered if there was a need to change priorities to serve a broader population. Noting that \$12,000 was not a lot of money, Commissioner Vidoni said historically the CD Commission wanted to set priorities for funding.

Dale Morrissey, Developmental Services Center, suggested choosing three or four priorities, not ranking them, and choosing applications based on their strengths. There was further discussion on ranking. Noting priorities should be changed to meet current needs, Commissioner Francis said homelessness was important.

Commissioner Vidoni moved to recommend to City Council approval of staff's priority recommendations: Seniors, Special Populations, Homelessness, and Youth. There was discussion on how many applications would qualify and whether Seniors/Youth should be separate priorities. Commissioner Francis wanted to move homelessness higher in the ranking. Mr. Schneider clarified that special populations implied special needs.

Commissioner Vidoni modified his motion to recommend to City Council approval of the following priorities: (1) Youth/Seniors; (2) Homelessness, (3) Special (needs) Populations. Commissioner Diana seconded the motion. In response to Commissioner Francis, Mr. Schneider clarified that CDBG funds were only for Urbana, while HOME funds were used for the Cities of Urbana and Champaign plus Champaign County. The public service portion of CDBG funds could be used for an agency's staff salaries while HOME funds could be used to actually build a house. Chairperson Cobb asked if these three categories would cover most agencies, and Ms.

Hartford replied yes. There was discussion on reordering priorities, the limited amount of funds, and whether agencies would be discouraged from applying. *The motion carried unanimously.*

Resolution Evidencing the Intention of the City of Urbana, Champaign County, Illinois, to Issue Single Family Mortgage Revenue Bonds and Related Matters (Private Activity Bond Cap Allocation – Assist Urbana Series 2008) –

Resolution Approving Participation in Illinois Housing Development Authority (IHDA) First-Time Homebuyer Single-Family Programs (Private Activity Bond Cap Allocation – MCC and MRB Programs – Series 2008) –

Mr. Schneider provided background about Private Activity Bond Cap and stated that the bond cap amount is \$85 per capita population for 2008. Communities may use these funds for below-market rate financing for affordable housing, mortgage credit certificates in support of homeownership, or below-market rate financing for limited types of industrial developments.

Historically the City of Urbana has used funds for the Assist Program, which is a first-time homebuyer program that provides a conventional loan at a lower market rate. In 2007 through the Assist Program, Stern Brothers administered \$6,294,509 in home loans for 63 Urbana families. The City also ceded half of its 2007 bond cap to two Illinois Housing Development Authority (IHDA) programs: IHDA First-Time Homebuyer Single Family Program (MRB) and the IHDA Mortgage Credit Certificate (MCC) Program. The MRB Program offers a reduced interest rate or downpayment assistance, while the MCC Program offers a direct credit on the homeowner's income taxes.

The Community Reinvestment Group (CRG) lenders supported allocating all programs. GMD staff recommends allocating \$1,642,966 to the Assist Program, \$821,482 to the IHDA MRB Program, and \$821,482 to the IHDA MCC Program.

There was discussion on the differences between the Assist Program and IHDA's Programs. Mr. Schneider clarified that the City of Urbana does not issue bonds for first-time homebuyer programs. The local lenders work directly with Stern Brothers who administer the Assist Program, and IHDA who administers the MRB and MCC Programs. The City of Champaign and Champaign County also cede their bond cap to these programs.

Mr. Schneider described the bond cap process. Referencing IHDA's website, Commissioner Roof requested information on numbers of households and amount of assistance. Mr. Schneider stated that he had been in contact with IHDA regarding this and other program data. Feedback from the CRG lenders is that the Assist Program and IHDA's MRB Program work well, with IHDA's MCC Program working "pretty well."

Commissioner Roof moved to not vote on the resolutions for the Private Activity Bond Cap until the next meeting. Commissioner Diana seconded the motion for purposes of discussion. Commissioner Michelson was concerned with the timing since the governor must receive the request by May 1. Commissioner Roof wanted IHDA to provide information on participation. There was discussion on whether or not the CD Commission should make a recommendation or wait for more information. Mr. Schneider suggested the CD Commission had the option of recommending City Council cede the entire bond cap to the Assist Program and not fund IHDA.

There was discussion on ceding bond cap, whether the City should issue bonds, and which programs are most popular with first-time homebuyers. Commissioner Francis remarked that IHDA's MCC Program was more valuable since it was a source of tax credits. Commissioner Roof suggested the local lenders explain the benefits of the different programs to the CD Commission.

Commissioner Roof modified his motion to recommend using 100% of the Private Activity Bond Cap for the Assist Program unless the City of Urbana receives more information from IHDA to validate the merits of each program. Commissioner Francis did not agree. Commissioner Roof was concerned with the lack of information from IHDA and their outdated website. There was discussion on the merits of Assist, MRB and MCC Programs. Chairperson Cobb stated the motion failed for lack of a second.

Commissioner Diana said the concern was on complete and accurate data. In response to Commissioner Francis, Mr. Schneider said the MRB Program is similar to the Assist Program, but it serves a different population. Also, IHDA has programs to help households in financial trouble and prevent foreclosure. Chairperson Cobb stated this assistance helps a person at a certain time in his/her life, when they really need it.

Mr. Schneider explained that Stern Brothers and IHDA relieve the City of the administration and liability of these programs. Commissioner Roof inquired about the City administering the bonds. Mr. Schneider replied that the City does not have staff expertise to do this, and the City would need to develop a new program.

Commissioner Vidoni agreed that the City needed more information. However, he found staff's recommendation reasonable and has merit, based on the consensus among the CRG representatives.

Based on Commissioner Vidoni's argument, Commissioner Diana moved to recommend to City Council the following allocation of the City of Urbana 2008 Private Activity Bond Cap: \$1,642,966 for the Assist Program, \$821,482 for the IHDA First-Time Homebuyer (MRB) Program, and \$821,482 for the IHDA Mortgage Credit Certificate (MCC) Program. Approval is on the basis of having limited information and using judgment and due diligence. Also, there is a need to send a concise letter from staff through City Council to IHDA noting that, for continued participation in the funding allocation, the City of Urbana needs specific information by certain dates. Commissioner Vidoni seconded the motion. Chairperson Cobb called for a show of hands. The vote was 4 ayes, 1 nay, and 1 abstention. The motion carried.

In response to Commissioner Michelson, Mr. Schneider mentioned options for local lenders to discuss the different first-time homebuyer programs.

Adjournment: Chairperson Cobb adjourned the meeting at 9:10 p.m.

Recorded by Connie Eldridge