



APPROVED
MINUTES
COMMUNITY DEVELOPMENT COMMISSION MEETING
Thursday, May 29, 2014, City Council Chambers
400 South Vine Street, Urbana, IL 61801

Public Hearing on Proposed Amendments to City of Urbana & Urbana HOME Consortium Annual Action Plan (AAP) for Fiscal Year (FY) 2013-2014 (2013-2014 HOME Amendment):

Chairperson Cobb called the public hearing to order and declared it open at 7:04 p.m. The purpose of this public hearing was to receive input on the City of Urbana's proposed amendments to the City of Urbana and the Urbana HOME Consortium HOME Program budget in the Fiscal Year (FY) 2013-2014 Annual Action Plan (AAP). A reduction to the City of Urbana Housing Rehabilitation program in the amount of \$112,000 is proposed to allow for a demolition/new construction project at 301 Thompson Street in Urbana, as well as to commit additional funds to the Community Elements Tenant Based Rental Assistance (TBRA) program.

Notice of this public hearing was placed on the City of Urbana's website on Wednesday, May 14, 2014, and was mailed and e-mailed to various social service agencies and interested citizens.

No one spoke. Chairperson Cobb adjourned the public hearing at 7:08 p.m.

Call to Order: Chairperson Cobb called the regular meeting to order at 7:29 p.m.

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

Commission Members Present: Fred Cobb, Janice Bengtson, Chris Diana, and Anne Heinze Silvis.

Commission Members Excused/Absent: George Francis, Jerry Moreland, and Lisabeth Searing

Others Present: Kelly H. Mierkowski and Jennifer Gonzalez, Community Development Services.

Approval of Minutes: *Chairperson Cobb asked for approval or modifications to the April 22, 2014 minutes. Commissioner Silvis moved to approve the minutes and Commissioner Diana 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. Items received from HUD include an official notice of HOME Program 2012 Funds Commitment Deadline, and email notices for upcoming trainings - Environmental Review Training and HOME Basics Training; Staff will be attending the Environmental Review Training. Staff represented City at Housing Fair on May 3, 2014 at the Lincoln Square Mall, sponsored by the Community Reinvestment Group. Neighborhood cleanup was held on Saturday, May 17th.

Old Business: None

New Business:

A RESOLUTION APPROVING MODIFICATIONS TO THE CITY OF URBANA AND URBANA HOME CONSORTIUM FY 2013-2014 ANNUAL ACTION PLAN (301 Thompson and Community Elements TBRA)

Chairperson Cobb requested staff input regarding how to address agenda items. The AAP Amendment would be first the next three items would be grouped together, and the final three would be together.

The proposed Amendment to the FY 2013-2014 Annual Action Plan is based on an application received from Habitat for Humanity who is looking to build four new homes in the community, one in Champaign and three in Urbana. One of the Urbana owned lots selected by a Habitat Homebuyer is 301 E. Thompson Street, which is a double lot, acquired by the City a couple of years ago at a low cost. The building on the lot is dilapidated; it was an old church no longer is use. The city lacked sufficient CDBG funds to demolish the building. There is asbestos in the building and demolition costs would be significantly higher than typical demo projects.

Based on the funding available for construction of the four homes, and knowing that 301 Thompson is actually a double lot the proposed amendment would allow all four homes to be constructed by Habitat, one of which is going to be funded by Urbana funds if the amendment is approved. For demolition, \$40,000 of HOME funds would be used, and an additional \$40,000 (will help with the financing to get the houses built.

The section portion of the amendment is a proposed Tenant Based Rental Assistance contract to augment their current program funding. Community Elements is the only one of the three entities that have TBRA programs that does not receive regular annual funding. TBRA targets the “lowest of the low income households”, and this would extend their program out for another year. Based on the two contracts Community Elements has now, which will expire in 2016, this amendment will allow them to extend the program and terminate in June 2017.

Chairperson Cobb asked for Commission questions and then asked about the effect of reallocating the HOME. The amendment will reduce the owner occupied housing rehab funds in that particular fiscal year by \$112,000. However, the City has received \$103,865 in program income since 2011-2012, which will be used for the Whole House program. Sufficient funds should be available for 5-7 whole house rehabs annually. Marketing of this program is ongoing. Due to the requirement of a city lien for part of the assistance some applicants are not interested in adding debt to their property. Staff is researching the feasibility of restructuring the whole house program to make it more applicable to current economic conditions. After the amendment, the funds will be available to keep the program at its current pace.

Chairperson Cobb asked if this amendment would affect scheduling of current projects. Ms. Gonzalez responded that to her knowledge, it would not. There are potential clients are in the application process, but that is ongoing and the amendment would not affect those applicants.

The proposed new construction financing is part of the CHDO contract and new home construction can happen in two ways: the City of Urbana could hire a contractor to build a house for the City, which would require significant staff time to manage the project. The other model would be to provide funding

to the CHDO to build a house. In terms of staff time, labor, or delays in the project, no issues are foreseen because this is their main function.

Commissioner Diana commented that in the programmatic impact section of the memo it states that consideration was given to augmenting the Urbana Dream Downpayment Assistance Program, and asked Ms. Gonzalez to expand on that. Ms. Gonzalez stated that initially the Urbana Dream Downpayment Assistance Program was really successful, and funds were expended in about seven months. The spring homebuyer market was targeted by starting the program in May, but closings did not occur until August/September. Those commitments are described as “soft” commitments, because the funds are earmarked to be spent on this particular activity, but until the mortgages are executed and houses are sold, there is no agreement with the buyer. While \$100,000 is set aside for the Urbana Dream Program for 10-12 homes, only as homes are purchased are commitments actually made. HOME program requires an agreement to be in place to commit the funds. For the Urbana Dream activities from the time someone applies to when somebody closes is about a month, in order for the City to execute an agreement. This delays the ability of the city to commit funds. Because of the commitment shortfall the Urbana Dream program does allow us to commit funds in a manner sufficient to meet the shortfall. Staff is working continually to improve the commitment process.

Commissioner Diana agreed about the time lag and stated that in addition to the 30 day period, there may be anywhere from 60-90-120 days in front of that. Buyers will have been pre-qualified, but are not pre-qualified with the Urbana Dream Downpayment Program. For a buyer to find a home that meets their financing requirements it takes longer to get to closing. This is difficult to avoid. However, it is unfortunate that not as much funding will be available for the program, as it can help make Urbana more attractive to buyers.

Ms. Gonzalez stated that there are other homebuyer assistance programs available including grant received from the FHLBC; however, the state Welcome Home Illinois program is attracting more buyers. It is easier and quicker for a homebuyer to access those funds than Urbana funds; Down Payment Plus is another available program. Commissioner Diana commented about the Vacant Home Program, where you can double stack, specifically in Champaign. Ms. Gonzalez responded that the city plans to apply for another round of Down Payment Assistance funds from the FHLBC; there is \$100,000 available from FHLBC and HOME funds with the current contract. The city is working with the sponsor, Busey Bank to acquire funding through a second FHLBC application due June 20, 2014. Commissioner Bengtson commented about the funds, and Ms. Gonzalez stated that there are many strings attached to them, so they cannot be used elsewhere.

Chairperson Cobb explained the three options with regard to the proposed AAP Amendment. Commissioner Diana made a motion to forward the resolution to Council with a recommendation for approval. Commissioner Silvis seconded the motion; the motion carried.

A RESOLUTION CERTIFYING A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION FOR THE URBANA HOME CONSORTIUM (Habitat June 2014)

A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF AN URBANA HOME CONSORTIUM COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT (Habitat CHDO Developer FY 2014-2015)

A RESOLUTION APPROVING AND AUTHORIZING THE EXECUTION OF AN URBANA HOME CONSORTIUM COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT (Habitat CHDO Operating June 2014)

Ms. Gonzalez presented the next three resolutions on the agenda as omnibus. These are in response to a Habitat for Humanity CHDO funding application that the city received at the beginning of this month. The HOME Technical Committee has agreed to contract out all remaining CHDO funds to Habitat to construct the four homes proposed. The addresses are 301E Thompson; the double lot would return to its original two platted lots, and become 301E Thompson and 303 E Thompson. A second buyer has been identified for 303 Thompson; 1205 Beslin was initially transferred but the homebuyer fell through. The fourth lot is in Champaign at 1304 Walnut.

The proposed project funding illustrated in the memo: \$40,000 of Urbana funds and \$39,425 is the sum of available the CHDO funds. About \$6,000 in FY1314 funds remained after Homestead's completion of the 1107 North Gregory project. The amendment proposes to allocate the bulk of the FY 1415 funds in the Annual Action Plan for the construction of those homes. Also recommended is the \$28,000 CHDO operating contract, which is in keeping with the \$7,000 per unit rate for developer fee which helps offset overhead costs for the CHDOs. This amendment will address commitment shortfall as well. Habitat moves quickly on their projects and staff expects completion of these four homes in the next year.

Staff attended two recent Habitat closings, one for 810 E. Park in Urbana, who also held a dedication, and the other was for 1007 N. Berkley, Urbana. For the other two Habitat projects underway, one is delayed by a land survey dispute about lot line location and the other one has begun construction, with the foundation installed, the walls in place and the roof likely nearing completion.

Commissioner Silvis commented that in looking at the certification, she thought that Habitat was a CHDO longer than 2011. Ms. Gonzalez stated that although funding had been allocated to Habitat previously through their Homebuilder Blitz, Urbana staff administered the project and Habitat acted as a subrecipient and they were the ones doing the construction. Commissioners Silvis and Diana stated that they remembered the Blitz.

Chairperson Cobb asked about recent communication from Homestead. Ms. Gonzalez stated that she had talked recently to Aaron Smith, Executive Director, who had not identified any qualified homebuyers, and would not be submitting an application. They are also still working with Brinshore to secure financing for the Kerr Avenue project. Acquisition of Low Income Housing Tax credits is difficult as the market is tight and IHDA regulates the number of tax credit projects approved in an area in order to not flood the market.

Commissioner Diana asked how Habitat will be able to build on the lots on Thompson Street since they are only about 60 feet wide. Ms. Gonzalez stated that smaller lots have been developed by Habitat these lots are 60' x 100'. Two houses on Beslin Street on smaller lots are shotgun houses where they changed the way the house faces. Ms. Gonzalez also stated that setbacks would have to be considered. Commissioner Diana asked about sharing a driveway and Ms. Gonzalez stated she did not know, but would consult with Building Safety. Ms. Gonzalez offered to forward the information to Commissioner Diana, who declined, stating all Habitat houses are stand-alone houses and he was not sure they could do

a shared driveway. Ms. Gonzalez stated that since it is a corner lot, it might make it a little easier with the driveways and Commissioner Diana agreed.

Chairperson Cobb asked about the statement under Programmatic Impacts that the good far outweighs the negative and there would be a minor reduction in the Consortium's overall grant pool. Ms. Gonzalez responded that statement refers to CHDO operating funds, which are a 5% set aside, and are technically not required by the regulations but highly encouraged by HUD. HUD knows that it costs money to run an organization like this, and the Consortium has historically set aside the 5% to be allocated to CHDOs. The Consortium set up the \$7,000 per unit subsidy in an effort to encourage the CHDOs to construct more [housing] as a way to logically distribute funds to CHDOs tied to production. The HOME Technical Committee has discussed other options for distribution if sufficient carryover of operating funds exist; it could be reallocated. Funds could return to the Consortia pool and be split up based everyone's prorated share. Of the about \$30,000 carryover, Champaign would get \$15,000-\$16,000, Urbana would get its share, and the County would get its share. However, the impact to a CHDO can be much greater, and allow them to pay an extra staff person or improve their staffing to increase production. The Consortium has leaned to making sure the CHDOs to stand on their own two feet, by allocating that admin or operating [funds].

Chairperson Cobb asked if there were any further questions and explained the Commission's three options. Commissioner Silvis made a motion to forward the resolution to Council with a recommendation for approval. Commissioner Bengtson seconded the motion; the motion carried.

AN ORDINANCE AUTHORIZING THE SALE OF CERTAIN REAL ESTATE (1205 West Beslin Street)

AN ORDINANCE AUTHORIZING THE SALE OF CERTAIN REAL ESTATE (301 East Thompson Street)

AN ORDINANCE AUTHORIZING THE SALE OF CERTAIN REAL ESTATE (303 East Thompson Street)

Chairperson Cobb stated the next three items are concerning the sale of real estate. Ms. Gonzalez stated these ordinances propose deeding over 301 and 303 E. Thompson to Habitat. The City will complete the demolition of the church structure.

Chairperson Cobb asked for more information and Ms. Gonzalez stated that after the demolition is completed for 301E. Thompson, the lot will return to their original two parcels. Because it is platted as two parcels it will not be necessary to request approval of the Plan Commission. The City will ask the County assign two separate pin numbers, one for each lot. This is needed because the two were combined under one pin for tax purposes. Chairperson Cobb asked how long it would take and Ms. Gonzalez stated that they only do it once a year, so it won't happen until September, due to the complicated mapping system the County uses. Ms. Gonzalez then explained the process for transferring the lots to Habitat.

Ms. Gonzalez asked if there were any questions and explained the reason for a quitclaim deed. In the rare occurrence that the developer (CHDO) fails to perform and the project falls through, a quitclaim

deed would allow the city to reclaim title to the property. If construction is underway at the time the quitclaim is recorded the City could pay the developer for the improvements they have made to the property and reclaim the property and complete the project. A quitclaim for a lot on which a project had not begun was filed only once, when eco-lab was going to build on 901 N. Division. The project fell through and eco-lab utilized a different lot. However, the lot ended up becoming the location of a Habitat house, the first Habitat house that was built with CHDO funds.

Commissioner Diana commented that since the last resolution the Commission passed referred to [Thompson Street] as two separate lots, they would be funded that way. However, if they are actually not going to be two separate lots until after the demolition, then one or the other probably needs to be changed. Commissioner Diana discussed his concern regarding the status of the two properties and stated that the properties would be transferred by pin numbers and they can do the pin numbers in about a week. Ms. Gonzalez stated that the City would not execute any of the transfer documents for 301 and 303 until after the demolition.

Commissioner Diana asked if when setting up the documents with Habitat would we not be referring to specific addresses and parcels? Ms. Gonzalez agreed, but Commissioner Diana stated there is no 303 until they assign a pin number and call it that address. Ms. Gonzalez stated because the original plat exists, the only thing that was done to combine the lot was to assign a new pin. Commissioner Diana agreed and Ms. Gonzalez stated that this had been encountered before, with 1409 and 1411W. Beech, which were two houses that Habitat built, on the former address of 1006 N. Wright, but she stated she was still unsure of any problems or conflict there.

Commissioner Diana stated that he is going by what you normally do in a contract, with regard to a specific piece of property; there is no way to refer to it. It would normally be designated by either its legal description or its pin number, which we do not have. Ms. Gonzalez explained that the property would be described as part of pin xxx, the lot descriptions are actually the easy part, which are lots 20 and 21. Commissioner Diana stated that he could help change the pin number for the lots any time. They do it regularly for real estate transactions all the time. Ms. Gonzalez stated that would be nice if they could assign pin numbers quickly, in order to have the final pin numbers in the document, although she was not sure how much of an impact it would make

Chairperson Cobb requested a motion to either authorize the sale with Commission approval, or to make suggested changes to the sale, or not approve the sale, and asked for a motion. Commissioner Diana made a motion to forward this to Council with a recommendation for approval on the sale. Commissioner Silvis seconded the motion; the motion carried.

Adjournment: Seeing no further business, Chairperson Cobb adjourned the meeting at 8:10pm.

Recorded by Kelly H. Mierkowski, Manager

APPROVED