



## DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

*Grants Management Division*

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

**TO:** Bruce K. Walden, Chief Administrative Officer

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

**DATE:** October 20, 2003

**SUBJECT:** An Ordinance Approving A Second Amendment to a Certain Urbana HOME Consortium Community Housing Development Organization Agreement Between the City of Urbana and Homestead Corporation (Eads at Lincoln FY2002-2003)

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### **Description**

Included on the agenda for the October 27, 2003 meeting of the Urbana City Council Committee of the Whole is a second amendment to the Eads at Lincoln Program. The amendment would allow the City to pay Homestead a pro-ration share of their development fee before the home is transferred to the homebuyer.

### **Issues**

The issue is whether the Committee of Whole should recommend approval of a second amendment to the Eads at Lincoln CHDO agreement to allow the City to pay Homestead a pro-ration share of their development fee.

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### **Background**

On January 29, 2003, the City of Urbana entered into an agreement with Homestead Corporation to complete the Eads at Lincoln Homebuyer project. The goal of this agreement was to complete the construction of new homes in the Eads at Lincoln Subdivision.

Under this agreement, Homestead is to receive a \$7,000 development fee for each of the original five houses successfully constructed and transferred to a qualified homebuyer. Homestead will receive a \$5,000 development fee after the sixth house is completed per the first amendment to the agreement. The payments of these fees to Homestead were to be completed at the time a homebuyer closes on their house. Homestead has requested this amendment so that they may increase their cash flow in order to pay the 2002 real estate taxes on their single-family rental properties.

## **Options**

1. Recommend approval of the ordinance.
2. Recommend approval of the ordinance with additional amendments.
3. Do not recommend approval of the ordinance.

## **Fiscal Impacts**

The proposed change would not have any impact, as funds for this project have been previously budgeted.

## **Recommendations**

Community Development staff recommend that the Urbana City Council Committee of the Whole recommend approval of An Ordinance Approving a Second Amendment to a Certain Urbana HOME Consortium Community Housing Development Organization Agreement - Homestead Corporation - Eads at Lincoln (FY 2002-2003).

**Memorandum Prepared By:**

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**Michael J. Loschen**  
**Grants Coordinator II**

- Attachments:
- (1) A Second Amendment to a Certain Urbana HOME Consortium Community Housing Development Organization Agreement – Homestead Corporation – Eads at Lincoln (FY2002-2003)
  - (2) An Ordinance Approving a Second Amendment to a Certain Urbana HOME Consortium Community Housing Development Organization Agreement Between the City of Urbana and Homestead Corporation – Eads at Lincoln (FY2002-2003)

**A SECOND AMENDMENT  
TO A CERTAIN URBANA HOME CONSORTIUM  
COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT  
HOMESTEAD CORPORATION**

(EADS AT LINCOLN FY2002-2003)

THIS AGREEMENT is made this \_\_\_\_ day of \_\_\_\_\_, 2003 by and between the City of Urbana, an Illinois Municipal Corporation, acting as lead entity for the Urbana HOME Consortium (hereinafter the "City"), and the Homestead Corporation, an Illinois Not-For-Profit Organization (hereinafter "Homestead").

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, 1995, and ending June 30, 2004, 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 1995-1999 (hereinafter the "Consolidated Plan") which budgets \$931,000 in Urbana HOME Consortium funds for the period beginning July 1, 1999, and ending June 30, 2000, 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 June 23, 1997 (hereinafter the "Intergovernmental Agreement"); and

WHEREAS, the Urbana City Council has adopted a Consolidated Plan for Program Years 2000-2004 (hereinafter the "Consolidated Plan") which budgets the following amounts for each fiscal year: \$984,000 for the period beginning July 1, 2000, and ending June 30, 2001; \$1,036,000 for the period beginning July 1, 2001 and ending June 30, 2002; \$1,039,000 for the period beginning July 1, 2002 and ending June 30, 2003; and \$1,178,315 for the period beginning July 1, 2003 and ending June 30, 2004 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 homeownership opportunities and recommends that the City expand home construction opportunities for low-income households; and

WHEREAS, on January 29, 2003 the City of Urbana entered into an agreement with Homestead Corporation for the construction of five (5) affordable housing units in the Eads at Lincoln Subdivision; and

WHEREAS, on August 18, 2003 the Urbana City Council approved amending the agreement with Homestead Corporation to construct six (6) affordable housing units in the Eads at Lincoln Subdivision; and

WHEREAS, Homestead is requesting the pre-payment of developer's fees based upon the amount of work completed on the homes, in order to improve Homestead's cash-flow; and

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

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants and agreements herein contained, the parties agree as follows.

1. Section 4 of the CHDO Agreement is hereby amended to read as follows.

**Use of HOME and Match Funds** Homestead agrees to utilize \$252,977 in HOME funds pledged by the City and to provide \$25,765 in Homestead's matching funds to construct six (6) new houses in the Eads at Lincoln Subdivision for sale to low-income households. Specific uses of said funds are identified in Exhibit 3.

The City shall pay for Professional and Administrative Services. Payment per the provisions outlined in the project budget is subject to appropriate documentation and if requested, evidence that the work has been completed.

Homestead shall be paid a \$7,000 per property development fee to construct homes located at 1105 North Harvey Street, 908 West Eads Street, 910 West Eads Street, 916 West Eads Street and 902 Wascher Drive. Unless requested by Homestead in writing and approved by the City, Homestead shall be paid at the time the property is conveyed to the homebuyer. To request pre-payment, Homestead must document why the request is being made along with a statement by a licensed Illinois architect documenting the amount of work that has been completed on a house. Any remaining development fee after the pre-payment will be paid to Homestead at the time the house is conveyed to the homebuyer.

For the construction of the house at 914 Eads Street, the City shall provide payment of a development fees to Homestead at the time of conveyance of a completed house on ~~each building site to a qualified grantee~~ the property to a qualified homebuyer. As such, payment at the time of ~~each~~ the closing will be be \$5,000.

The City shall provide payment of management fees to Homestead in monthly installments of \$2,000 over five (5) month period beginning in March 2003 and ending July 2003. Homestead shall provide required documentation of staff time allocated to the Project. At its option, the City may withhold all or any portion of this payment if the City determines the construction progress of any one or more of the building sites is not satisfactory.

For the construction of the house at 914 Eads Street, the City shall provide payment of management fees related to the construction in two equal installments of \$500 to be made ~~September 2003 and October 2003~~ after the home is under construction.

Downpayment assistance grants in the amount of \$101,000 will be provided to qualified homebuyers. One (1) grant in the amount of \$18,000 each will be given to a family at or below 60% of the mean family income for Champaign County as determined by HUD. Two (2) grants in the amount of \$17,500 each will be given to families between 60.1-70.0% of the mean family income for Champaign County as determined by HUD. Two (2) grants in the amount of \$15,000 will be given to families between 70.1-80.0% of median family income for Champaign County as determined by HUD.

The downpayment assistance grants for the homebuyer associated with the 914 Eads Street home will be provided in a manner consistent with the graduated levels of homebuyer subsidies reference in the above paragraphs and outlined below:

Income Determination	Amount of downpayment assistance grant
At or below 60% MFI	\$18,000
60.1%-70% MFI	\$17,500
70.1-80% MFI	\$15,000

The homebuyer at 914 West Eads Street will have access to an additional \$9,500 in downpayment assistance. This additional financial assistance will be available in order to create an equitable financing arrangement similar to other houses constructed under this project. However, this additional downpayment assistance is limited to the extent that Homestead Corporation and the homebuyer can secure other sources of downpayment assistance. The additional \$9,500 in downpayment assistance will be reduced by the amount of other downpayment assistance funds that are secured by the Homestead Corporation and the homebuyer. (NOTE: This additional subsidy is to replace \$7,500 from Federal

Home Loan Bank and \$2,000 from the Department of Commerce and Employment Opportunity Energy Assistance Grants that could not be secured for only one additional unit.

The City shall disburse Downpayment and Closing Cost Assistance funds directly to a participating financial institution providing the homebuyer with mortgage financing when the following conditions have been met:

- The City receives written verification from a participating financial institution that first mortgage financing has been committed to the homebuyer.
- The City receives written verification that a certificate of occupancy or equivalent document has been issued for a completed house by the building code official of the City of Urbana.
- The City receives written certification of income for the household seeking downpayment assistance, said certification verifying eligibility of the household for downpayment assistance through the Project.
- The City receives all necessary project and demographic information required to complete HUD's Integrated Disbursement and Information System (IDIS) close-out.

2. All other provisions of said CHDO Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, and have caused this instrument to be executed by their duly authorized officials and corporate seals affixed hereto, all on the day and year first above written.

**CITY OF URBANA**

BY: \_\_\_\_\_

ATTEST: \_\_\_\_\_

**HOMESTEAD CORPORATION**

BY: \_\_\_\_\_

ATTEST: \_\_\_\_\_

ORDINANCE NO. 2003-10-119

AN ORDINANCE APPROVING A SECOND AMENDMENT TO A CERTAIN URBANA HOME CONSORTIUM  
COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT BETWEEN THE  
CITY OF URBANA AND HOMESTEAD CORPORATION

(EADS AT LINCOLN FY2002-2003)

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 City Council has adopted a Consolidated Plan for Program Years 1995-1999 (hereinafter the "Consolidated Plan") which budgets \$931,000 in Urbana HOME Consortium funds for the period beginning July 1, 1999, and ending June 30, 2000, 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 of Urbana (hereinafter "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") which budgets the following amounts for each fiscal year: \$984,000 for the period beginning July 1, 2000, and ending June 30, 2001; \$1,036,000 for the period beginning July 1, 2001 and ending June 30, 2002; \$1,039,000 for the period beginning July 1, 2002 and ending June 30, 2003, \$1,178,315 for the period beginning July 1, 2003 and ending June 30, 2004; and 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-1999"); and

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

WHEREAS, the Homestead Corporation (hereinafter "Homestead") has been designated as a recipient of CHDO funds for the Urbana HOME Consortium for FY1999-2000, FY2000-2001, FY2002-2003, FY2003-2004; and

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

WHEREAS, on January 29, 2003 the City entered into an agreement with Homestead for the construction of new homes within the Eads at Lincoln Subdivision; 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 Homestead 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 ORDINANCE APPROVING A SECOND AMENDMENT TO A CERTAIN URBANA HOME CONSORTIUM COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT BETWEEN THE CITY OF URBANA AND HOMESTEAD CORPORATION EADS AT LINCOLN (FY2002-2003), 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 \_\_\_\_\_, \_\_\_\_.

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