



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 H. Mierkowski, Manager, Grants Management Division

DATE: March 20, 2015

SUBJECT: **A RESOLUTION APPROVING ADDITIONAL MODIFICATIONS TO THE CITY OF URBANA AND URBANA HOME CONSORTIUM FY 2013-2014 ANNUAL ACTION PLAN (HOME County TBRA Amendment)**

Introduction

Included on the agenda of the Urbana Community Development Commission meeting is a resolution approving modifications to the Fiscal Year 2013-2014 Annual Action Plan to allocate \$80,000 in HOME funding for the Tenant Based Rental Assistance program operated by Champaign County Regional Planning Commission.

Previous Amendment

The City of Urbana approved an amendment titled "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)" on June 16, 2014. The amendment called for \$80,000 to finance the demolition and new construction of an affordable single-family housing unit built by Habitat for Humanity at 301 E. Thompson Street in Urbana.

Due to significant changes to the environmental review process prescribed by the Department of Housing and Urban Development (HUD), the proposed project at 301 Thompson was not able to meet the timeliness requirements of the HOME Program. The contract was cancelled, and CDBG funds available for demolition activities were instead used for the project. This allowed the City to maintain compliance with the environmental review requirements while Habitat secured an alternate source of funding for the project. The construction project is currently underway, but no HOME funds were invested.

These funds need to be reprogrammed prior to the Urbana HOME Consortium's annual commitment deadline. The Consortium has a current commitment shortfall of approximately \$323,247. The proposed amendment is part of the Consortium's strategy to successfully commit HOME funding while meeting the needs of the lowest-income households in the community.

Proposed Amendment

As a member of the Urbana HOME Consortium, Darlene Kloeppe, Social Service Director at Champaign County Regional Planning Commission (CCRPC), approached the City of Urbana regarding a need for additional TBRA funding to support the ongoing efforts of the No Limits program. Programmatic changes made in the past year prohibit CCRPC from exiting clients from the program in the middle of a lease if they fail to abide by the self-sufficiency plan as part of the program. This has increased the average length of time that participants remain in the program. In order to continue to provide a second year of rental assistance to successful program participants actively carrying out their self-sufficiency plan, more funding is needed.

The proposed amendment to allocate an additional \$80,000 to CCRPC will allow them to fund a second year for current program participants that are successfully completing their self-sufficiency goals. Continuing this program will further the goals identified in the *City of Urbana and Urbana HOME Consortium Consolidated Plan FY 2010-2014* by continuing to assist special needs populations, particularly persons with mental disabilities.

On April 6, 2015 a public hearing is scheduled regarding the proposed amendment. Written input is also being accepted until 5:00 p.m.

Fiscal Impacts

The proposal will assist the City in committing funds necessary to avoid a shortfall. Under the HOME Program guidelines, all Participating Jurisdictions must commit each year's allocation within 48 months of signing a contract with HUD. The deadline for committing all of the City of Urbana's FY 2013-2014 funds is July 31, 2015. Any funds that do not have contracts at that time will be considered a shortfall, and the funds would be revoked by HUD. The proposed amendment will ensure that the City is maintaining an acceptable level of funding commitments and in part solve the City's current shortfall this year, which is approximately \$323,247. Habitat CHDO projects, as well as subrecipient activities will resolve the remaining shortfall balance.

Programmatic Impacts

The proposed amendment will not have a programmatic impact on the City of Urbana, as the funds will be used to augment a program currently run by the Champaign County Regional Planning Commission.

This amendment will further the goals outlined in the *City of Urbana and Urbana HOME Consortium Consolidated Plan FY 2010-2014* by providing Tenant Based Rental Assistance to households with incomes at or below 60% of the area median, targeting those at or below 125% of the poverty level.

Options

1. Approve the Resolution Approving Additional Modifications to the City of Urbana and Urbana HOME Consortium FY 2013-2014 Annual Action Plan.

2. Approve the Resolution with changes.
3. Do not approve the Resolution.

Recommendation

Staff recommends that the Community Development Commission forward the Resolution Approving Additional Modifications to the City of Urbana and Urbana HOME Consortium FY 2013-2014 Annual Action Plan to the Urbana City Council with a recommendation for approval.

Memorandum Prepared By:



Jen Gonzalez, Grants Coordinator II
Grants Management Division

Attachments:

1. A RESOLUTION APPROVING ADDITIONAL MODIFICATIONS TO THE CITY OF URBANA AND URBANA HOME CONSORTIUM FY 2013-2014 ANNUAL ACTION PLAN (HOME County TBRA Amendment)
2. City of Urbana and Urbana HOME Consortium Proposed Additional Amendment to Annual Action Plan FY 2013-2014

RESOLUTION NO. _____

**A RESOLUTION APPROVING ADDITIONAL MODIFICATIONS TO THE CITY OF URBANA
AND URBANA HOME CONSORTIUM FY 2013-2014 ANNUAL ACTION PLAN
(HOME County TBRA Amendment)**

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 ordinances authorizing submittal to HUD of the Annual Action Plan for FY 2013-2014 that included proposed budgets for the HOME Programs and HUD subsequently approved said Annual Action Plan; and

WHEREAS, on June 16, 2014 the Urbana City Council approved previously approved Resolution No. 2014-06-033R, 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); and

WHEREAS, the 301 Thompson project could not be carried out as planned; and

WHEREAS, on March 20, 2015, the City of Urbana published on the City website a notice of a 15-day public review period regarding said proposed budgetary amendments to the Annual Action Plan; and

WHEREAS, on April 6, 2015 the City of Urbana, the Grants Management Division of the Community Development Services Department, as lead entity for the Urbana HOME Consortium, held a public hearing on the proposed amendment; and

WHEREAS, the City Council now finds it necessary and appropriate to make additional amendments to the City of Urbana and Champaign/Urbana/Champaign County HOME Consortium Annual Action Plan for FY 2013-2014.

NOW, THEREFORE, BE IT RESOLVED 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 amendments to the City of Urbana and Champaign/Urbana/Champaign County HOME Consortium Annual Action Plan for FY 2013-2014, in substantially the same form as such amendments are 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 amendments to the Annual Action Plan for FY 2013-2014, 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 Additional Amendment to
Annual Action Plan
FY 2013-2014**

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 Resolution No. _____

PROPOSED ADDITIONAL AMENDMENT TO CITY OF URBANA & URBANA HOME CONSORTIUM FY 2013-2014 ANNUAL ACTION PLAN

The Urbana HOME Consortium proposes to amend the City of Urbana HOME Program budget in the Fiscal Year (FY) 2013-2014 Annual Action Plan (AAP). The City previously amended the plan to allocate \$80,000 toward the demolition and new construction of 301 Thompson Street using HOME funding. However, due to new environmental review requirements the project was not able to start within the timeline prescribed by HUD. As such, CDBG funding already dedicated to demolition activities was used and the new construction subsidy never moved forward. Staff is proposing to reallocate these funds towards Tenant Based Rental Assistance under the City Redevelopment Programs narrative on page 39 of the AAP.

Additional narrative has also been incorporated into the description of the City Redevelopment Programs to include Tenant Based Rental Assistance. This will allow the City of Urbana to support the ongoing No Limits TBRA program operated by Champaign County Regional Planning Commission.

URBANA HOME CONSORTIUM PROPOSED HOME AMENDMENT:

<u>Original HOME Budget Items</u>	<u>Current</u>	<u>Proposed Amended</u>
301 Thompson Project	\$ 80,000.00	-0-
TBRA	\$ 32,000.00	\$112,000.00

Following is the HOME Program language and/or budget changes for the FY 2013-2014 Annual Action Plan found on page 39 (changes are italicized):

1. ~~301 Thompson Project~~

~~Funds will be allocated for the demolition and new construction of a single-family affordable housing unit at 301 Thompson Street, Urbana.~~

~~\$80,000 HOME~~

~~Goal 1, Strategy 1 & 2~~

~~Citation – [24 CFR 92.206(a)(1),(3)(i)]~~

~~Environmental – Assessment Required~~

~~Recapture~~

~~**Objective:** Provide Decent Housing to one homebuyer at or below 80% MFI.~~

~~This project is intended to remove blight in the neighborhood while providing affordable housing for a qualified buyer.~~

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

~~**Outcome Indicators:** Successful construction and sale of property at 301 Thompson.~~

2. **Tenant Based Rental Assistance**

HOME funds will be used to augment the TBRA program currently operated by Community Elements, Inc. The program will provide affordable housing assistance to low-income residents of the City of Urbana. Assisted households will have annual incomes at or below 60% of the Area Median in accordance with HOME Regulations. The participating clients follow a plan for achieving self-sufficiency and make co-payments toward rent (not to exceed 30% of the household income), based on their individualized self-sufficiency plan.

~~\$32,000~~ **\$112,000 HOME**

Goal 2, Strategy 2, Activity 1

Citation - [24 CFR 92.209]

Environmental – EXEMPT

Objective: Provide decent housing by creating affordable housing opportunities for households with annual incomes at or below 80% of Area Median, of which 90% will be at or below 60% of the Area Median).

Outcome: Affordability for the purpose of providing decent affordable housing.

Outcome Indicators: Number of tenants maintaining affordable rental units at or below 60% of Area Median.