



APPROVED by CD Commission
MINUTES
COMMUNITY DEVELOPMENT COMMISSION SPECIAL MEETING
Tuesday, May 19, 2009, City Council Chambers
400 South Vine Street, Urbana, IL 61801

Call to Order: Chairperson Cobb called the meeting to order at 7:02 p.m.

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

Commission Members Present: Fred Cobb, Janice Bengtson, Chris Diana, Theresa Michelson, Jerry Moreland, Brad Roof, Dennis Vidoni

Commission Members Absent: Anne Heinze Silvis, George Francis

Others Present: John Schneider and Connie Eldridge, Community Development Services.

Approval of Minutes: *Chairperson Cobb asked for approval or corrections to the April 28, 2009 minutes. Commissioner Roof moved to approve the minutes, and Commissioner Bengtson seconded the motion. The motion carried unanimously.*

Petitions and Communications: None.

Staff Report: Mr. Schneider announced that Grants Management Division (GMD) staff had forwarded the Annual Action Plan (AAP) for Fiscal Year (FY) 2009-2010 to the Department of Housing and Urban Development (HUD) on May 14, 2009. The City of Urbana received additional federal funding of approximately \$6,700 in Community Development Block Grant (CDBG) and approximately \$117,000 in HOME Investment Partnership funds. Ten percent of the HOME funds were allocated to the Administration line item. The additional CDBG and balance of HOME funds are listed as unallocated. The HOME Technical Committee will decide how to use the balance of the HOME funds. Since HUD no longer provides funds for the American Dream Downpayment Initiative (ADDI) Program, one consideration is to use the extra HOME funds for a local first-time homebuyer assistance program. There has been an increase in requests for first-time homebuyer downpayment assistance.

Mr. Schneider briefly described HUD's CDBG-R regulations concerning the Proposed Substantial Amendment to the FY 2008-2009 AAP as a result of the American Recovery and Reinvestment Act (ARRA). HUD reduced the public comment period from 30 to 7 days for this amendment. Staff placed a notice on the City's website and published an ad in *The News-Gazette*. The Community Development (CD) Commission will discuss this amendment tonight, and the City Council will consider it at a Special Meeting on Tuesday, May 26, 2009. There will be a public hearing on Friday, May 22, 2009 at 11:00 a.m.

Mr. Schneider distributed a reminder for the Crystal View Townhomes groundbreaking ceremony on May 20, 2009 and a flyer for National Senior Health & Fitness Day on May 27. GMD staff attend community events and provide information on City programs.

City Council approved the transfer of 1107 and 1109 North Gregory Street to Homestead Corporation of Champaign Urbana. Also, Council approved the Ecological Construction Laboratory (e-co lab) and Homestead as Community Housing Development Organizations (CHDOs).

Referencing the sale of 1007 West Fairview Avenue, Mr. Schneider reviewed issues with the City's Land Use Agreement for properties that are donated to CHDOs. The Federal Home Administration (FHA) asked the City to waive this requirement. He reviewed the history of affordability periods on past projects. A land use restriction is a deed restriction. If a lender foreclosed on a property with this restriction, they could only sell the property to a low-income person. The City has asked the FHA to review this agreement and provide language that would make them comfortable. This requirement affects projects with Homestead, e-co lab, and Habitat for Humanity if they received lot donation from the City.

Commissioner Diana did not think FHA would accept any deed restrictions. Because each situation is different, blanket wording would not work. Mr. Schneider noted that the affordability period for HOME funds is waived with FHA loans. Otherwise, the City places a mortgage on a property for the affordability period, typically five years.

Old Business: None.

New Business: **An Ordinance Approving a Substantial Amendment to the City of Urbana and Urbana/Champaign/Champaign County HOME Consortium Consolidated Plan/Annual Action Plan FY 2008-2009 CDBG-R** – Mr. Schneider stated the City has anticipated this since Congress passed the American Recovery and Reinvestment Act in February 2009. On March 18, 2009 HUD notified the City that it would receive a grant of \$125,097 in CDBG-R funding. Although certain regulations were waived, the City would have to amend its Annual Action Plan and follow a public information process.

The City is proposing to use the grant funds for reconstruction of Green Street from Vine Street to Cottage Grove Avenue in Census Tract 55. This project is "shovel-ready" and in the CD Target Area. Also, there had been earlier discussions about funding reconstruction of brick sidewalks in the same area. Even though the project was contemplated, the funding helps stimulate employment.

Mr. Schneider reviewed how the proposed amendment met program requirements. The project must be committed within 120 days after enactment of the Act. If the City does not submit by the June 5, 2009 deadline, the City could lose the funds. Using CDBG-R funds will help make City funds to be available for future projects. This project helps create and retain construction jobs, provides for energy conservation and follows smart-growth strategies. Because Section 3 regulations apply, contractors will be required to employ minority-owned and women-owned businesses and to hire low-income persons from the area.

Commissioner Roof inquired if the Green Street Reconstruction would have happened this year anyway. Mr. Schneider answered yes. Commissioner Roof asked about other shovel-ready projects, and Mr. Schneider noted this was the only project in the City's Target Area. City staff and the Mayor felt this was the best project for these funds. HUD's instructions for these funds

encourages cities to invest funds in projects already planned and in process, and this project met that criteria.

Referencing the spirit of the ARRA, Commissioner Roof was concerned that this did not create anything that was not already planned. He asked if the CDBG funds displaced City funds. Mr. Schneider answered that it would make City funds available for other projects and mentioned the constricted timeline and HUD's regulations. Commissioner Roof wanted the City to spend its displaced funds within this year to fulfill the spirit of the recovery act. Mr. Schneider mentioned the possibility of moving up planned sidewalk reconstruction in the target area; however, another constraint is the workload of the City's Engineering Division.

Chairperson Cobb questioned whether the CD Commission would have any impact on how City funds were spent. Mr. Schneider did not believe so, especially if the funds came from the City's motor fuel tax or CIP funds. However, he would work with Public Works staff to get funds allocated for another CDBG eligible project, if possible.

In response to Chairperson Cobb, Mr. Schneider stated that City staff understands the need to work together to effectively produce infrastructure. The City uses a combination of funds and efforts to produce a positive outcome. It is understood that CDBG-R funds will have a ripple effect and produce construction jobs for future projects that may have otherwise been delayed.

In response to Commissioner Diana, Mr. Schneider confirmed the CDBG-R funds must be spent on shovel-ready projects, or the City may not receive the funds. Because this is not a large amount of funding, there is a limited scope. He clarified the City would request bids on or around June 30, 2009.

Commissioner Vidoni enthusiastically endorsed this project's goal. He felt curb and street improvements in the area east of the City Building should be a high priority. That particular census tract appears to need more infrastructure improvements. Mr. Schneider mentioned creating an inventory of past CDBG infrastructure projects. For example, Census Tract 53 has had many CDBG infrastructure projects completed, the most recent being the Harvey Street improvements. The City of Urbana will be creating a new five-year Consolidated Plan, which will include infrastructure projects.

Commissioner Roof and Chairperson Cobb preferred to place the displaced funds in a standalone CD project. There was discussion whether City Council would approve this or if this was the way to go. Mr. Schneider mentioned constraints on Public Works staff. In addition, the City commits plans to commit CDBG funds to infrastructure projects in the CD Target Area. The Capital Improvement Plan (CIP) funding is the source of cash match for HOME funding.

Commissioner Diana suggested the CD Commission separate their request from the recommendation. The standalone request would be for City Council to seek an appropriate project to fund rather than tie it as a condition to CD's recommendation. Commissioner Roof felt it was more logical to tie the request to the recommendation. There was discussion on what information would be provided to HUD.

Since this amendment would save City project funds, Chairperson Cobb stated the CD Commission would like to comment on how the City would use those “saved” funds. Commissioner Vidoni supported the amendment and suggested a resolution that the displaced funds be used for another project this fiscal year. There was discussion on the cost of the Green Street Reconstruction as compared to the amount of CDBG-R funds. Commissioner Michelson was concerned that the City would need to hire an engineering consultant for an additional project in order to meet such a deadline, thus reducing the amount for the project. Commissioner Roof stated this would still create jobs. If the project cost was higher than the minimum estimate, Commissioner Bengtson thought the CDBG-R funds might be needed to fill the gap.

Noting its advisory capacity, Mr. Schneider felt it was more in the purview of the CD Commission to make recommendations instead of providing requirements regarding use of such funds. Chairperson Cobb suggested using careful wording in a resolution.

Commissioner Diana stated the purpose of many projects is to create jobs and stimulate the economy. He assumed the City will spend these “saved” funds somewhere else in the City. It was irrelevant to him whether the City funds were spent in the CD Target Area. This was additional money that happened to funnel through this avenue, with the purpose of “getting the money out there.”

Referencing the economy, Commissioner Roof felt that the spirit was to stimulate, not just sustain, growth. Commissioner Vidoni felt City Council would, “take us at face value as an advisory body of reasonable people” who are making a recommendation. Chairperson Cobb added the CD Commission is an independent body with its own mind. Although the CD Commission may not always say things that are comfortable for City Council, the Commission “says things that are reasonable.”

In response to Commissioner Moreland, Mr. Schneider stated the CD Target Area is based on U.S. Census results. The Target Area has 51% or more of households at or below 80% of Median Family Income (MFI).

There was discussion about the City using minority-owned and female-owned businesses in this project. Mr. Schneider noted that Section 3 and Davis Bacon requirements must be reported to HUD. Chairperson Cobb requested a list of minority and female contractors whom the City has identified for this project. Mr. Schneider said that the City had not identified any at this point as that is part of the bid process. However, he will request that information regarding potential sub-contractors from the Engineering Division.

Commissioner Vidoni moved to recommend to City Council approval of an Ordinance Approving a Substantial Amendment to the City of Urbana and Urbana/Champaign/Champaign County HOME Consortium Consolidated Plan/Annual Action Plan FY 2008-2009 CDBG-R. Commissioner Bengtson seconded the motion, and the motion carried unanimously.

Referencing the Substantial Amendment for FY 2008-2009 CDBG-R funds, Commissioner Vidoni made the following motion: That the Community Development Commission resolve to recommend that displaced funds be utilized as a standalone project to be committed during this fiscal year. Commissioner Roof seconded the motion.

There was discussion as to the wording and intent of the motion. Commissioner Michelson questioned why this should be a standalone project and why it should be limited to \$125,097. Chairperson Cobb noted this seemed to be the first preference of the CD Commission, but agreed it could be used as part of another project. Commissioner Bengtson mentioned the potential of problems in finding an appropriate standalone project.

Commissioner Roof preferred creating a new project that did not exist in any current plans. Noting the City Engineering Division has long range plans for the next 10-15 years, Commissioner Michelson felt that creating a totally new project was not an efficient use of City government. Commissioner Roof suggested funding a project that did not require additional engineering, but would provide stimulus and meet the spirit of the ARRA recommendation. An example would be paying for curbs on another street. Commissioner Moreland asked if there were any projects that could be “shovel ready” next spring. Commissioner Bengtson preferred the funds stay in the CD Target Area.

Commissioner Diana remarked the CD Commission was asking City Council to act in the spirit of the ARRA. He noted a generic request was easier to fulfill. There was discussion on whether to describe the City funds as “displaced budgeted money.” Mr. Schneider suggested the wording “increased available City funds.” Because the City of Urbana’s budget for next fiscal year is in the process of being approved, Mr. Schneider did not know how this would be handled. Also, it is possible that HUD may not approve this amendment, in which case the City would have to revise and resubmit its application. Commissioner Roof asked if HUD would view the City’s application less favorably due to the additional resolution. Mr. Schneider did not know.

Rather than refer to the federal stimulus bill, Commissioner Diana suggested using “American Recovery and Reinvestment Act.” Commissioner Vidoni agreed.

Commissioner Vidoni modified his motion: That the Community Development Commission resolve to recommend to City Council that the increased available City funds be utilized in the Community Development Target Area in a way consistent with the recent American Recovery and Reinvestment Act. The motion carried unanimously.

Adjournment: Commissioner Michelson moved to adjourn the meeting, and Commissioner Diana seconded the motion. Chairperson Cobb adjourned the meeting at 8:10 p.m.

Recorded by Connie Eldridge