



APPROVED by CD Commission 3-24-09
MINUTES
COMMUNITY DEVELOPMENT COMMISSION
Tuesday, February 24, 2009, City Council Chambers
400 South Vine Street, Urbana, IL 61801

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, Janice Bengtson, Chris Diana, George Francis, Theresa Michelson, Jerry Moreland, 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; Aaron P. Smith, Homestead Corporation.

Approval of Minutes: *Chairperson Cobb asked for approval or corrections to the January 27, 2009 minutes. Page 3, last paragraph, first sentence should read, "In response to Commissioner Roof, e-co lab felt the "sweet spot" for the price of their house would be between \$110,000 - \$100,000." Page 6, sixth paragraph, third sentence should read, "Of the six persons receiving vouchers, two have transitioned..." Page 7, second paragraph, second sentence should read, "The cost is higher due to higher quality of materials and higher energy efficiency." Commissioner Michelson moved to approve the minutes as corrected, and Commissioner Roof seconded the motion. The motion carried unanimously.*

Petitions and Communications: None.

Staff Report: Mr. Schneider provided updates and distributed a staff briefing memorandum dated February 24, 2009. The Draft Annual Action Plan (AAP) for Fiscal Year (FY) 2009-2010 is available for a 30-day public comment period. On March 24, 2009 at 7:00 p.m. the Community Development (CD) Commission will hold a public hearing on this draft. The Department of Housing and Urban Development (HUD) advised the City to assume it would receive the same amount of Community Development Block Grant (CDBG) and HOME Program funding as it did in FY 2008-2009.

City Council approved the amendments to the FY 2004-2005, 2006-2007, 2007-2008, 2008-2009 AAPs, and staff forwarded them to HUD.

Mr. Schneider reviewed staff's responsibilities. Grants Management Division (GMD) staff mail 1-2 homebuyer packets per week, with more during the spring. Also, when Urban League of Champaign County Development Corporation (ULCCDC) closed, eight families were in the ULCCDC Lease Purchase Program. Staff is working with lenders to transfer the families to permanent financing. At this time two clients have transitioned to having their own mortgages.

One of the City's Transitional Housing units had frozen pipes and staff is working on getting the water damage repaired.

The SHEDAWAY (Secondary Structure Demolition Program) has issued the contract for its first qualified applicant.

March 24, 2009 is the target date to close on the Crystal View project. The City has to process an agreement with Homestead Corporation that complies with HOME regulations.

Staff is working with the Ecological Construction Laboratory (e-co lab) concerning the sale of the single family house at 1007 West Fairview Avenue. E-co lab cannot begin construction on 901 North Division Avenue until 1007 West Fairview is sold. The City has requested e-co lab submit a revised budget for 901 North Division Avenue. Staff is processing a request to amend e-co lab's Community Housing Development Organization (CHDO) contract for both properties. Staff also anticipates another amendment when the City of Champaign reallocates HOME funds. In response to Commissioner Roof, Mr. Schneider stated that e-co lab is requesting an additional \$15,000. It is more advantageous to amend the contract, if possible, rather than amend the AAP. The CHDO allocation for 901 North Division Avenue will be increased in next year's AAP.

Commissioner Roof noted that e-co lab was advertising 1007 West Fairview Avenue for \$117,000. Mr. Schneider stated there is \$6,000 in downpayment assistance from American Dream Downpayment Initiative (ADDI) funds set aside for that project.

Old Business: None.

New Business: **Review Draft City of Urbana and Urbana HOME Consortium Annual Action Plan (AAP) for Fiscal Year 2009-2010** – Mr. Schneider gave an overview of the Annual Action Plan process: the plan schedule; neighborhood meetings, public hearings, applications for CDBG and HOME funds, and funding amounts projected for next year as directed by the City's HUD representative. At this time it is not known how the new federal stimulus package will be allocated. Staff is assuming the same formula calculation. Because there will be requirements for timing, staff is working with the City's Public Works Department to identify projects that are "shovel ready."

Since Champaign/Urbana is a very stable community, the cities will not receive neighborhood stabilization funds. However, the cities may receive funds at the state level if those funds are not used.

Kelly Hartford reviewed the CDBG portion of the AAP. HUD has estimated the City of Urbana will receive \$460,655, which is the same as this year's funding. 20% of the grant may be used for general administration. The total federal resources, including program income and unobligated carryover from prior years, is projected to be \$594,655.

Allocations for the City of Urbana's Emergency Grant (EG), Access Grant (AG), Get the Lead Out (GLO) Match, Urbana Senior Repair Program, and Property Acquisition are funded at the same level. Public Service Funding, which includes the City's Transitional Housing Program, Neighborhood Cleanup, and the Consolidated Social Service Fund, is limited to 15% of the current CDBG allocation plus 15% of the prior year's program income.

Two agencies requested CDBG funds for Public Facilities and Improvements: A Woman's Fund, \$19,012 to renovate client bathrooms at their shelter; Disabled Citizens Foundation, \$32,821 to renovate their group home located at 2504 Scovill Circle. Staff recommends that both agencies receive complete funding. The remainder is allocated for neighborhood sidewalks in the CD Target Area and streetlight reconstruction in Census Tract 53.

In response to Chairperson Cobb, Mr. Schneider said Grants Management and Public Works staff work together to identify areas that need improvement. Harvey Street is an example. The intent is to accumulate CDBG funds over a three year period to fund the improvements. The actual project is scheduled for 2011.

Referencing the Transitional Housing (TH) Program, Commissioner Diana noted the amount allocated for programming was correct in the Draft AAP but not in the memorandum. Mr. Schneider noted there was a slight increase in personnel and for additional maintenance of the TH units. CDBG program income is comprised of rent from the TH units and repayment of old mortgages from the Whole House Rehabilitation Program. The amount of CDBG program income goes in cycles, with \$34,000 the amount for this budget.

Mr. Schneider added that HOME Program Income/Recapture is derived from the sale of properties during the affordability period. For this budget, the City of Urbana has \$1,000 from American Dream Downpayment Initiative (ADDI) repayments.

Ms. Gomez reviewed the HOME portion of the AAP. For FY 2009-2010, the Urbana HOME Consortium will receive \$1,010,254. 10% is set aside for administration, which is allocated among the three entities (Cities of Urbana, Champaign, and Champaign County). 15% is then set aside for Community Housing Development Organization (CHDO) Reserve Projects. This budget has allocated \$184,000 in CHDO Reserve, which is above the minimum to insure the HOME Consortium has met the minimum requirements over the years. CHDO Reserve funds are allocated as follows: \$80,000 for Homestead Affordable Homeownership Program; \$14,000 for e-co lab's Super Energy Efficient Modular Single Family Home; \$90,000 for e-co lab's Super Energy Efficient Modular Duplex. CHDO Operating Set-Aside Funds are usually capped at \$25,000 per CHDO; however, the maximum 5% allocation equals \$25,256 for each CHDO.

Commissioner Michelson noted a correction to the amount of CHDO funds on page 7 of the memorandum.

The City of Champaign has HOME Program Income that will be added to their FY 2009-2010 HOME allocation and used for their Full House Rehabilitation Program, lot acquisition and neighborhood revitalization. Champaign County will use their HOME allocation for their Housing Rehabilitation Program. City of Champaign and Champaign County HOME Program Income amounts may change before the AAP is finalized.

The City of Urbana will use its HOME funds as follows: \$175,000 for Owner-Occupied Housing Rehabilitation; \$70,000 for Program Delivery; \$30,104 for City Redevelopment Programs. Total allocation, including match, is \$275,104.

The ADDI allocation for FY 2009-2010 is estimated to be \$9,506. Rather than suballocate funds by jurisdiction, this will be spent first come, first served.

Commissioner Roof asked if HUD's Median Family Income (MFI) table was included. Ms. Gomez answered no. Mr. Schneider said the current table could be included; however, HUD may change that later. Although median income for Champaign County has decreased over the past two years, HUD has not changed its income limits. The City of Urbana uses 80% of MFI for its programs. Income limits for first-time homebuyer programs such as Assist Urbana and Illinois Housing Development Authority (IHDA) Home Equity Loan Program are different.

Chairperson Cobb asked what happened to surplus funds. Mr. Schneider answered the HOME Program requires each member to commit HOME funds within two years from the date of allocation and to spend those funds within five years. Funds not used are called "previous year's unallocated funds." Those funds will be included in future amendments. One example is the reallocation of Urbana HOME funds for the Crystal View Project.

Noting the City of Champaign has a lot acquisition program, Commissioner Vidoni asked about an equivalent for the City of Urbana. He felt the City should consider this since buildable lots are hard to find. Mr. Schneider answered that \$100,000 in CDBG funds has been budgeted to acquire lots. The City of Champaign allows non-profit affordable housing providers to use their HOME funds to acquire lots. There is a performance period tied to this. One example is Homestead Corporation receiving lots for the Douglass Park Infill Program.

Commissioner Vidoni asked if exceeding the CHDO Reserve (15% Set-Aside) requirement was a problem or concern. Ms. Gomez answered this was good because it helps increase that average CHDO set aside amount to the 15% required by HUD.

Referencing CHDO Operating Funds, Commissioner Roof wondered if there were three CHDOs, would the HOME Consortium divide the operating funds by three. Ms. Gomez explained it would depend on whether there was a new or established CHDO. The HOME Consortium evaluates this each year depending on need, CHDOs, etc. Commissioner Roof asked about establishing performance criteria in future budgets. Mr. Schneider reviewed past CHDO funding and noted that startup CHDOs receive more funds in their first year than established CHDOs. The HOME Consortium Technical Committee sets policies, evaluates CHDOs based on performance, and recommends capacity building funds. The goal is for CHDOs to function on their own so new CHDOs can be developed.

Commissioner Roof questioned whether CHDOs understood the criteria, and Ms. Gomez replied the CHDOs are aware of the scoring. Aaron Smith, Homestead Corporation, remarked that when CHDOs compete for funds, they understand there is an expectation to deliver affordable housing units. In response to Commissioner Michelson, Commissioner Roof would like a set of criteria and performance reports to use when CHDOs apply for CHDO funds. Commissioner Michelson remarked that bigger cities may have more CHDOs; however, Champaign/Urbana has only two.

Commissioner Silvis remarked that e-co lab contributes to the community's thinking and ability to create very energy-efficient housing. A CHDO's responsibility is to efficiently create affordable housing. Having CHDOs compete for funding seems to get off task. Mr. Smith commented that as a CHDO increases performance and receives more developer fees, there is

less reliance on CHDO operating funds. The exception would be if a CHDO was looking to expand.

Mr. Schneider stated that Homestead Corporation has been a CHDO for a long time and is just now receiving other sources of funding. E-co lab is a newer CHDO that is trying to grow. If funding is reduced based on production, this could run a CHDO out of business. The HOME Technical Committee, which encourages CHDOs to come up with other funding sources, considers production and which CHDO need the funds right now.

Commissioner Roof felt the amount of CHDO Operating Set-Aside would have made more sense if it wasn't divided 50/50. Ms. Gomez explained the Technical Committee reviews whether CHDOs are meeting the basic requirements. The funds, which are a small amount, are not a reward but provide subsistence for business management. The CHDOs are performing at the level that the Technical Committee expects. Commissioner Roof questioned whether this was performance or need based. Mr. Smith remarked it was a balance between nurturing productive CHDOs versus starting new CHDOs.

Chairperson Cobb suggested a score sheet on how well the CHDOs meet their mission. Commissioner Diana remembered several past meetings where questions were raised on how CHDO funds were divided. He suggested scheduling an agenda item on this subject. Mr. Schneider noted that the two other member agencies have input in this process. He agreed with the performance based criteria for CHDO Project Funds. HUD does not provide advice on how to score CHDO Operating Funds. The Technical Committee talks with CHDOs and tries to foster new CHDOs. However, a non-profit housing developer must be in business one year before applying for CHDO funds.

Noting the two CHDOs have served very well, Commissioner Michelson questioned who was being micromanaged. Commissioner Roof wanted more established guidelines to help the CD Commission with its recommendations to City Council. There was discussion on whether to add this to the agenda. Although Commissioner Vidoni felt staff and the Technical Committee considered many variables with the allocation, he would support reviewing this. Commissioner Diana did not mean to imply there was no thought now or in the past. He felt part of the CD Commission's responsibility was to ask questions and better understand how decisions are made. Chairperson Cobb agreed.

Chairperson Cobb inquired whether the CD Commission could make comments on the City of Champaign and Champaign County HOME budgets. Mr. Schneider responded that the City of Urbana cannot advise other entities on how to spend their funds. However, the City could make recommendations on HOME CHDO funds that may be spent anywhere within the HOME Consortium. As the lead agency for the Urbana HOME Consortium, the City of Urbana will accept all comments and forward them to other entities.

In response to Commissioner Roof, Mr. Schneider said that Public Works was working on the City's policy for new, energy-efficient streetlights. While the CD Commission could make recommendations, the City Council makes the final decisions.

In an effort to be transparent, Mr. Schneider said staff welcomes the CD Commission's questions, phone calls, e-mails, etc.

Commissioner Diana thanked Aaron Smith for forwarding information on the Crystal View Townhomes Project. Commissioner Vidoni asked what the CD Commission could do to help. Mr. Smith noted Homestead was very excited about this project, and that the City of Urbana has been very helpful.

Adjournment: *Commissioner Diana moved to adjourn the meeting, and Commissioner Vidoni seconded the motion. Chairperson Cobb adjourned the meeting at 8:23 p.m.*

Recorded by Connie Eldridge

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