



**DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES
ADMINISTRATION AND PLANNING DIVISION
MEMORANDUM**

TO: Bruce K. Walden, Chief Administrative Officer
FROM: Bob Grewe, Manager, Grants Management Division
DATE: August 8, 2001
RE: FY0001 and FY0102 HOME CHDO Agreement - Urban League's Lease Purchase Program

Brief Description of the Issue(s)

On the agenda for the August 13 meeting of the Committee of the Whole is a HOME CHDO agreement with the Urban League of Champaign County Development Corporation (ULCCDC) to pledge \$195,500 in FY2000-2001 and FY2001-2002 HOME monies to acquire and complete minor rehab of homes for families participating in their Principal Reduction Lease Purchase Program.

Identification of the Issue(s) and Any Approvals Required

The issues are whether City Council should approve an agreement between the city and ULCCDC regarding their lease-purchase program. City Council approval is required for this matter.

Background/Facts

The Urbana City Council has approved the FY2000-2001 and FY2001-2002 Annual Action Plans which identify activities to be funded under the Community Development Block Grant and HOME Investment Partnership programs. HOME funds were allocated in both plans to the ULCCDC to provide downpayment grants and funds for minor home rehabilitation to families participating in their Principal Reduction Lease Purchase Program. The FY2001-2002 funds allocated to ULCCDC are part of the mandatory 15-percent set-aside for community housing development organizations (CHDOs). As a certified CHDO, ULCCDC is eligible for these funds. The decision to grant ULCCDC CHDO funds was made jointly by the City of Urbana, the City of Champaign, and Champaign County in accordance with an intergovernmental agreement governing the HOME Program.

ULCCDC's program will allow residents of Urbana and Champaign who are unable to obtain conventional financing due to lack of downpayment or credit issues to resolve these issues while at the same time avoid a high interest rate mortgage and potentially predatory loan. The client base for this program would come from the Urban Leagues's credit counseling program, of which there are over 200 families. Over 180 of these families have incomes less than \$30,000. This agreement should allow approximately 12 low-income families to afford a reasonable mortgage payment while allowing them to reside in a safe, decent and affordable home. Busey Bank has pre-qualified 15 families for home mortgages and 11 of these families are currently looking for homes. The purchase price of the individual homes is expected to be less than \$90,000. This

agreement would give a \$15,000 grant to each family to reduce the principal due on the mortgage loan. At a minimum, there will be 4 families purchasing homes in Urbana and 5 in Champaign.

Once a family has been identified by ULCCDC, they will be able to lease the house that they select and ULCCDC purchases. The client would work with ULDC for an additional 2 years with a one-year extension to resolve any outstanding credit issues and to save money for a downpayment. This includes attendance of budget, credit and home maintenance counseling sessions. If Freddie Mac is willing to provide an end loan product, this time frame may get extended to 5 years. Clients will pay no more than 30 percent of their monthly income to cover the costs of the mortgage principal and interest, taxes and insurance, initial earnest money, closing costs, and an administrative fee. These costs would be amortized over 24 months.

If a client is unable to assume the existing mortgage or find other permanent financing at the end of the three years, they would be released from the program and referred to the appropriate resources to resolve the problem. At which time the client would move from the house and ULCCDC would be able to place another family in the unit. Any money that the disqualified client had escrowed would be retained by ULCCDC as liquidated damages. A copy of the "Real Estate Installment Contract for Lease-Purchase Program" between ULCCDC and their clients is attached.

Fiscal Impact

There would be no fiscal impact to the city budget. These funds have previously been budgeted in Fiscal Years 2000-2001 and 2001-2002. The City would have no liability in connection with the acquisition or rehabilitation of the homes.

Recommendation

At their July 24 meeting, the Urbana Community Development Commission recommended the agreement to City Council for approval. Community Development Staff also recommend the approval of the agreement.

Prepared By: _____

Michael J. Loschen
Grants Coordinator II

- Attachments:
- (1) Real Estate Installment Contract For Lease-Purchase Program (between ULCCDC and their client)
 - (2) Urbana HOME Consortium Community Development Organization Agreement Urban League of Champaign County Development Corporation Lease Purchase Program (FY 2001-2002)
 - (3) An Ordinance Approving An Urbana HOME Consortium Community Housing Development Organization Agreement-Urban League of Champaign County Development Corporation-Lease Purchase-FY2001-2002

ORDINANCE NO. 2001-08-092

AN ORDINANCE APPROVING AN URBANA HOME CONSORTIUM
COMMUNITY DEVELOPMENT ORGANIZATION AGREEMENT

(URBAN LEAGUE OF CHAMPAIGN COUNTY DEVELOPMENT CORPORATION-LEASE
PURCHASE PROGRAM FY2001-2002)

WHEREAS, the City of Urbana, the City of Champaign, the Village of Rantoul, and Champaign County have been jointly designated as a Participating Jurisdiction by the U.S. Department of Housing and Urban Development (hereinafter "HUD") for the purpose of receiving HOME Investment Partnership (hereinafter "HOME") Program funds in the name of the Urbana HOME Consortium; and

WHEREAS, the Urbana HOME Consortium has received HOME Program funds from HUD for the period beginning July 1, 1999, and ending June 30, 2000; and

WHEREAS, the Urbana HOME Consortium has received HOME Program funds from HUD for the period beginning July 1, 2000 and ending June 30, 2001; and

WHEREAS, the Urbana City Council has adopted a Consolidated Plan for Program Years 1995-1999 (hereinafter the "Consolidated Plan 1995-1999") which budgets \$931,000 in Urbana HOME Consortium funds for the period beginning July 1, 1999, and ending June 30, 2000, including \$139,650 set aside for use by Community Housing Development Organizations (hereinafter "CHDOs") in accordance with an Intergovernmental Agreement Concerning Administration of

a Champaign/Urbana/Champaign County HOME Investment Partnerships Consortium executed by the City on June 23, 1997 (hereinafter the "Intergovernmental Agreement-1997; and

WHEREAS, the Urbana City Council has adopted a Consolidated Plan for Program Years 2000-2004 (hereinafter the "Consolidated Plan 2000-2004") which budgets \$984,000 in Urbana HOME Consortium funds for the period beginning July 1, 2000, and ending June 30, 2001, including \$155,735 set aside for use by CHDOs in accordance with an Intergovernmental Agreement Concerning Administration of a Champaign/Urbana/Rantoul/Champaign County HOME Investment Partnerships Consortium executed by the City on July 7, 1999 (hereinafter the "Intergovernmental Agreement-1999; and

WHEREAS, both Consolidated Plans promote expansion of homeownership opportunities and recommends that the City expand home construction opportunities for low-income households; and

WHEREAS, the Illinois Center for Citizen Involvement (hereinafter "ICfCI") has been designated as a recipient of CHDO funds for the Urbana HOME Consortium for FY1999-2000 and FY2000-2001; and

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

WHEREAS, ICfCI has applied to the City for FY1999-2000 and FY2000-2001 Urbana HOME Consortium funds to construct six single-family residences within the Eads at Lincoln Subdivision in Urbana, Illinois, for sale to low-moderate income households

(hereinafter the "Project"); and

WHEREAS, the City has the right and authority, pursuant to both the HOME Program, the Intergovernmental Agreement-1997, and the Intergovernmental Agreement-1999 to allocate Urbana HOME Consortium funds to ICfCI for the Project.

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

Section 1. That the City of Urbana, acting as lead entity for the Urbana HOME Consortium approves an *Urbana HOME Consortium Community Housing Development Organization Agreement, Illinois Center for Citizen Involvement (Eads at Lincoln FY2000-2001)*, a copy of which is attached hereto and incorporated herein by reference, and authorizes the Mayor of the City of Urbana to execute the same on behalf of the City of Urbana.

Section 2. This Ordinance is hereby passed by the affirmative vote, the "ayes" and "nays" being called, a majority of the members of the City Council of the City of Urbana, Illinois, at a regular meeting of said Council on the _ day of _____, 20_.

PASSED by the City Council this _____ day of _____, _____.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of

_____, _____.

Tod Satterthwaite, Mayor

URBANA HOME CONSORTIUM
COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT
URBAN LEAGUE OF CHAMPAIGN COUNTY DEVELOPMENT CORPORATION

Lease Purchase Program (FY2001-2002)

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, an Illinois Not-For-Profit Organization (hereinafter "ULCCDC").

WITNESSETH:

WHEREAS, the City of Urbana, the City of Champaign, the Village of Rantoul 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, 2000, and ending June 30, 2002, 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 2000-2004 (hereinafter the "Consolidated Plan") which budgets \$984,000 in Urbana HOME Consortium funds for the period beginning July 1, 2000, and ending June 30, 2001, including \$155,735 set aside for use by Community Housing Development Organizations (hereinafter "CHDOs") and budgets \$1,036,000 in Urbana HOME Consortium funds for the period beginning July 1, 2001, and ending June 30, 2002, including \$155,400 set aside for use by Community Housing Development Organizations (hereinafter "CHDOs") in accordance with an Intergovernmental Agreement Concerning Administration of a Champaign/Urbana/Rantoul/Champaign County HOME Investment Partnerships Consortium executed by Mayor Tod Satterthwaite on behalf of the City on July 7, 1999 (hereinafter the "Intergovernmental Agreement"); and

WHEREAS, the Consolidated Plan promotes expansion of homeownership opportunities and recommends that the City expand home construction opportunities for low-income households; and

WHEREAS, ULCCDC has been designated as a recipient of CHDO funds for the Urbana HOME Consortium for FY2001-2002; 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 FY2000-2001 and FY2001-2002 Urbana HOME Consortium funds to provide downpayment grants and minor rehabilitation to families participating in ULCCDC's Principal Reduction Lease Purchase Program, for sale to low-income households (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 FY2000-2001 and FY2001-2002 Urbana HOME Consortium funds to provide ULCCDC with funds to provide downpayment grants and minor home repairs to low-income families.
3. **Pledge of HOME and Match Funds** The City pledges to ULCCDC \$195,500 in Urbana HOME Consortium funds for the Project as follows:
 - \$175,500 in FY2001-2002 Urbana HOME Consortium CHDO funds (\$140,400 HOME, \$35,100 match to be provided by ULCCDC)
 - \$20,000 from the Urbana share of FY2000-2001 Urbana HOME Consortium funds (\$16,000 HOME, \$4,000 city match)

This pledge is subject to a pledge by the City of Champaign of a portion of its share of Urbana HOME Consortium funds, including HOME and match funds, as follows:

- \$44,500 from the Champaign share of FY2001-2002 Urbana HOME Consortium funds for downpayment grants and minor rehab (\$35,600 HOME, \$8,900 city match).

4. **Use of HOME and Match Funds** ULCCDC agrees to utilize \$195,500 in HOME and match funds pledged by the City to provide downpayment grants and minor rehabilitation work to a minimum of 4 low-income households in Urbana and 5 low-income households in Champaign. Each eligible household will receive a maximum of \$15,000.

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 "Urban League of Champaign County Development Corporation." All monies granted to ULCCDC pursuant to this Agreement shall be expended by ULCCDC by July 31, 2002.

5. **Restrictions on Subsequent Sales of Certain Units** The City and ULCCDC agree that, to the extent allowable by law, the warranty deed to any house receiving funds pursuant to this Agreement shall include a provision restricting subsequent sales of said house to a family having income at or below 80 percent of area median family income as determined by HUD for a period of ten years from the date of the deed transferring title from ULCCDC to the first homeowner. This deed restriction shall not apply to properties repossessed by a financial institution as a result of foreclosure proceedings.

6. **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.

7. **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.
 - D. It shall abide by the Urbana Human Rights Ordinance regarding equal employment.

8. **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 and with applicable building codes.
 - D. ULCCDC, its successors and assigns, agrees to comply with Section 3 of the Fair Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u),

which provides that, to the greatest extent feasible, opportunities for training and employment that arise through the Project shall be given to low-income residents of Champaign County and that contracts in connection with the Project be awarded to business concerns located in or owned in substantial part by persons residing in Champaign County. ULCCDC agrees to comply with provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of HUD set forth in 24 CFR Part 135, and all applicable rules and orders of HUD issued thereunder. ULCCDC certifies and agrees that it is under no contractual or other disability that would prevent ULCCDC from complying with these requirements. The responsibility to comply with Section 3 regulations includes the following.

- Including reference to Section 3 in each subcontract in excess of \$100,000.
- Sending each labor organization or representative of workers with which ULCCDC has a collective bargaining agreement or other understanding a notice of the ULCCDC commitment under Section 3.
- Posting copies of the notice in conspicuous places at work sites where both employees and applicants for employment positions can see the notice.
- Refrain from filling any vacant employment and training positions after the contractor is selected but before the contract is executed to circumvent obligations under Section 3.
- Refrain from entering into any contract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of Section 3 regulations.
- Directing efforts to award covered contracts to Section 3 business concerns in order of priority.
- Directing efforts to employ and train Section 3 residents in the order of priority.
- Documenting actions taken to comply with Section 3 requirements.
- Submitting required Section 3 reports.

E. ULCCDC acknowledges it shall match HOME CHDO funds disbursed by the City in the amount of \$35,100.

- F. ULCCDC agrees to give maximum feasible priority to very low-income families as determined by HUD when administering the Project described herein.
- G. 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.
- H. 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.
- I. 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 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.
- J. 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.

- K. 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.

- L. 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.

- M. 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.
- N. 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 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.
- O. 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.
- P. 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.
- Q. ULCCDC agrees that, to the greatest extent feasible, all construction-related expenditures made for the Project shall be made to Champaign County firms or individuals.

- 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

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 2000-2001 HOME Program funds by the City of Urbana on behalf of the Urbana HOME Consortium in an amount not less than \$984,000.
 - Receipt of FY 2001-2002 HOME Program funds by the City of Urbana on behalf of the Urbana HOME Consortium in an amount not less than \$1,036,000.
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 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 July 31, 2002.
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

BY: _____

DATE: _____

ATTEST: _____

URBAN LEAGUE OF CHAMPAIGN COUNTY DEVELOPMENT CORPORATION

BY: _____

DATE: _____

ATTEST: _____