



## DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

*Grants Management Division*

### **m e m o r a n d u m**

**TO:** Elizabeth H. Tyler, FAICP, Community Development Director

**FROM:** Kelly Mierkowski, Manager, Grants Management Division *KHM*

**DATE:** June 20, 2013

**SUBJECT:** **AN ORDINANCE APPROVING A MINOR AMENDMENT TO THE CITY OF URBANA AND URBANA HOME CONSORTIUM FY 2011-2012 ANNUAL ACTION PLAN (Transitional Housing Rental Rehab)**

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#### **Description**

Included on the agenda of the June 25, 2013 Urbana Community Development Commission meeting is an ordinance approving modifications to the Fiscal Year 2011-2012 Annual Action Plan to provide funding for rental rehabilitation of two of the City's five transitional housing units.

#### **Background**

The City of Urbana has operated a Transitional Housing (TH) Program since 1991. The program is designed to provide supportive services in addition to housing for homeless families with children. In order to qualify for the program, families must meet the Department of Housing and Urban Development (HUD) guidelines for homelessness and have dependent child(ren) under age 18. Client, children, property and performance are monitored at each visit, which is to be scheduled at least on a weekly and/or monthly basis.

When the program first started in 1991, the City received funds from HUD to acquire and rehabilitate three (3) of the units that are operated by the TH Program. The City has utilized a portion of the public service allocation of the Community Development Block Grant funds to provide the operations, supportive services and administration for the program. The repairs that have been made to the units over the last few years have been limited in scope due to the amount of grant funding available, as well as the public service cap (15 percent) placed on such activities. The units are due for new roofing, furnaces, flooring, cabinetry, siding, electrical and plumbing upgrades, as well as other necessary repairs and replacements to both structures as identified by the Building Safety Division.

## **Proposal**

The proposed amendment would obligate up to \$20,000 in HOME funds, with additional match required, to each unit for the purpose of rehabilitating the City's transitional housing units. The City is also currently applying for a grant through the Federal Home Loan Bank (FHLB) of Chicago to augment the available funds for the project and allow for additional modifications to the units. If the FHLB funds are not awarded, staff expects that the proposed HOME funding will still be sufficient to bring the units up to code.

Based on the amount of funds proposed for each unit, the City will have to make slight modifications to its TH Program to allow HOME funds to be invested into the two units. Some of the HOME Rules differ slightly from the current practices of the City's Transitional Housing Program. These procedural changes are minor and will be observed for the full ten-year affordability term of the project. The City currently plans to continue its operating of the Transitional Housing Program as long as the funds are available, and as such staff is confident that the HOME Rules can be observed for those ten years. If for any reason the City is no longer able to maintain the unit as affordable according to the HOME Rules, then the City must convey the unit to a landlord willing to maintain the affordability of the units on the City's behalf until the ten-year term is completed.

This amendment will further the goals outlined in the *City of Urbana and Urbana HOME Consortium Consolidated Plan FY 2010-2014* by providing HOME funds for rehabilitation of rental housing units to rent to households with incomes at or below 60% of the area median income.

Notice of a public hearing regarding the proposed minor amendment was posted on the City's website on June 18, 2013, and the hearing is scheduled to take place on July 2, 2013 in the Urbana City Council Chambers at 10:00 a.m. Written input is also accepted, and information regarding how to go about submitting comments is available on the City's website.

## **Options**

1. Forward the Ordinance Approving a Minor Amendment to the City of Urbana and Urbana HOME Consortium FY 2011-2012 Annual Action Plan to the Urbana City Council with a recommendation for approval.
2. Forward the Ordinance to the Urbana City Council with a recommendation for approval with suggested changes.
3. Forward the Ordinance to the Urbana City Council with a recommendation for disapproval.

## **Fiscal Impacts**

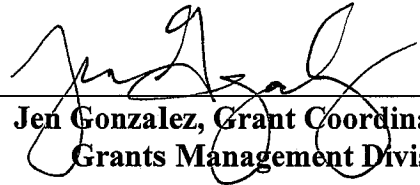
The proposed Annual Action Plan modification will reduce the number of owner-occupied housing rehabilitation projects completed for the fiscal year, which will reduce the amount of

program income the City would normally receive at the time of sale transfer in the future. However, continuing to defer maintenance on the two transitional housing units could result in more costly repairs if left unchecked and would have a significant negative impact on the City's ability to maintain the Transitional Housing Program at current operating levels.

### **Recommendation**

Staff recommends that CDC forward the Ordinance Approving a Minor Amendment to the City of Urbana and Urbana HOME Consortium FY 2011-2012 Annual Action Plan (Transitional Housing Rehabilitation) to the Urbana City Council with a recommendation for approval.

**Memorandum Prepared By:**



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**Jen Gonzalez, Grant Coordinator  
Grants Management Division**

**Attachments:**

- (1) AN ORDINANCE APPROVING A MINOR AMENDMENT TO THE CITY OF URBANA AND URBANA HOME CONSORTIUM FY 2011-2012 ANNUAL ACTION PLAN (Transitional Housing Rental Rehab)**
- (2) City of Urbana and Urbana HOME Consortium Proposed Minor Amendment to Annual Action Plan FY 2011-2012 (Transitional Housing Rental Rehab)

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE APPROVING A MINOR AMENDMENT TO THE CITY OF URBANA AND URBANA HOME CONSORTIUM FY 2011-2012 ANNUAL ACTION PLAN  
(Transitional Housing Rental Rehab)

WHEREAS, the City of Urbana has been designated an entitlement city under the Federal Housing and Community Development Act of 1974, as amended, and as such is eligible for Community Development Block Grant (hereinafter "CDBG") and Home Investment Partnerships Funds (hereinafter "HOME") funds upon proper submittal being made to the United States Department of Housing and Urban Development (hereinafter "HUD"); and

WHEREAS, the Urbana City Council previously approved Ordinance No. 2011-04-023 authorizing submittal to HUD of the Annual Action Plan for FY 2011-2012 that included a proposed budget for the HOME Program, and HUD subsequently approved said Annual Action Plan; and

WHEREAS, on June 18, 2013, the City of Urbana published a notice on the City website of a scheduled hearing regarding said proposed amendment to the Annual Action Plan; and

WHEREAS, on July 2, 2013 the Grants Management Division of the Community Development Services Department of the City of Urbana, as lead entity for the Urbana HOME Consortium, held a public hearing regarding the proposed amendment; and

WHEREAS, at its June 25, 2013 meeting, the Urbana Community Development Commission recommended approval of the amendment to the Urbana City Council; and

WHEREAS, the City Council now finds it necessary and appropriate to amend the City of Urbana and Urbana HOME Consortium Annual Action Plan for FY 2011-2012.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That the City of Urbana, as lead entity for the Urbana HOME Consortium, hereby approves the minor amendment to the City of Urbana and Urbana HOME Consortium Annual Action Plan FY 2011-2012, in substantially the same form as such amendment is referenced in the attachment hereto.

Section 2. That the Mayor of the City of Urbana is hereby designated as the authorized representative of the City of Urbana to take any action necessary in conjunction with said attached amendment to the Annual Action Plan for FY 2011-2012, and any prior approved Annual Action Plan or Amendment, including, without limitations, to execute any documents necessary to commit applicable HOME funds to the projects, submittal of the Annual Action Plan Amendment to the HUD Regional Field Office and provision of such additional information as may be required.

PASSED by the City Council this \_\_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_.

AYES:

NAYS:

ABSTAINS:

\_\_\_\_\_  
Phyllis D. Clark, City Clerk

APPROVED by the Mayor this \_\_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_.

\_\_\_\_\_  
Laurel Lunt Prussing, Mayor

# **City of Urbana and Urbana HOME Consortium**



## **Proposed Minor Amendment to Annual Action Plan FY 2011-2012 *(Transitional Housing Rental Rehab)***

Prepared by:  
City of Urbana  
Community Development Services  
Grants Management Division  
400 South Vine Street  
Urbana, IL 61801  
217.384.2447

Approved by Urbana City Council Ordinance No. \_\_\_\_\_

**PROPOSED AMENDMENT TO CITY OF URBANA & URBANA HOME CONSORTIUM  
FY 2011-2012 ANNUAL ACTION PLAN**

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The City of Urbana proposes to amend the HOME Program budget for the FY 2011-2012 Annual Action Plan (AAP) to re-allocate HOME funding to rehabilitate two of the City's Transitional Housing single-family units currently in need of substantial maintenance.

The proposed amendment reduces the amount of funds currently set aside for the Whole House Rehabilitation program to allow the City to undertake Rental Rehabilitation on two of the City's five Transitional Housing units. The Whole House Program traditionally annually serves 5-7 low-income households in need of substantial rehabilitation to their homes with a combination of grants and loans that fund the rehabilitation up to \$25,000. This one-time project will be undertaken in much the same way as the Whole House program, allowing the City to bring two single-family Transitional Housing units for homeless families with children, up to code for \$20,000 in repairs at each unit. This will effectively reduce the number of Whole House projects that the City will be able to undertake in Fiscal Year (FY) 2011-2012, but the repairs to the Transitional Housing units are necessary to continue serving homeless families in the program with decent, safe, and sanitary housing that is consistent with the HOME Investment Partnerships Program and Community Development Block Grant Program goals.

A breakdown of the proposed funding allocations, as amended, is listed below:

**URBANA HOME CONSORTIUM PROPOSED HOME AMENDMENT:**

<u>Urbana HOME Consortium HOME Budget</u>	<u>Current</u>	<u>Proposed Amended</u>
Housing Rehabilitation 2012-2013	\$ 129,755.00	\$ 89,755.00
Transitional Housing Rental Rehab	-0-	\$ 40,000.00

*Following is the HOME Program language and/or budget changes for the FY 2011-2012 Annual Action Plan (page 46)*

**1. Owner-Occupied Housing Rehabilitation**

Funds will be allocated for the rehabilitation of three to five (3-5) units, including a combination of grants and deferred-payment loans in the amount of \$25,000-\$28,000 per household that are intended to address code deficiencies, major renovation needs, relocation expenses and lead-based paint concerns.

**\$89,755 (Additional match required)**

Goal 1, Strategy 1 & 2; Goal 2, Strategy 1-4 & 6

Citation – [24 CFR 92.206(a)(2)]

Environmental – Categorically Excluded converts to Exempt

Recapture

**Objective:** Provide Decent Housing to owner occupants by addressing conditions that are a result of deferred maintenance through rehabilitation of homes of recipients at or below 80 percent of the Median Family Income. Program is intended to improve the quality of the housing stock by bringing units into compliance with applicable code requirements, eliminating lead based paint hazards, and improving exterior appearance.

**Outcome:** Sustainability for the purpose of providing decent housing.

**Outcome Indicators:** Number of owner-occupied households assisted at or below 80 percent of the Median Family Income. Total amount of households served (3 to 5). Amount of funding leveraged through local match.

*Following is the HOME Program language and/or budget changes to be added to the Annual Action Plan (page 48)*

## **6. Transitional Housing Rental Rehabilitation Project**

Funds will be used to bring two of the City's Transitional Housing units for homeless families with children up to code using HOME program funds in the amount of \$25,000 for each unit. The units must be maintained as affordable housing for a ten-year affordability period and must comply with all HOME regulations. The project will ultimately serve approximately ten homeless families participating in the City's Transitional Housing Program.

### **\$40,000 (Additional match required)**

Goal 1, Strategy 1 & 2; Goal 2, Strategy 1-4 & 6

Citation – [24 CFR 92.206(a)(2)]

Environmental – Categorically Excluded converts to Exempt  
Repayment

Goal 3, Strategy 1; Goal 6, Strategy 2

Citation – [24 CFR 92.206(a)(2)]

Environmental – Categorically Excluded converts to Exempt  
Repayment

**Objective:** Provide Decent Housing to program participants by addressing conditions that are a result of deferred maintenance through rehabilitation of homes of recipients at or below 60 percent of the Median Family Income. Program is intended to improve the quality of the housing stock by bringing units into compliance with applicable code requirements, eliminating lead based paint hazards, and improving exterior appearance.

**Outcome:** Sustainability for the purpose of providing decent housing.

**Outcome Indicators:** Number of homeless families participating in the program at or below 60 percent of the Median Family Income. Total amount of homeless households served (10). Amount of funding leveraged through local match.