



UNAPPROVED by CD Commission 4-28-09

MINUTES

COMMUNITY DEVELOPMENT COMMISSION

Tuesday, March 24, 2009, City Council Chambers

400 South Vine Street, Urbana, IL 61801

Call to Order: Chairperson Cobb called the meeting to order at 7:08 p.m.

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

Commission Members Present: Fred Cobb, Janice Bengtson, Chris Diana, George Francis, Jerry Moreland, Brad Roof, Anne Heinze Silvis, Dennis Vidoni

Commission Members Absent: Theresa Michelson

Others Present: John Schneider, Kelly Hartford, Janel Gomez, Randy Burgett and Connie Eldridge, Community Development Services; Elise Pflederer, Ecological Construction Laboratory; Darlene Kloeppel and Scott Rose, Champaign County Regional Planning Commission; Aaron P. Smith, Homestead Corporation; Jackie Wilkosz, Isabel Rosa, Sarah Scott.

Approval of Minutes: *Chairperson Cobb asked for approval or corrections to the February 24, 2009 minutes. Commissioner Diana moved to approve the minutes, and Commissioner Silvis seconded the motion. The motion carried unanimously.*

Petitions and Communications: None.

Staff Report: Mr. Schneider provided updates and distributed the following: a staff briefing memorandum dated March 24, 2009 and the Fiscal Year (FY) 2009 Income Limits Documentation System for Champaign County from the Department of Housing and Urban Development (HUD). HUD has increased the annual household income limits for 2009. HUD also approved the City of Urbana and Urbana HOME Consortium amendments to the FY 05-06, FY 06-07, FY 07-08, FY 08-09 Annual Action Plans (AAPs). As a result, the City will proceed with the closing on the Crystal View Townhomes project (formerly Lakeside Terrace). The developer is coordinating many lenders and different types of funds: Illinois Housing Development Authority (IHDA), Federal Home Loan Bank (FHLB), tax credits, IFF nonprofit funding, Chase Bank construction lending, etc.

The City of Urbana will receive Community Development Block Grant (CDBG) funds as part of the federal government's new American Recovery Reinvestment Act (ARRA). The funds are to encourage job creation and economic initiatives.

Old Business: **City of Urbana and Urbana HOME Consortium Annual Action Plan for Fiscal Year 2009-2010** – Mr. Schneider noted the Champaign County Regional Planning Commission (CCRPC) had requested minor adjustments to the Draft AAP, and that CCRPC representatives were present to answer any questions. The Committee of the Whole will review the AAP at its April 13, 2009 meeting.

Commissioner Vidoni questioned the fact that the Draft AAP did not include final grant amounts from HUD. Mr. Schneider explained that HUD has still not provided final numbers. The City's HUD representative told staff to assume there would be an increase in CDBG funds and a substantial increase in HOME funds. The AAP will need to be amended if the final numbers are received after its approval.

Commissioner Vidoni asked about priorities and direction if the funding was increased. Mr. Schneider anticipated that the CDBG funds would increase negligibly. These could be set aside as unallocated funds and either reallocated during the fiscal year or held until the next fiscal year. The HOME Consortium Technical Committee could allocate the Community Housing Development Organization (CHDO) Operating and CHDO Set-Aside funds. HOME funds would be divided proportionally among the three entities (City of Urbana, City of Champaign, and Champaign County). Each entity determines the use of their portion of HOME funds.

Noting the priorities might change, Commissioner Vidoni wanted the CD Commission to review them before the AAP was presented to City Council. Mr. Schneider suggested holding a special CD Commission meeting or amending the AAP at a later date. Chairperson Cobb suggested making approval conditional on the CD Commission approving the final budget. Mr. Schneider stated that HUD must receive the AAP by May 15. Commissioner Diana wondered if changes or amendments to the AAP would require a public hearing. Mr. Schneider answered that would depend on the amount of new funding. The City's Consolidated Plan requires a public hearing when project funding is increased by 20%. If the future funding is a small amount, a public hearing may not be needed. In that case, Commissioner Diana suggested letting City Council finish the AAP process.

Chairperson Cobb requested an update on the FY 2009-2010 AAP at the next CD Commission meeting. In response to Chairperson Cobb, Mr. Schneider said that all changes were included up to this date.

Commissioner Diana moved to recommend to City Council approval of the City of Urbana and Urbana HOME Consortium Annual Action Plan for Fiscal Year 2009-2010. Commissioner Bengtson seconded the motion. There was discussion on the mechanism if there were substantial changes to the AAP. Mr. Schneider stated any additional funds would be marked "unallocated" and placed in the budget. The AAP will be amended when it is next revisited. Chairperson Cobb clarified the CD Commission was approving the budget as currently presented to the CD Commission. The motion carried unanimously.

New Business: An Ordinance Approving and Authorizing an Amendment to a Community Housing Development Agreement Between the Urbana HOME Consortium and the Ecological Construction Laboratory – Super Energy Efficient Home FY 2007-2008
– Mr. Schneider stated this is an amendment to a Community Housing Development Organization (CHDO) Developer Agreement which allocated \$31,000 (including match) of CHDO Set-Aside funds for a Super Energy Efficient Home at 901 North Division Avenue, Urbana. Ms. Gomez stated e-co lab has requested additional funds for its Super Energy Efficient Home, which is for sale at 1007 West Fairview Avenue, Urbana. The additional funds will pay for realtor fees and lower the cost of this home for an income-qualified buyer. The Urbana

HOME Consortium Technical Committee discussed and supports this amendment. Staff consulted with the City's Legal Division regarding the proper process. Amending the current agreement to increase the number of units produced from one to two would allow the funds to become available more quickly. Thus, funds would be immediately available for 1007 West Fairview Avenue. E-co lab has a very interested homebuyer for the home on Fairview Avenue. Later the City and HOME Consortium will need to amend the AAP to provide additional funds for the Super Energy Efficient Home at 901 North Division Avenue.

Noting this was a very creative solution to this problem, Commissioner Roof did not want to create a situation where both projects were stalled. Mr. Schneider noted staff has worked closely with e-co lab, and they all felt this was the best approach. This will close out the project at 1007 West Fairview Avenue, and it gives e-co lab time to find a buyer for the next house on Division Avenue. HUD has recently raised the median family income limits, and e-co lab is working to identify other funding for its next project. However, the primary goal is to get the house at 1007 West Fairview sold.

Elise Pflederer reviewed e-co lab's progress with the potential homebuyer, lawyer for the closing, and realtor. With this amendment e-co lab anticipates having the project on Fairview completed and closed by the end of April 2009.

Commissioner Roof requested the CD Commission visit project sites, and he inquired about e-co lab's efforts with the factory builder. Ms. Pflederer answered that Homeway Homes is currently working on a passive solar house for the University of Illinois (Solar Decathlon). Homeway is constructing a building shell, and U of I students will take it to completion. She hoped that Homeway would lower its bid so that Homeway and e-co lab would be able to work together on smaller homes. She added that Homeway offers tours every Saturday at 1:00 pm. Ms. Gomez will forward information on open houses to the CD Commission.

Commissioner Roof moved to recommend to City Council approval of an Ordinance Approving and Authorizing an Amendment to a Community Housing Development Agreement Between the Urbana HOME Consortium and the Ecological Construction Laboratory – Super Energy Efficient Home FY 2007-2008. Commissioner Francis seconded the motion. Referencing a potential conflict of interest, Commissioner Diana abstained. The motion carried with 7 ayes, 0 nays, and 1 abstention.

Resolution Evidencing the Intention of the City of Urbana, Illinois, to Transfer Volume Cap in Connection with Private Activity Bond Issues, Single Family Mortgage Revenue Bonds and Related Matters (Private Bond Cap Allocation – Assist Urbana, Series 2009) –

Resolution Approving Participation in Illinois Housing Development Authority First-Time Homebuyer Single Family Programs Private Activity Bond Cap Allocation – MCC Programs – Series 2009) – Mr. Schneider discussed both resolutions and noted the bond market is not in the best shape to help these programs. David Rasch, Managing Director of the Assist Program for Stern Brothers & Co., provided statistics for the 2008 Assist Program and requested the City cede its entire 2009 Private Activity Bond Cap to them for the Assist Program. Bond funds may be used for (1) below-market-rate financing for affordable housing; (2) mortgage

credit certificates in support of homeownership, or (3) below-market-rate financing for limited types of industrial development. Mr. Schneider noted the City's Economic Development Division did not have any requests for industrial development. After discussions with the City of Champaign and local lenders from the Community Reinvestment Group (CRG), staff recommends ceding one-half (\$1,766,680) of the City's bond cap to the Assist Program and one half (\$1,766,680) to the Illinois Housing Development Authority (IHDA) Mortgage Credit Certificate (MCC) Program.

IHDA receives its Private Activity Bond authority from the federal government. Because IHDA may issue straight tax credits, they do not have to market bonds. In the past IHDA funded eight mortgages through its MRB Program and nine Urbana homebuyers through its MCC Program. IHDA has ended its MRB Program due to the market.

Commissioner Vidoni questioned the difference between the average Assist loan (\$102,000) and the average MCC loan (\$87,000). Mr. Schneider believed that different buyers chose different programs, depending on how much downpayment assistance they needed. Commissioner Vidoni and Mr. Schneider agreed it would not be as easy to issue a lot of mortgages through Assist but that it . There was discussion on the differences between the two programs and whether one program should receive more funds. Commissioner Roof suggested next year tailoring the limits to focus on certain populations. In response to Commissioner Francis, Mr. Schneider stated there have been no foreclosures in these programs.

There was discussion on the number of first-time homebuyers helped by these programs. Commissioner Roof, who had spoken with David Rasch, remarked that the Assist Program has a good track record and is following the spirit of the program. Although he preferred lowering the household income limits, the current limits provide more flexibility and help a wider range of households. Mr. Schneider added that while these are statewide limits, local program participants do not purchase homes anywhere near those limits.

Commissioner Francis raised the issue of favoring one plan over another. Mr. Schneider answered that the CD Commission could recommend any amount to either program. Ms. Gomez added the CRG preferred having more options to help a wider range of households. Commissioner Francis asked which program the banks favored in the past. Mr. Schneider replied in the past the lenders were frustrated with IHDA's MRB Program, which is no longer offered. Commissioner Francis was concerned with lenders not owning their mortgages and requiring homeowners to pay extra to keep their mortgage locally.

Commissioner Roof said there was a choice not to cede any bond cap. Commissioner Francis replied that was the least interesting option. Mr. Schneider clarified that the City could reserve the bond cap for a local use. The State of Illinois will automatically recapture these funds unless the City acts before May 1. This happened a few years ago when the bond cap reserved for Lakeside Terrace project expired.

Referencing the industrial development option, Commissioner Roof asked if the City had a process to solicit funds for small business. Mr. Schneider said he had discussed the potential for such uses with Tom Carrino, Manager of the Economic Development Division who indicated

there were none. Mr. Schneider invited Commissioner Roof to contact Mr. Carrino to discuss future bond cap use in that regard.

Commissioner Francis stated that IHDA's MCC Program was wiser, and he did not want to return funds to the State. Mr. Schneider reviewed program guidelines. Homebuyers with their own downpayment funding may prefer IHDA's MCC Program. Homebuyers who need downpayment assistance may choose the Assist Program.

Commissioner Vidoni moved to recommend City Council allocate the City of Urbana's total 2009 Private Activity Bond Cap (\$3,553,560) as follows: 50% to Assist Urbana, Series 2009 and 50% to the Illinois Housing Development Authority (IHDA) Mortgage Certificate Credit (MCC) Program, Series 2009. Commissioner Roof seconded the motion, and the motion carried unanimously.

Community Development Block Grant (CDBG) Public Service Priorities – Mr. Schneider explained how the FY 2009-2010 AAP allocated \$12,500 for the Consolidated Social Service Funding (CSSF) pool, which also includes City of Urbana General Funds and Cunningham Township funds. Staff is requesting the CD Commission provide funding priorities for the CDBG portion of the funds in this pool.

Kelly Hartford noted all applicants who received CDBG Public Service funds in FY 2008-2009 also received funds from other sources. Staff recommends using the same priorities as last year, which were (in order of importance): Youth/Seniors, Homelessness, and Special (Needs) Populations. These priorities allow more agencies to qualify for CDBG funding.

There was discussion on what different priorities were, such as Services and Training for Low- and Moderate-Income Persons. Mr. Schneider clarified that MoneySmart did not qualify because the recipient must be a non-profit social service agency. Chairperson Cobb suggested using the process of elimination. Commissioner Roof suggested no major changes to the priorities since many agencies qualified for CDBG funding in the past. Commissioner Silvis was comfortable with last year's priorities. Mr. Schneider noted the City of Urbana has programs to address Lead Based Paint, Affordable Housing, and Infrastructure, with the Continuum of Care focusing on homelessness.

Commissioner Francis was concerned about agencies that would not receive funding because they did not meet the three CDBG priorities. Ms. Hartford clarified that those agencies may receive funding through either the City's General Fund or Cunningham Township funds.

Commissioner Roof moved to recommend the Community Development Commission set priorities for Community Development Block Grant (CDBG) Public Service Funding, as part of the Consolidated Social Service Funding Pool, as follows in order of importance: Youth/Seniors; Homelessness; and Special (Needs) Populations. Commissioner Francis seconded the motion, and the motion carried unanimously.

Closed Session – Real Estate Purchase ILCS120/2(2)(11) – *Commissioner Roof moved to recommend the CD Commission enter closed session for the purpose of discussing Real Estate*

Purchase Pursuant ILCS120/ 2(2)(11). Commissioner Moreland seconded the motion. The motion to go into closed session was approved by a roll call vote:

<i>Bengtson – yes</i>	<i>Moreland - yes</i>
<i>Cobb – yes</i>	<i>Roof - yes</i>
<i>Diana - yes</i>	<i>Silvis - yes</i>
<i>Francis - yes</i>	<i>Vidoni - yes</i>
<i>Michelson - absent</i>	

Disposition: The motion to go into closed session was approved by a roll call vote (8-yes; 0- no; 1-absent). Chairperson voting.

The CD Commission moved to closed session at 8:12 p.m.

The CD Commission resumed regular session at 9:15 p.m.

Adjournment: *Commissioner Silvis moved to adjourn the meeting, and Commissioner Roof seconded the motion. The motion carried unanimously. Chairperson Cobb adjourned the meeting at 9:18 p.m.*

Recorded by Connie Eldridge

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