



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Bruce K. Walden, Chief Administrative Office

FROM: Elizabeth H. Tyler, AICP, City Planner/Director

DATE: May 8, 2003

SUBJECT: HUD Renewal of the Urbana HOME Consortium

Description

On the May 12, 2003 agenda of the Committee of the Whole are two resolutions relating to the HUD renewal of the Urbana HOME Consortium. The first resolution approves an intergovernmental agreement concerning the local administration of the Consortium, while the second resolution authorizes the execution of an agreement to participate in a Consortium with the U.S. Department of Housing and Urban Development. The Consortium renewal would last three years (2004-2006).

Issues

The issue in this case is whether the City of Urbana should enter into the agreements to re-certify the Urbana HOME Consortium with HUD and to continue their membership in the Urbana HOME Consortium for another three years. To allow this, both resolutions will need City Council approval.

Background

In 1990, Congress established the HOME Investment Partnerships Program (HOME Program) through passage of the Cranston-Gonzales National Affordable Housing Act. Through the HOME Program, Congress provides funds to states and local governments for affordable housing assistance with the flexibility to decide what kind of housing assistance or mix of assistance is most appropriate for local needs. HOME funds may be used for a variety of activities to develop and support affordable housing rehabilitation, property acquisition, new construction, reconstruction, site improvements, acquisition, demolition, relocation expenses, tenant-bases rent assistance, and assistance to first-time homebuyers.

HOME Program funds are allocated on a formula basis to large cities and counties similar to the allocation process used for the Community Development Block Grant (CDBG) program. While CDBG funding formula entitles Urbana and Champaign an annual grant, the HOME funding formula does not. Instead, communities like Champaign, Urbana, and Champaign County who

are too small to receive HOME funds directly from HUD must competitively apply for HOME funds from their respective states. In Illinois, the Illinois Housing Development Authority (IHDA) allocates HOME funds to non-HOME entitlement jurisdictions on a competitive basis.

HUD regulations allow contiguous units of local government to enter into mutual cooperation agreements to form consortia for the purpose of obtaining HOME funds directly from HUD. Whereas these units individually may not be large enough to qualify for a HOME entitlement allocation, as a consortium they could.

The Urbana HOME Consortium was created in 1994 and re-certified in 1997 and 2001. The Consortium originally consisted of the City of Urbana, the City of Champaign, and Champaign County. The Village of Rantoul joined the Consortium in 1999 but opted out after only one year of participating. This re-certification period would last from years 2004-2006.

The only change in the Consortium Agreement from the previous Agreement, other than the effective dates, is located in item M. This language provides that the Agreement will be automatically renewed for successive three-year consortia qualification periods. This provision will eliminate the need for the City of Urbana, City of Champaign and Champaign County to approve and execute Consortium Agreements every three (3) years.

Options

Options for Council action include the following:

- (1) Adopt the Resolutions.
- (2) Adopt the Resolutions, with amendments.
- (3) Do not adopt the Resolutions.

Fiscal Impacts

There will be no fiscal impacts on the upcoming FY2003-2004 budget, since Council has approved the FY 2003-2004 Annual Action Plan and HUD is expected to provide HOME funding to the Consortium.

If the Consortium were not re-certified, over \$1,178,000 would be lost annually by Champaign County for affordable housing programs. If the City of Urbana decides not to participate in the Consortium, the city would lose approximately \$285,000 in affordable housing monies annually.

Recommendations

Staff recommends that the Urbana City Council adopt the attached resolutions allowing the City of Urbana to continue its membership in the Urbana HOME Consortium and provide for another three-year consortium re-certification.

Memorandum Prepared By:

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Manager, Grants Management Division

Attachments:

- 1. A Resolution Authorizing Execution of an Intergovernmental Agreement Concerning Administration of a Champaign/Urbana/Champaign County HOME Investment Partnerships Consortium.*
- 2. An Intergovernmental Agreement Concerning Administration of a Champaign/Urbana/Champaign County HOME Investment Partnerships Consortium.*
- 3. An Intergovernmental Agreement Concerning Administration of a Champaign/Urbana/Rantoul/Champaign County HOME Investment Partnerships Consortium (executed July 2000).*
- 4. A Resolution Authorizing Execution of an Agreement to Participate in a Champaign/Urbana/Champaign County HOME Investment Partnerships Consortium.*
- 5. A HOME Investment Partnerships Consortium Agreement.*
- 6. A HOME Investment Partnerships Consortium Agreement (executed July 2000).*