



APPROVED by CD Commission 6/25/13

MINUTES
COMMUNITY DEVELOPMENT COMMISSION MEETING
Tuesday, March 26, 2013, City Council Chambers
400 South Vine Street, Urbana, IL 61801

Call to Order: Chairperson Cobb called the meeting to order at 7:05 p.m.

Roll Call: Kelly Mierkowski called the roll. A quorum was present.

Commission Members Present: Fred Cobb, Janice Bengtson, George Francis, Jerry Moreland, Brad Roof, Anne Heinze Silvis, Gregory Hayes, Chris Diana (arrived at 7:30pm)

Commission Members Absent:

Others Present: Kelly H. Mierkowski, Jennifer Gonzalez, and Jenell Hardy, Community Development Services; Sheila Ferguson, Executive Director of Community Elements, Inc.;

Approval of Minutes: *Chairperson Cobb asked for approval or corrections to the February 26, 2013 minutes. Commissioner Roof moved to approve the minutes, and Commissioner Bengtson seconded the motion. The motion carried unanimously.*

Petitions and Communications: None.

Staff Report: Kelly Mierkowski, Grants Management Division Manager, provided a brief overview of the staff report provided to the Commissioners. Ms. Mierkowski addressed a previous request for a history of the property acquisition program. She also asked the Commissioners for opinions regarding mailing hard copies of the packets prior to the meetings. Several Commissioners requested hard copies to be placed in the mail, and other Commissioners preferred electronic versions. Staff noted that they would follow up with each Commissioner regarding his or her preference.

Commissioner Roof noted in the staff report that five properties in the City's lot inventory are set aside for CHDO development, and two are set aside for future large developments. Ms. Mierkowski noted that the Kerr Avenue property is set aside for a large tax credit project that has not yet been funded by the State. Commissioner Roof asked about 1603 Washington, and Ms. Mierkowski responded that the lot was originally owned by Urban League and is currently being used for a community garden. She noted that it would ultimately be used for affordable housing. Commissioner Roof asked if that particular acquisition had been presented to CDC, and Ms. Mierkowski explained that the lot became available very quickly and was being sold by auction. There was no time to take the acquisition before the CDC.

Commissioner Roof asked about the status of the City's lot inventory and whether or not it is at an adequate level for the CHDOs. Ms. Mierkowski assured the Commission that the inventory level changes from time to time based on the construction schedules of the CHDOs. She

mentioned that the inventory is revolving and that the City is always looking for future development opportunities.

Commissioner Roof requested a standing update on future staff reports that highlights the mechanism by which the CD Commissions' votes are received and reviewed by City Council.

Old Business: Commissioner Cobb noted several issues from the meeting in the February meeting of the CD Commission and asked if there were any updates regarding the requests made by the Commission for a new method of highlighting the vote results of the Commission to the Urbana City Council.

Commissioner Diana arrived at the meeting at 7:30 p.m.

Commissioner Cobb asked for an update on the progress of the Urbana Townhomes project. Ms. Mierkowski reviewed the previous events of the meeting and noted that a special meeting would be an option for last minute agenda items, as well as electronic updates on City business. Ms. Gonzalez noted that Ms. Elizabeth Tyler had suggested highlighting the vote of the Commission in the memo that is forwarded to the City Council. Ms. Gonzalez asked the Commissioners for other specific requests outside of that suggestion. Commissioner Roof suggested also highlighting the Commission's vote verbally during the staff presentations to Council and to draw attention to the minutes of the meeting.

Ms. Gonzalez added that to garner an effective consensus on the Commission's reasoning behind a suggested change or recommendation for disapproval, the most effective means of incorporating the Commission's thoughts would be to incorporate it into the motion.

Commissioner Cobb requested an update on the Lanore/Adams Multi-Use Path project and the Urbana Townhomes demolition schedule. Ms. Mierkowski indicated that Public Works is working to complete the Path project, and Building Safety is undertaking the Urbana Townhomes demolition.

A Resolution Approving the City of Urbana and Urbana HOME Consortium (Champaign/Urbana/Champaign County) Annual Action Plan for Fiscal Year 2013-2014 – Ms. Mierkowski noted that the budget cuts may be reduced from an 8.2 percent cut to a 5 percent cut in light of new information made available regarding the federal grant funding and that the budget may change somewhat to reflect those changes. She stated that staff is working with the Finance Department to adjust the funding levels as new information is received regarding budget projections.

Commissioner Cobb asked if the numbers may change due to CD Commission input. Staff replied that the Commission's suggestions would be taken into consideration. Ms. Mierkowski described the budget process in regard to any increases or decreases and how staff would proceed as the planning process continues.

Commissioner Heinz Silvis moved that the Resolution be forwarded to City Council with a recommendation for approval. Commissioner Bengston seconded the motion.

Discussion followed about an amendment to the motion involving a contingency for approval in regard to the 5 percent budget adjustment in light of updated budget reductions published by the Department of Housing and Urban Development. Ms. Mierkowski noted that the Annual Action Plan (AAP) is always an estimate, and that in most cases the City does not receive confirmation of its grant allocations until well after the approval date of the AAP. She also indicated that the City could amend the AAP if needed after the actual grant amounts are received. Commissioner Cobb called for a vote on the motion as it stood.

The motion carried with 5 ayes: Bengston, Heinz Silvis, Cobb, Diana, Moreland; 1 nay: Roof; and two abstentions: Hayes and Francis.

New Business: A Resolution Evidencing the Intention of the City of Urbana, Champaign County, Illinois, To Transfer Volume Cap in Connection with Private Activity Bond Issues, Single-Family Mortgage Revenue Bonds; and Related Matters (Private Bond Cap Allocation – EIEDA, Series, 2013) – Ms. Mierkowski reviewed the proposal and indicated that staff had contacted several agencies for potential programs that needed bond funding. David Rasch, administrator of the AssistUrbana program noted that the Mortgage Credit Certificate program would be starting up again this year. Staff noted that the program had stalled in the previous two calendar years and that staff would like to see that the program is running successfully again before ceding further bond cap allocations.

Ms. Mierkowski described the response from the Illinois Housing Development Authority (IHDA), which indicated that the organization would accept the City's allocation but would not be undertaking any programs specific to Urbana homebuyers. She went on to describe the program provided through the Eastern Illinois Economic Development Authority, which allows developers who are undertaking qualified projects in the target area to apply for bond financing.

Commissioner Roof asked about public input that was received last year in connection with an EIEDA project. Ms. Mierkowski noted that the concern was in regard to the age of the population served through the project.

Commissioner Cobb asked about what would happen if the bond cap was not ceded. Ms. Mierkowski explained that the State of Illinois would capture any bond cap that was not allocated by May 1, 2013. Commissioner Roof asked what the State would do with the funds. Ms. Gonzalez described the process on a State level and indicated that she would seek further information about the lifespan of the bonds once they are issued. Commissioner Roof asked about the utilization rate of the bonds on an annual basis through EIEDA. Ms. Gonzalez responded that she would look into the status of the bonds and mentioned that the organization is fairly new and does not have a long history to refer to at this point. She noted that the Eden project has been successful so far and suggests that the organization is operating well.

Commissioner Roof moved that the CD Commission forward both Ordinances with a recommendation for approval to the Urbana City Council. The motion was seconded by Commissioner Moreland. The motion carried unanimously.

An Ordinance Approving Modifications to the City of Urbana and Urbana HOME Consortium FY 2011-2012 Annual Action Plan (Down Payment Program)

Ms. Gonzalez explained that there was carryover available resulting from program income that cycles back into the Housing Rehabilitation program. Staff looked at the need in the area, discussed options with local lenders and affordable housing stakeholders and decided to propose a downpayment assistance program. MLS data provided from 2012 indicated that there were 45 homes purchased between \$61,000 and \$88,000, which shows that low-income homebuyers are likely buying at lower price points than the Consortium has historically been able to achieve with new construction.

The proposed name for the program is the Urbana Dream Down Payment program. Staff calculated that the City of Urbana needed to commit \$117,000 in unallocated funds to eligible projects. The amendment proposes \$100,000 to be amended for this program. Staff estimates that approximately 10-14 families will be assisted. Local lenders contacted have expressed support for the program.

Buyers will be required to put in \$1,000 of earnest money and must be pre-approved by a lender in Champaign County for a fixed rate loan. The grant amount to be issued would be \$10,000 per household or up to 10% of the purchase price, whichever is less. Ms Gonzalez also explained some of the restrictions and details of the program.

Commissioner Francis asked about the Champaign program announced by the State of Illinois and why Urbana was not offered the same opportunity. Ms. Gonzalez explained some of the criteria used in selecting jurisdictions and cited a recent News Gazette article that provided some further information. The recent Neighborhood Stabilization Program initiative was undertaken by Champaign through IHDA funds, and it was noted in the article that preference was given to larger jurisdictions that had successfully participated in this program in the past.

Commissioner Francis asked if it would be possible to structure the proposed down payment program in a manner consistent with the IHDA program, in the hopes of possibly being able to participate in the future. Ms. Gonzalez explained that the program was intended to be less restrictive than current CHDO projects and is City-wide. She further explained that staff had structured the program to mirror the requirements of the Federal Home Loan Bank of Chicago's program. Staff is hoping to apply for these funds in the summer of 2013 to potentially lengthen the term of the program and assist more households.

Commissioner Roof asked about City inspection requirement. Ms. Gonzalez noted that this was a regulation imposed by the Department of Housing and Urban Development. She explained that the rules of the HOME Program require that homebuyer projects meet local code.

Commissioner Francis asked why the house cannot be rented in the previous six months prior to the purchase. Ms. Gonzalez described the relocation requirements that would be triggered if the unit was being rented at the time of purchase and that the idea behind HUD's policy is to avoid displacing one low income family in order to house another.

Commission Diana commented about the number of homes that are available and wanted to caution that those homes purchased were likely sold to investors.

Ms. Gonzalez explained the recapture provisions of the program if the house were to be sold prior to the completion of the affordability period. Commissioner Roof asked about the administrative costs associated with operating the program. Ms. Gonzalez noted that the banks are helpful in moving the program along but that the majority of the administrative burden will fall on the Grants Management Division.

Commissioner Francis moved that the CD Commission forward the Ordinance with a recommendation for approval to the Urbana City Council. The motion was seconded by Commissioner Diana. The motion carried unanimously.

A Resolution Amending Housing Rehabilitation Program Operational Guidelines As Originally Authorized By Resolution No 2010-04-010R

Ms. Gonzalez explained how the Housing Rehabilitation Program is currently operated. Households below 50% of the median family income would receive half of the project funding in the form of a grant, and the other half of the funding is provided through a deferred, interest-free loan provided by the City. Those households that are between 50 and 80 percent of the median family income are required to seek private financing for half the cost of the rehabilitation and are not qualified for City financing.

Ms. Gonzalez further explained that most households are not willing to proceed with the program upon finding out that their income is between 50 and 80 percent of the median family income because they do not want to seek private financing. She noted that the program manual was originally set up to address the greatest needs in the community first, and the policy was created to facilitate that. Because staff is looking to expend funds at a faster rate and the funds are readily available, staff is recommending amending the manual to provide all households at or below 80 percent of the median family income with the opportunity to receive a deferred loan from the City for the latter half of the project. This will effectively eliminate the Grant/Loan Installment Program and allow all low-income households to apply for the Grant/Deferred Loan program instead.

Commissioner Moreland moved to forward the Resolution with a recommendation for approval to the Urbana City Council. The motion was seconded by Commissioner Francis. The motion carried unanimously.

CDBG Public Service Funding Priorities as part of the Consolidated Social Service Funding Pool

Ms. Hardy stated that the application process had begun, and a portion of the overall grant program is derived from the CDBG fund in the amount of \$5,000. About 5 percent of the CDBG grant received by the City of Urbana is contributed to this effort. The Grants Management Division is requesting priorities for the application process as applications are considered. For the current fiscal year, the priorities were set as homelessness, seniors and youth, and special needs populations. Several programs currently underway fit one or more of these priorities.

She went on to ask the Commission which priorities were most important for the coming fiscal year. Commissioner Cobb asked if there was a way that these funds could be used to assist with the sewer issues that have recently come up in the Ellis neighborhood. Ms. Hardy explained that the Access Grant, Emergency Grant, and Senior Grant programs could assist those households on a case by case basis. Part of the concern for the sewer issue is the dollar amount needed to repair sewers.

Ms. Mierkowski explained that the City Council is considering increasing the amount of reimbursement through the program offered by Public Works, which was formerly structured to offer 50 percent of the costs of the project.

Commissioner Cobb noted that he felt the priorities should remain the same and asked for the opinions of the other Commissioners. Commissioner Francis inquired about the priorities, and Ms. Hardy explained the individual priorities that were selected for FY 2012-2013. Ms. Hardy noted that the last page of the memo provides the overall priorities set by Council regarding the award of grant funds for social service programs.

Commissioner Roof asked about the project at the Roundhouse Youth Shelter undertaken by Community Elements, Inc. Ms. Hardy explained that the total project award was \$9,000, which was broken into \$4,000 from CDBG and \$5,000 of City funds.

Ms. Sheila Ferguson explained how the funds were matched and all of the programs that benefitted from the grant funding. She described the structure of the program and stressed the priority for assisting clients in achieving self-sufficiency and independent living.

Commissioner Moreland Roof moved that the Community Development Commission recommend the following priorities to the Urbana City Council: Youth/Seniors, Homelessness, and Special Needs Populations. Commissioner Diana seconded the motion, and the motion passed unanimously.

Ms. Mierkowski received further information regarding the bond cap activities that could potentially take place in the coming fiscal year, including a possible project in Urbana. Commissioner Francis asked several questions regarding the state grant discussed earlier with the City of Champaign, and Ms. Mierkowski indicated that she would be following up with the Illinois Housing Development Authority and would forward the information to the Commission.

Adjournment: Chairperson Cobb adjourned the meeting at 8:35 p.m.

Recorded by Jen Gonzalez, Grant Coordinator

UNAPPROVED