



## DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

*Grants Management Division*

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

**TO:** Libby Tyler, AICP, City Planner/Director

**FROM:** Erin J. Bullok, Interim Manager, Grants Management Division

**DATE:** June 22, 2005

**SUBJECT:** **CHDO Operating Funds Agreement for Urban League Development Corporation of Champaign County**

---

### **Description**

On the agenda for the June 28, 2005 meeting of the Community Development Commission is a HOME CHDO agreement to pledge \$25,000 to the Urban League Development Corporation of Champaign County (ULDCCC) for administration and operating costs associated with their continued operation and new development of housing projects.

### **Issues**

The issue is whether the Community Development Commission should recommend that the City Council approve the Agreement.

### **Background**

The HOME Investment Partnerships Program (HOME Program) allows up to 5% of a grantee's funding to be used for the administration/operating costs of Community Housing Development Organizations (CHDOs). In FY2005-2006, the Urbana HOME Consortium was awarded \$1,115,930, of which \$55,797 can be used in this manner.

The Urbana City Council has approved the FY2005-2006 Annual Action Plan (AAP), which identifies activities to be funded under the HOME Program and the Community Development Block Grant Program. HOME funds were allocated in the plan to ULDCCC for \$25,000 in administration/operating funds. The CHDO operating funds are generally used for costs that can't be attributed to a specific program or project, such as salaries, benefits, insurance, office supplies and equipment, professional services, rents, etc. Neither the City nor the CHDOs will be required to match these funds.

ULCCDC became a CHDO in FY2001-2002 while they develop affordable homeownership opportunities through their lease-purchase program. Through this program, ULCCDC acquires single-family units that are leased to families for up to three years while the family participates in ULCCDC's credit counseling program. As the family's credit is being cleared up, they will acquire

the home from ULCCDC. Staff will bring an agreement for ULCCDC's lease-purchase program to the Commission at a later date

## **Options**

1. Recommend that the Urbana City Council approve the Agreement as written.
2. Recommend that the Urbana City Council approve the Agreement with amendments.
3. Recommend that the Urbana City Council not approve the Agreement.

## **Fiscal Impacts**

There would be no fiscal impact to the city budget. Funds for ULDCCC have been budgeted in Fiscal Year 2005-2006.

## **Recommendations**

Staff recommends that the Community Development Commission forward a favorable recommendation to City Council for this agreement.

**Memorandum Prepared By:**

---

**Erin J. Bullok  
Interim Manager  
Grants Management Division**

Attachments:

- (1) Urbana HOME Consortium Community Housing Development Organization Agreement – Urban League Development Corporation of Champaign County – CHDO Operating – FY2005-2006
- (2) An Ordinance Approving and Authorizing the Execution of an Urbana HOME Consortium Community Housing Development Organization Agreement – Urban League Development Corporation of Champaign County CHDO Operating – FY2005-2006

**URBANA HOME CONSORTIUM**  
**COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT**  
**URBAN LEAGUE OF CHAMPAIGN COUNTY DEVELOPMENT CORPORATION**  
CHDO Operating (FY2005-2006)

THIS AGREEMENT, made and entered into by and between the CITY OF URBANA, an Illinois Municipal Corporation, acting as lead entity for the Urbana HOME Consortium (hereinafter the “City”), and Urban League of Champaign County Development Corporation, a not-for-profit corporation incorporated under the laws of the State of Illinois (hereinafter “ULCCDC”).

WITNESSETH:

WHEREAS, the City of Urbana, the City of Champaign, and Champaign County have been jointly designated as a Participating Jurisdiction by the U.S. Department of Housing and Urban Development (hereinafter “HUD”) for purposes of receiving HOME Investment Partnership (hereinafter “HOME”) Program funds in the name of the Urbana HOME Consortium under provisions of Title II of the Cranston-Gonzales National Affordable Housing Act of 1990, as amended (42 U.S.C. 12701 *et seq.*) (hereinafter the “National Affordable Housing Act”); and

WHEREAS, the Urbana HOME Consortium has received HOME Program funds from HUD for the period beginning July 1, 2005, and ending June 30, 2006, to increase affordable housing opportunities for low-income residents of Urbana, Champaign, and unincorporated Champaign County; and

WHEREAS, the Urbana City Council has adopted a Consolidated Plan for Program Years 2005-2009 (hereinafter the “Consolidated Plan”), and the Annual Action Plan for Program Year 2005 (hereinafter the “AAP”) which budgets \$1,115,930 in Urbana HOME Consortium funds for the period beginning July 1, 2005, and ending June 30, 2006, including \$193,016 set aside for use by Community Housing Development Organizations (hereinafter “CHDOs”) and \$55,797 for administrative costs incurred by Community Housing Development Organizations in accordance with an Intergovernmental Agreement Concerning Administration of a Champaign/Urbana/Champaign County HOME Investment Partnerships Consortium executed by Mayor Tod Satterthwaite on behalf of the City on July 16, 2003 (hereinafter the “Intergovernmental Agreement”); and

WHEREAS, the Consolidated Plan encourages the development of non-profit housing development organizations eligible for CHDO status and promotes increasing the capacity for affordable housing production at the neighborhood level; and

WHEREAS, ULCCDC has been designated as a recipient of CHDO funds for the Urbana HOME Consortium for FY2005-2006; and

WHEREAS, ULCCDC has fulfilled all HOME Program requirements necessary to be certified as a CHDO; and

WHEREAS, ULCCDC has applied to the City for FY2005-2006 Urbana HOME Consortium funding for administration and operating costs related to the continued operation and new development of HOME funded homeownership opportunities through their lease-purchase program (hereinafter the "Project"); and

WHEREAS, the City has the right and authority, pursuant to both the HOME Program and the Intergovernmental Agreement to allocate Urbana HOME Consortium funds to ULCCDC for the Project.

NOW, THEREFORE, the parties hereby agree as follows.

1. **Preamble** The preamble set forth above is hereby incorporated and made part of this Community Housing Development Organization Agreement (hereinafter the "Agreement").
2. **Purpose** The purpose of this Agreement is to pledge FY2005-2006 Urbana HOME Consortium funds to provide ULCCDC with administrative and operating activities to complete the Project.
3. **Pledge of HOME and Match Funds** The City pledges to ULCCDC \$25,000 in Urbana HOME Consortium funds for the Project.

Specific uses of said funds are for administration and operating activities related to the continued operation and new development of HOME CHDO funded homeownership opportunities are shown in Exhibit 1.

ULCCDC shall not request disbursement of HOME funds until HOME funds are needed to pay eligible costs related to the Project. The amount of any request for funds shall not exceed the amount needed and shall be supported by appropriate documentation (i.e. payroll documentation, receipts, invoices). The City shall make payment to ULCCDC within fourteen (14) calendar days of receipt of a complete and acceptable request by the City. The City reserves the right to withhold disbursement of funds until appropriate documentation is submitted. All checks shall be made payable to "ULCCDC Corporation." All monies granted to ULCCDC pursuant to this Agreement shall be expended by ULCCDC by August 31, 2006.

4. **Eligible Uses of Funds.** ULCCDC may expend funds per 24 CFR 92.208(a) and 24 CFR 92.300(f).

*24 CFR 92.208(a): Up to 5 percent of a participating jurisdiction's fiscal year HOME allocation may be used for the operating expenses of community housing development organizations (CHDOs). These funds may not be used to pay operating expenses incurred by a CHDO acting as a subrecipient or contractor under the HOME Program. Operating expenses means reasonable and necessary costs for the operation of the community housing development organization. Such costs include salaries, wages, and other employee compensation and benefits; employee education, training, and travel; rent; utilities; communication costs; taxes; insurance; equipment; materials and supplies. The requirements and limitations on the receipt of these funds by CHDOs are set forth in 92.300(f).*

*24 CFR 92.300(f): Limitation on community housing development organization operating funds. A community housing development organization may not receive HOME funding for any fiscal year in an amount that provides more than 50 percent or \$50,000, whichever is greater, of the community housing development organization's total operating expenses in that fiscal year. This also includes organizational support and housing education provided under section 233(b)(1), (2), and (6) of the Act, as well as funds for operating expenses provided under 92.208.*

5. **Financial Responsibility** The allocation of funds by the City pursuant to this Agreement shall in no way obligate the City for any financial responsibility incurred by the Project in excess of the funding pledged herein.
  
6. **Equal Employment** ULCCDC agrees that there shall be no discrimination against any person who is employed in carrying out the Project, or against any applicant for such employment, because of race, color, religion, sex, age, or national origin, or any other discrimination prohibited by Urbana law, including but not limited to employment, upgrading, demotion, or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. ULCCDC further agrees to the following.
  - A. It shall be bound by said equal opportunity clause with respect to its own employment practices during the duration of its participation with the City and HUD.
  - B. It shall furnish the City and HUD with information as they may require for the supervision of such compliance and will otherwise assist the City and HUD in the discharge of primary responsibility for securing compliance.
  - C. It shall carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by the Secretary of Labor, the City, or HUD.

Agreement No. 0506-UL01

- D. It shall abide by the Urbana Human Rights Ordinance regarding equal employment.

7. **Certifications** ULCCDC represents the following with respect to this Agreement.

- A. ULCCDC possesses legal authority to receive HOME Program funds from the City and to execute the Project as described herein.
- B. The governing body of ULCCDC has duly adopted or passed as an official act a resolution, motion, or similar action authorizing execution of this Agreement including all understandings and assurances contained herein, and directing and designating the authorized representative of ULCCDC to act in connection with this Agreement and to provide such additional information as may be required.
- C. ULCCDC, its successors and assigns, agrees to develop and operate the Project in accordance with HOME Program regulations promulgated at 24 CFR Part 92.
- D. ULCCDC acknowledges there is no match requirement for these HOME CHDO funds disbursed by the City in the amount of \$25,000.
- E. ULCCDC shall comply with the regulations, policies, guidelines, and requirements of federal management circulars as they relate to the acceptance and use of federal funds for the Project. ULCCDC agrees to maintain financial records in accordance with applicable Federal guidelines; OMB circulars A-110, A-122, and A-133; the following requirements of 24 CFR Part 84: 84.2, 84.5, 84.13, 84.16, 84.21, 84.22, 84.26 - 84.28, 84.30, 84.31, 84.34 - 84.37, 84.40 - 84.48, 84.51, 84.60 - 84.62, 84.72, and 84.73. ULCCDC shall separately and accurately identify use of HOME funds pursuant to this Agreement.
- F. ULCCDC shall comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and the regulations issued pursuant thereto (24 CFR Part 1), which provides that no person in the United States shall on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which ULCCDC receives federal financial assistance.
- G. ULCCDC shall comply with Executive Order 11246, and all regulations issued pursuant thereto (24 CFR Part 130), which provide that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of federal or federally-assisted contracts. Such contractors and subcontractors shall take affirmative action to

Agreement No. 0506-UL01

insure fair treatment in employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation and selection for training and apprenticeship.

- H. ULCCDC shall establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties in accordance with 24CFR92.356, and enforce such safeguards. Further, it will immediately report to the City any suspected or actual conflict situation.
- I. No Federal appropriated funds have been paid or will be paid, by or on behalf of ULCCDC, to any person for influencing or attempting to influence an officer or employee of any agency including the City, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

If any funds other than Federal appropriated funds have been paid, or will be paid to any person for influencing or attempting to influence an officer or employee of any agency including the City, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, ULCCDC will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions. This form must be completed and submitted to the City prior to the execution of this agreement and prior to any disbursement of funds.

- J. ULCCDC shall give HUD and the Comptroller General through any authorized representative access to and the right to examine all records, books, papers, or documents related to the Project.
- K. ULCCDC authorizes the City and HUD to conduct on-site reviews, examine personnel records, and to conduct any other procedure or practice necessary to assure compliance with this Agreement. ULCCDC will ensure that all documents related to this Project shall be kept for a period of five years after project completion. Records to be retained include, but are not limited to timesheets; receipts and invoices for materials, supplies, and services; and documentation used to request re-imbusement of expenses.
- L. ULCCDC shall at all times observe and comply with all laws, ordinances, or regulations of Federal, State, and local governments which may in any manner

Agreement No. 0506-UL01

affect the performance of this Agreement. ULCCDC shall be liable to perform all acts to the City in the same manner as the City performs these functions to the Federal government.

- M. ULCCDC shall be responsible for any and all claims, costs, causes, actions, and expenses, including, but not limited to, attorneys' fees incurred by reason of a law suit or claim for compensation arising in favor of any person, including the employees, officers, independent contractors, subcontractors, or agents of ULCCDC, on account of personal injuries or death, or damages to property occurring, growing out of, incident to, or resulting under this Project, whether such loss, damage, injury, or liability is contributed to by the negligence of the City or its officers, employees, or agents, or by the premises themselves or any equipment thereon whether latent or patent, or from other causes whatsoever, except that ULCCDC shall have no liability for damages or the costs incident thereto caused by the sole negligence of the City, or its officers, employees, or agents.
- N. ULCCDC shall have full control of the ways and means of performing the services referred to herein. ULCCDC acknowledges and agrees that its employees, representatives, subcontractors, and agents may in no respect be considered employees of the City.
8. **Affirmative Marketing.** ULCCDC must adopt an affirmative marketing policy and procedure acceptable to HUD to attract tenants for their homeownership properties per 24 CFR 92.351. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status or disability. The affirmative marketing requirements and procedures adopted must include:
- Methods for informing the public, owners, and potential tenants about Federal fair housing laws and the City's affirmative marketing policy
  - Requirements and practices ULCCDC must adhere to in order to carry out the affirmative marketing procedures and requirements
  - Procedures to be used by ULCCDC to inform and solicit applications from persons in the housing market area who are not likely to apply for the housing without special outreach
  - Records that will be kept describing actions taken by ULCCDC to affirmatively market units and records to assess the results of these actions
  
  - A description of how the ULCCDC will annually assess the success of affirmative marketing actions and what corrective actions will be taken where affirmative marketing requirements are not met.



Agreement No. 0506-UL01

9. **Prohibition Against Lobbying** ULCCDC acknowledges that no funds disbursed pursuant to this Agreement shall be used to finance lobbying activities. Furthermore, ULCCDC acknowledges that no ULCCDC employee funded in whole or part pursuant to this Agreement shall engage in lobbying activities at any time during the term of this Agreement. For purposes of this Agreement the term “lobbying activities” shall include the following.

- any activity related to the election or appointment of an individual to public office, including, but not limited to, contributions to campaign funds, solicitation in an attempt to influence the outcome of an election for public office, and preparation and dissemination of campaign materials
- sponsorship of candidate forums
- sponsorship of voter registration drives
- provision of transportation to polling places
- contributing financially to elected or appointed public officials in an attempt to influence legislation
- hiring an individual or individuals to represent an organization and/or its position before elected or appointed public officials .

10. **Compliance** ULCCDC agrees that if the City determines that ULCCDC has not complied with or is not complying with the provisions of this Agreement and so notifies ULCCDC by written notice of said violations and ULCCDC fails to correct said violations within thirty (30) days from receipt of said notice, the City may terminate this Agreement by written notice and may take any other action as may be permitted pursuant to this Agreement.

11. **Notices** Notices and communications under this Agreement shall be sent first class, prepaid to the respective parties as follows.

TO THE CITY: Erin J. Bullok, Interim Manager  
Grants Management Division  
400 South Vine Street  
Urbana, Illinois 61801

TO ULCCDC: Jean Algee, Director of Housing Programs  
ULCCDC  
314 South Neil Street  
Champaign, Illinois 61820

12. **Contingencies** This Agreement, including the provision of funds by the Urbana HOME Consortium for the Project as described herein, is contingent upon the following:

- Receipt of FY 2005-2006 HOME Program funds by the City of Urbana on behalf of the Urbana HOME Consortium in an amount not less than \$1,115,930.

Agreement No. 0506-UL01

13. **Assignment** ULCCDC shall not assign this Agreement, nor any part thereof, without prior written approval of the City.
14. **Modification** No modification of this Agreement, including modification of the budget in *Exhibit 1*, shall be effective unless in writing and executed by the parties hereto.
15. **Termination** Unless otherwise extended through a modification, this Agreement shall terminate on August 31, 2006.
16. **Execution of Agreement**. This Agreement shall be binding upon the City and ULCCDC, their successors and assigns, and shall be effective as of the date executed by the Mayor and attested by the City Clerk.

**CITY OF URBANA**

---

Laurel Lunt Prussing, Mayor

Date

---

Phyllis D. Clark, City Clerk

Date

**URBAN LEAGUE OF CHAMPAIGN COUNTY DEVELOPMENT CORPORATION**

---

Printed Name

Signature

Date

---

Printed Name

Signature

Date

*Exhibit 1: ULDCCC Operating Budget – FY 2005-2006*

***Exhibit 1***

**ULCCDC Expenses**

**FY2005-2006**

<b><u>Operating Expenses</u></b>	<b><u>Amount</u></b>
Staff Salaries	\$15,000
Payroll Benefits FICA, Medicare, etc...	\$5,000
Office Rent	\$2,500
Utilities & Telephone	\$1,500
Office Supplies	<u>\$500</u>
	\$25,000

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

**AN ORDINANCE APPROVING AND AUTHORIZING THE EXECUTION  
OF AN URBANA HOME CONSORTIUM  
COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT**

**(Urban League Development Corporation of Champaign County  
CHDO Operating FY 2005-2006)**

WHEREAS, The City Council of the City of Urbana, Illinois, has found and determined that execution of the attached Community Housing Development Organization agreement is desirable and necessary to carry out one of the corporate purposes of the City of Urbana, to wit: implementation of Strategies and Objectives to Address the Affordable Housing Needs of Low and Moderate Income Households described in the *Urbana HOME Consortium and the City of Urbana Consolidated Plan for Program Years 2005-2009*.

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

Section 1. That an Agreement providing \$25,000 in HOME funds, for administration and operating expenses related to the continued operation and new development of HOME funded rental housing properties, between the City of Urbana and Homestead Corporation of Champaign-Urbana, in the form of the copy of said Agreement attached hereto and hereby incorporated by reference, be and the same is hereby authorized and approved.

Section 2. That the Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver and the City Clerk of the City of Urbana, Illinois, be and the same is authorized to attest to said execution of said Agreement as so authorized and approved for and on behalf of the City of Urbana, Illinois.

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