



COMMITTEE OF THE WHOLE
February 23, 2004
7:30 P.M.

Committee Members Present:

Danielle Chynoweth (arrived at 7:36 p.m.), James Hayes, Laura Huth, Milton Otto, Esther Patt, and Ruth Wyman – 6.

Committee Members Absent:

Joseph Whelan - 1

Staff Members Present:

Phyllis Clark, Rod Fletcher, Bill Gray, Bob Crewe, Steve Holz, Jim Page, Libby Tyler, Mayor Satterthwaite, and Bruce Walden

Others Present:

David Monk and Members of the Media

Meeting Location:

Urbana City Council Chambers

There being a quorum, Chair Hayes called the meeting to order at 7:34 p.m.

Additions to the Agenda and Staff Report

There were none.

Minutes of Previous Meeting

Ms. Wyman moved to approve the minutes of the February 9, 2004 meeting of the Committee of the Whole. The motion was seconded by Ms. Patt and carried by a voice vote.

Public Input

David Monk, 115 North Market, Champaign, addressed the Committee regarding a long-term plan for intermodal freight possibilities.

Ms. Patt inquired of the Mayor if there were dates certain for discussion on the ward maps. Mayor Satterthwaite replied that there would be public hearings on March 8 and March 15, 2004 at 6:00 p.m.

Ordinance No. 2004-02-016: An Ordinance Amending Schedule H of Section 23-93 of the Urbana Local Traffic Code Requiring Stop Signs at a Certain Intersection (Existing Lincoln Avenue at Lincoln Avenue)

Public Works Director Bill Gray presented staff report. The ordinance is for the placement of a stop sign at Lincoln Avenue where new street construction on Lincoln Avenue has extended the street to the north beyond the east/west leg of Lincoln Avenue. Traffic on Lincoln Avenue will be increased therefore the stop sign for westbound traffic is needed.

Ms. Wyman moved to forward the ordinance to Council with a recommendation for approval. The motion was seconded by Ms. Chynoweth and carried by a voice vote.

Ordinance No. 2004-02-017: An Ordinance Amending Schedule J of Section 23-183 of the Urbana Local Traffic Code Prohibiting Parking at All Times on Certain Streets (Florida Avenue; Abercorn Street; Montgomery Street; Ogelthorpe Avenue; Smith Road)

Mr. Gray presented staff report. This ordinance is for the prohibition of parking at all times at several locations within the Savannah Green subdivision. One location is the north side of Florida Avenue from 100 feet west of Smith Road to 150 feet east of Abercorn Street. Parking restrictions are also requested for Abercorn Street, Montgomery Street, Ogelthorpe Avenue and Smith Road between Florida Avenue and Michigan Avenue.

Ms. Patt moved to forward the ordinance to Council with a recommendation for approval. The motion was seconded by Ms. Wyman and carried by a voice vote.

Ordinance No. 2004-02-018: An Ordinance Approving and Authorizing the Execution of an Intergovernmental Agreement Regarding Public Safety Radio Communications and Homeland Security

Chief Administrative Officer Bruce Walden and Assistant Police Chief Jim Page presented staff report. This ordinance authorizes the execution of an Intergovernmental Agreement between Champaign County; the City of Urbana; the City of Champaign; the Village of Rantoul; Parkland Community College; and the University of Illinois at Champaign-Urbana for the administration of state and/or federal grants for the purchase or management of radio telecommunications equipment or services relating to homeland security. The cooperation and coordination of radio telecommunications between involved agencies is essential for effective delivery of public safety services.

Following debate, Ms. Patt moved for forward the ordinance to Council with a recommendation for approval. The motion was seconded by Ms. Wyman and carried by a voice vote.

Ordinance No. 2004-02-020: An Ordinance Authorizing the Mayor to Execute an Agreement to Provide Residential Recycling Collection and Processing Services (ABC Sanitary Hauling)

Mr. Gray presented staff report. Staff has secured the services of ABC Sanitary Hauling to perform residential collection and processing services. The 5-year term of this agreement starts April 1, 2004 and may be extended until 2011. This agreement is similar to the existing agreement with ABC. The price has increased from \$1.80 per unit to \$1.90 per unit for the agreement term with the following operational changes:

1. There will be no collection on holidays.
2. Five and six unit apartments will be included.
3. Introduction of 65 gallon wheeled carts for customers on a subscription basis.
4. There will be no need to separate acceptable materials.

Ordinance No. 2004-02-021: An Ordinance Authorizing the Mayor to Execute an Agreement to Provide Multifamily Recycling Collection and Processing Services (Central Waste Services)

Mr. Gray presented staff report. Staff has secured the services of Central Waste Services to perform multifamily collection and processing services. The five-year agreement starts April 1, 2004 and may be extended for an additional two years, until 2011. Prices for differing service levels are the same as in the original 1999 contract and some service levels are lower than that contract. Staff recommends approval.

Ordinance No. 2004-02-019: An Ordinance Amending Chapters Fourteen and Twenty-Two of the Code of Ordinances, City of Urbana, Illinois Regulating Recycling Taxes (Residential, Dormitory, and Multifamily Dwellings)

Mr. Gray presented staff report. Mr. Gray began the report by clarifying on page 1 of the ordinance, Section 1, first paragraph, Section 1. should read, "That the definition of residential dwelling contained in Section 22-101." Also Section 2. should read "that the definition of multifamily building".

The U-Cycle programs are funded from mandatory recycling taxes imposed on all residential, dormitory and multifamily property owners. With the new recycling agreements being presented for Council approval, there are increased costs. Both programs will have increased costs for the term of the agreements. Among those costs are increases in the residential program – contractual collection costs, 15-gallon replacement bins, acquisition costs for the new 65-gallon totes, storage for 95-gallon totes used in the multifamily program and increases to educational/promotional efforts for both programs, as well as inflationary costs. The residential rate would go from \$2.25 to \$2.50 per month; the dormitory rate would increase from \$1.75 to \$2.00; and the multifamily rate would increase from \$2.25 to \$2.50.

Following debate, Ms. Chynoweth moved by omnibus motion to send **Ordinance No. 2004-02-020: An Ordinance Authorizing the Mayor to Execute an Agreement to Provide Residential Recycling Collection and Processing Services (ABC Sanitary Hauling); Ordinance No. 2004-02-021: An Ordinance Authorizing the Mayor to Execute an Agreement to Provide Multifamily Recycling Collection and Processing Services (Central Waste Services); and Ordinance No. 2004-02-019: An Ordinance Amending Chapters Fourteen and Twenty-Two of the Code of Ordinances, City of Urbana, Illinois Regulating Recycling Taxes (Residential, Dormitory, and Multifamily Dwellings** to Council with a recommendation for approval. The motion was seconded Ms. Wyman. Following debate, the motion carried by a voice vote.

Ordinance No. 2004-02-022: An Ordinance Revising the Annual Budget Ordinance (Recycling Fund)

Environmental Manager Rod Fletcher presented staff report. The new recycling agreements being considered will bring several changes to the current budget. A significant change is the introduction of a 65-gallon cart offered to residential program at a cost of \$90,000. Associated assembly and distribution costs will total \$4700. Additional funds will be needed to replenish the supply of 15-gallon bins.

Revenues from the transfer station, reducing the recycling fund balance and a loan from general reserve will fund the proposed expenditures.

Ms. Wyman moved to forward the ordinance to Council with a recommendation for approval. The motion was seconded by Ms. Huth and carried by a voice vote.

Chair Hayes stated there would be a five-minute recess at 9:10 p.m. The Committee resumed at 9:24 p.m. with all Members of the Committee previously in attendance still present.

Proposed Redevelopment Alternatives for Lakeside Terrace Apartments Discussion

Grants Management Division Manager Bob Grewe presented staff report. The Urbana City Council and the Urbana Community Development Commission met on January 28, 2004 to discuss the proposed redevelopment alternatives for Lakeside Terrace Apartments. Urbana Community Development staff, Housing Authority of Champaign County staff, and representatives from Brinshore Development LLC were present to provide information and answer questions. A number of questions were raised, along with requests for additional information.

(The information memo provided by Mr. Grewe at this Committee meeting is attached.) There was extensive debate on this information. Ed Bland and Matthew Hogan, representing the Housing Authority of Champaign County, were present to answer questions from Committee.

Resolution No. 2004-02-003R: A Resolution Clarifying the Urbana City Council's Position on Redevelopment of Lakeside Terrace

Ms. Patt stated that Ms. Chynoweth put an amended resolution on Committee Member's desks and that is the resolution to be presented for Committee consideration. Issues covered by the Resolution

are:

1. The demolition of Lakeside Terrace will not occur without a viable redevelopment plan, which is consistent with the provisions of the Consolidated Plan for the replacement 80 permanent housings units that are affordable to extremely low-income families with children regardless of their income.
2. The Mayor be authorized to develop an interagency agreement with the HACC that includes HACC's commitment of relation and replacement housing vouchers, conversion of tenant-based Section 8 vouchers to project-based status and use of expected capital fund replacement funds to create new public housing units, and the City's commitment to support demolition of Lakeside Terrace after the Housing Authority and the Urbana City Council have approved a plan for replacement of demolished housing in compliance with the Consolidated Plan. This plan should be presented for Council review no later than March 22, 2004.

That the Interagency agreement with the HACC be guided by these goals:

1. These 80 replacements units will be a combination of public housing units at a mixed-income, multi-family development at the former Lakeside Terrace site, scattered site single family homes developed by non-profit organizations, and public housing units at mixed-income, multi-family structures acquired or constructed by non-profit organizations.
2. Replacement housing will be provided in coordination with CHDO and other non-profit organizations in order to build the capacity of existing CHDO's and to encourage the creation of new CHDO's.
3. The replacement housing plan will leverage city money with as many financing tools as possible available to the HACC.
4. Affordability of replacement housing for the lowest income families with children will be guaranteed for the longest period of time possible with a goal of 20 years minimum.

The City Council request that the HACC withdraw its application to HUD for funds to demolish Lakeside Terrace, and if the HACC chooses not to honor this request, that a copy of this resolution be submitted to HUD in conjunction with the application for demolition funds.

Following debate Ms. Patt moved to forward **Resolution No. 2004-02-003R: A Resolution Clarifying the Urbana City Council's Position on Redevelopment of Lake Side Terrace** to Council with a recommendation for adoption. The motion was seconded by Ms. Wyman. Ms. Chynoweth moved a friendly amendment to add "and preserve its Social Service Funding" at the end of Section 3.c. The amendment was acceptable to the mover and seconder.

Following extensive debate, the motion to send the resolution to Council carried by a voice vote.

ADJOURNMENT

There being no further business to come before the Committee, Chair Hayes declared the meeting adjourned at 10:05 p.m.

Respectfully submitted,

Elaine Taylor
Recording Secretary

*This meeting was taped.
* * This meeting was broadcast on cable television.

MINUTES APPROVED: March 8, 2004, as amended

AMENDMENT TO THE FEBRUARY 23, 2004 MINUTES

Ms. Patt requested to amend the minutes on page 5, Item 2, line two, to change the word "relation" to "relocation". There were no objections.

ATTACHMENT TO MINUTES

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 Tyler, AICP, City Planner/Director

DATE: February 19, 2004

**SUBJECT: Proposed Redevelopment Alternatives for Lakeside
Terrace**

Description

The Urbana City Council and the Urbana Community Development Commission met on January 28, 2004 to discuss the proposed redevelopment alternatives for Lakeside Terrace Apartments. A copy of the minutes of this meeting is attached.

Urbana Community Development staff, Housing of Authority of Champaign County (HACC) staff and representatives from Brinshore Development LLC were present to provide information and answer questions.

In the course of the meeting, a number of questions were raised, along with requests for additional information. Answers to many of the questions and the additional information requested are contained in the Background section of this memo.

Also included is a new, proposed alternative that incorporates many of the same components discussed earlier, but arranges these in a different sequence, that will provide more flexibility and local control for the creation of additional housing opportunities for very low-income persons.

In addition, a Resolution is attached that reconfirms the City's

commitment to provide a minimum replacement of 80 units, affordable to very low-income families as a prerequisite for redevelopment of Lakeside Terrace and the City's position that an acceptable redevelopment plan be in place prior to the demolition of unit at Lakeside Terrace. The Resolution further encourages the creation of new, permanent project-based Section 8 Vouchers sufficient for the full replacement of units lost at Burch Village and Lakeside Terrace.

Issues

There are a number of issues to consider. These issues include, but are not limited to the following:

- Determine the preferred redevelopment alternative for Lakeside Terrace
- Determine the level of financial assistance the City of Urbana desires to contribute to this project.
- Consider the level and quality of the redevelopment project.
- Address the requirements set forth in the Consolidated Plan and related policy concerns.
- Address the concerns related to the relocation of tenants.
- Consider the impact on the surrounding neighborhood and community.

Background

The Urbana City Council and the Urbana Community Development Commission met on January 28, 2004 to discuss the proposed redevelopment alternatives for Lakeside Terrace Apartments. A copy of the minutes of this meeting is attached.

The following is an outline listing of answers to questions and responses to requests for additional information.

1. Request: HACC should provide specific information related to the use of Section 8 vouchers (tenant based and project based vouchers) and plans for the utilization of the Replacement Housing Funds

The HACC has prepared a memorandum dated February 13, 2004. A copy of this memorandum is attached. Note that Item 1. of the memo is titled the Use of Vouchers/Replacement Housing Plan.

The memo notes that the HACC has applied for 96 additional vouchers to relocate current residents of Lakeside Terrace

and that they expect to receive 75 vouchers through this request. HACC expects to receive another 21 replacement vouchers via the provisions of the HUD PIH Notice 2002-21,4 (a).

Further, the HACC expects to receive an additional 49 vouchers related to the redevelopment of Burch Village and another 92 replacement vouchers for Scottswood Manor. (Scottswood Manor is being purchased and opting out of their affordability requirements. They will repay an appropriate amount of funds to HUD and are requesting 92 additional vouchers to help residents transition to new housing.)

The HACC has also identified the opportunity create another 150 vouchers from their existing budgetary authority.

The above developments result in an increase of 387 vouchers, which increases the current number of vouchers from 1,111 to 1,498.

The HACC notes that they cannot convert more than 15% of their Section 8 Vouchers to project-based vouchers. This would allow the HACC to convert 224 units from tenant-based to project-based vouchers. However, the HACC anticipates that only 150 vouchers may be needed to accommodate public housing redevelopment demands.

Without complete information, the HACC is only able to estimate the amount of funding that might be available through the Replacement Housing Funds. The HACC estimates that it could receive up to \$1,743,000 over 5 years or \$3,486,000 over a ten-year period. These funds would only be used for developing replacement public housing units.

The memorandum cites the following HUD regulations that concern the use of Housing Choice Vouchers, copies of these regulations are attached:

PIH Notice 2002-21, 4 (a)
24 CFR 983
HUD Notice 2003-10

Copies of these regulations are attached.

2. Request: HACC requested to provide a legal opinion, in writing, as to their ability to demolish Lakeside without City approval and the specific HUD policies that support the opinion.

The HACC has addressed this in their February 13, 2004 memorandum under Item 2. Demolition Policy.

The HACC notes that they have submitted an application for approval to demolish Lakeside Terrace and that they expect to receive approval for demolition by April 1, 2004.

The memorandum cites the following HUD regulations that concern the HACC's ability to pursue the demolition of Lakeside Terrace:

HUD Form 52860 - Demolition/Disposition Application
(completed)
24 CFR 970

Copies of these regulations/applications are attached.

HACC staff has verbally indicated that while HUD may allow demolition without City support, the HACC is not interested in pursuing any redevelopment without the support of the City of Urbana.

3. Request: Brinshore Development LLC to provide rationale for the relatively high cost of units.

Richard Sciortino, Brinshore Development, has provided the following rationale for the projected costs of the units to be developed:

"We currently estimate the total development costs to be \$140,000/unit. Which has been deemed to be higher than some Council members may have seen with other developments. First, these costs are not high. They may not be the lowest cost, but they are certainly in-line with comparable developments. The reason that the costs are higher than say Homestead's projects (which Jim Rose indicated to be about \$100,000/unit) includes the following:

- Higher site costs due to all new infrastructure improvements (\$5,000/unit)*
- Higher labor costs due to Davis-Bacon wage restrictions (\$15-20,000/unit)*
- Acquisition costs re-paid to Urbana (\$10,000/unit)*
- Larger units due to family orientation*
- High quality to create a desirable product and overcome possible stigma associated with public housing*
- Higher professional fees to deal with the complexities of tax credit deals"*

Also consider that the units costs associated with the Eads at Lincoln project did not take into account the cost for property acquisition, infrastructure and professional services. The costs most often discussed are only the construction cost and sale price for the units.

4. Request: Brinshore to provide rationale for why unit mix includes 25% low income, and not 30% low income. Provide relevant IHDA policies for tax credit.

Richard Sciortino, Brinshore Development has provided the following rationale why unit mix has 25% low income, and not 30%:

"The unit mix is at 25% instead of 30% because the PHA units

are being subsidized through a project based voucher conversion program that limits the percent of voucher units to 25% of the total units. We could increase the percent of units for very low-income households, but we couldn't restrict them for public housing. Keep in mind, however, that targeting more units for very low-income households will increase the need for HOME Funds."

5. Request: City of Urbana, Grants Management Division, requested to provide analysis to show payback for land acquisition

Brinshore has indicated that a later repayment arrangement helps with the performance of the financial model for the project.

Under the proposed development scenario, it would seem that the HOME funds would not be repaid until the year 2011, after the last of the HOME funds would be utilized.

While it is obviously advantageous that the City receives the repayment of HOME funds invested in the project in the long-term, the City will forego the use of a portion of the HOME funds for other affordable housing projects/programs during this 8-year development period.

6. Request: City of Urbana, Grants Management Division, requested to revise spreadsheet analysis to quantify the impact to the CDBG and HOME programs for each alternative.

City staff have amended the spreadsheets by including an IMPACT/REMEDY section at the bottom of the worksheet.

In conducting this analysis staff, staff began by adjusting the amount of HOME funds project for each alternative. Brinshore estimated \$1,000,000 of HOME funds would be necessary for property acquisition. Staff has determined that the estimate is closer to \$500,000. This is due to the fact that some parcels in the project area, that are rental properties, are no longer be being consider as part of the acquisition strategy. This decreases the amount of HOME funds by \$500,000 for each alternative.

Staff also considered the impact of utilizing additional HOME funds from IHDA. Conservatively, staff made the assumption that \$100,000 of IHDA HOME funding would be available to support the alternatives.

Staff also made some modifications to the CDBG analysis. The rate of yearly increase for housing rehabilitation projects

was changed to 1% rather than the 5% provided in the earlier analysis.

Keep in mind that there are numerous alternatives to reducing funding and related projects for both the HOME and CDBG programs. Staff has provided the following as an illustration of how the necessary amount of funding could be identified.

The following is summary of the impact to the CDBG and HOME programs for each alternative:

Alternative 1.
HOME Program

HOME funding deficit over the life of the program is \$1,032,555, compared to \$1,532,555 in the initial analysis.

The additional IHDA HOME funding of \$100,000 over the 9 (nine)-year life of the project provides an additional \$900,000. This leaves a shortfall of only \$132,555, which could be realized by reducing the number of owner-occupied housing rehabilitation projects by 5 units.

Alternative 2.
HOME Program

HOME funding deficit over the life of the program is \$72,555, compared to \$693,555 in the initial analysis.

The additional IHDA HOME funding of \$100,000 over the 9 (nine)-year life of the project provides an additional \$900,000. This leaves a shortfall of only \$72,555, which could be realized by reducing the number of owner-occupied housing rehabilitation projects by 3 units.

Alternative 3.
HOME Program

This analysis provided no change since no HOME funds were included in the alternative.

Alternative 1.
CDBG Program

Since additional funding was identified to support CDBG funded activities, the revenues remained the same as the earlier analysis. This resulted in a deficit of \$809,779 over nine (9) year life of the project.

The deficit could be addressed by the following measures:

Reducing public service funding by one-half. This could provide \$352,247 for the redevelopment project. This could result in elimination of the City's Transitional Housing Program or reduction of the CDBG contribution to the City's Public Service Funding Pool.

Reducing Housing Rehabilitation Programs by one-half. This could provide \$278,948 for the redevelopment project. This would allow staff to only pursue only one-half of the current Emergency Grant, Access Grants and Lead Paint Reduction Grants.

Reducing participation in the City' Capital Improvement Plan (CIP). This could provide \$178,584 for the redevelopment project.

**Alternative 2.
CDBG Program**

The impact to this alternative is identical to Alternative 1 above.

**Alternative 3.
CDBG Program**

This analysis provided no change since no CDBG funds were included in the alternative.

7. Request: GMD is requested to inquire about the Illinois Housing Development Authority (IHDA) providing additional HOME funds towards the project in exchange for ceding bond cap allocation to IHDA.

IHDA has indicated that the provision of HOME funding in exchange for bond cap is not a policy. IHDA noted that they would be able to meet with staff to discuss the project and help us identify possible solutions to remedy gaps in the financial package for the redevelopment of Lakeside Terrace.

As the project becomes more defined, staff will arrange to meet with IHDA to discuss the possibility of additional HOME funds in exchange for ceding bond cap.

Under Item 6. above staff provides analysis on the positive financial impact of additional HOME funding from IHDA.

8. Request: Brinshore to investigate with IHDA the potential for special HOME fund allocation. Provide documentation if possible and the GMD to revise spreadsheets accordingly.

Brinshore, like CD staff, has determined that IHDA does not have a given formula to determine the likelihood of additional HOME funding for a project. Rather, IHDA has

indicated that they would be able to meet in order to review a project and determine if they can provide financial assistance to address gaps in the financial package.

Specifically, Richard Sciortino, Brinshore Development provided the following perspective:

"IHDA will not give a firm commitment for additional HOME funds except in response to a formal application. Nevertheless, there is precedent of IHDA supplementing HOME Funds for Home Rule jurisdictions for deals they want to fund. There is also precedent of a swap of HOME Funds in return for Bond Cap."

9. Request: CD staff to project future EAV attributed to the project and share by taxing body.

CD staff has prepared an initial estimate of increase in EAV. A copy of this analysis is attached.

The first part of the analysis provides a current analysis of EAV on the properties related to the redevelopment project. Note that the properties owned by the City of Urbana and the HACC have \$0.00 Base EAV. Alternatives 1 and 2 would add EAV of \$5.67 million and Alternative 3 would add \$2.71 million to the tax base.

Also provided is an analysis of potential property tax increases, by taxing body. The last analysis adjusts the total property tax increase by factoring in the tax credit reduction that is provided to Low Income Housing Tax Credit (LIHTC) projects. This analysis indicates that the total annual tax increment accruing to all districts would be \$353,164 for Alternatives 1 and 2 and \$174,788 for Alternative 3.

10. Request: Brinshore to contact Jim Rose about participation in CHDO portion of project.

Richard Sciortino, Brinshore Development indicated the following:

"We spoke with Jim Rose after the City Council meeting. He is interested in participating with us on this development and, likewise, we are interested in partnering with Homestead. Once we have the framework for the development we can put forth a partnership proposal."

Staff has also met with Jim Rose, Homestead Corporation, to continue discussions about non-profits being involved with developing affordable rental housing and refining a pro-forma that details the feasibility of creating rental units for very low-income families.

11. Request: Brinshore to provide written reasons for including 40% AMI rather than 30% AMI in proposal.

Richard Sciortino, Brinshore Development has provided the following reason for targeting 40% AMI:

"The reason that 15% of the units are targeted at 40% AMI instead of 30% AMI is because it leverages the HOME Funds and is the minimum required by IHDA to score the highest points in this scoring category. Reducing the target to 30%AMI will reduce the Net Operating Income, which will result in less cash to pay debt service. This in turn will require additional HOME Funds that do not require interest or principal payments during the term of the loan (i.e. all payments accrue during the loan term and are paid in a balloon at the end of the term). Since HOME Funds are at a premium we assumed that we would leverage these funds to the greatest extent possible. We estimate that it would require an additional \$3,500/unit in HOME Funds to reduce the AMI from 40% to 30%."

12. Request: HACC to hold resident meeting ASAP to present plans and inform residents of project specifics.

In their February 13, 2004 memorandum, the HACC has indicated that they have arranged for monthly meetings for the Lakeside Terrace residents. These meeting dates are as follows:

February 20, 2004 at 2:00 PM
March 19, 2004 at 2:00 PM
April 16, 2004 at 2:00 PM
May 21, 2004 at 2:00 PM

Meeting announcements are attached.

13. Request: HACC Review/Revise Relocation Plan

In their February 13, 2004 memorandum, the HACC has indicated that the updated Lakeside Terrace Relocation Plan

will be distributed to Lakeside Terrace residents at their February 20, 2004 meeting. Other agencies will receive the updated Lakeside Terrace Relocation Plan, after the February 26, 2004 HACC Board of Commissioners regular meeting. Comments on the updated draft will be accepted until 5:00 PM Thursday, April 15, 2004.

14. Request: Brinshore to provide information on the optimal and minimal size (critical mass) of the project to make it workable from their standpoint.

Richard Sciortino, Brinshore Development has provided the following perspective on the minimal size of a redevelopment project.

"The only constraint is the minimum size of any particular phase. It is not practical to pursue a transaction of less than 50 units. Otherwise, the phasing and size are completely flexible. We think that we have proposed the most flexible plan already which allows for phased transactions and the orderly relocation of Lakeside residents."

NEW REDEVELOPMENT ALTERNATIVE (ALTERNATIVE NO. 4)

New Alternative (Alternative No. 4)

In reviewing the three alternatives developed thus far, several council members and commissioners have expressed concern about the length of time that full redevelopment would require and the extent of commitment of City funds. In response to these concerns, the Mayor has worked with staff to develop a fourth alternative that allows for greater flexibility in the use of City funds, achieves results more quickly, provides a variety of affordable housing types, and spreads the responsibilities for providing replacement housing across entities (both public and private), with an associated reduction in the use of City funds. Under this alternative, the City would be able to continue to pursue its other affordable housing initiatives through its internal programs and those provided by local non-profits and CHDO's.

Under this scenario, the existing Lakeside Terrace site would be demolished and would be redeveloped as a tax credit project by Brinshore with 100 units, 24 of which will be set aside for project-based Section 8 voucher holders (thereby guaranteeing their affordability by very low income families). According to the Housing Authority, demolition of Lakeside Terrace will result in the acquisition of - 75 (per HACC memo) new Section 8

"relocation" vouchers plus 21 (per HACC memo) new Section 8 "replacement" vouchers via the provisions of the HUD Notice PIH 2002-22-4-a which provides guidance for the provision of relocation and replacement vouchers. In addition, a total of approximately 25 new public housing units may be created through the use of replacement housing funds that are provided pursuant to demolition of units at Lakeside Terrace (additional units can be created due to loss at Burch Village and Scottswood Manor). These 96 newly created vouchers and 25 newly created units represent a pool of 121 potential permanent housing for low-income residents that will more than meet the City's minimum goal of 80 units (see attached table for numerical summary).

In addition, the HACC has indicated that they intend to convert a total of 150 Section 8 Vouchers from tenant-based assistance to project-based assistance (including the 24 vouchers to be dedicated to the redeveloped Lakeside Terrace project). This conversion along with the maximized utilization of Replacement Housing Funds will help to ensure additional permanent public housing type replacement units throughout Champaign County.

The 150 vouchers to be converted to project-based vouchers will be used for new and existing (but newly affordable) units throughout Champaign County. In addition to the 24 to be sited at Lakeside Terrace, other sites could include:

- a. Kerr Site development
- b. CHDO projects
- c. Other CDBG and HOME projects
- d. Agreements with property owners on existing units via a Request for Proposal (RFP) process

If the redevelopment of Lakeside Terrace with 100 tax credit units is successful, then a similar development could next take place at the Kerr St. site. Alternatively, the City may wish to provide a different affordable housing type or density at this site.

This phased approach would allow the City flexibility in determining the long-term use of its entitlement funds without an upfront commitment of several years' worth of funding. The City would commit a much lower level of its HOME/CDBG funds than shown in either the first or second alternative - but would participate in an equitable manner. In order to minimize impacts on existing HOME/CDBG grantees and programs, the majority of the local funding will derive from ceding of a portion of the City's IHDA bond cap towards the project. A similar approach is being used by the City of Champaign for the Burch Village project.

The end result of this alternative would be a minimum of:

- 100 new units to be developed at Lakeside Terrace, **24** of which will be project-based Section 8 units
- **56** additional project-based Section 8 units to be developed throughout Champaign County as replacement units (thus meeting the City's minimum goal of 80 replacement units, 24 + 56)
- **14** new public housing type units to be created through the use of replacement housing funds
- **16** additional tenant-based Section 8 vouchers from

Lakeside replacement vouchers

- For a total of **110** new affordable housing opportunities at the site and throughout Champaign County attributable to this project (24+56+14+16 = 110)

In this scenario, the City would commit its support of the project, a certain level of HOME/CDBG funds towards redevelopment (with an emphasis on infrastructure improvements), ceding of a portion of the HOME bond cap towards the project, and future development of the City-owned Kerr Street site for affordable housing. Development of the Lakeside Terrace site with tax credit housing will result in approximately \$233,000 annually in tax increment to the taxing bodies. The attached example spreadsheet depicts a total City financial contribution of \$400,000, but the actual amount would be dependent upon the funding gap that emerges from a more detailed pro-forma.

The HACC would commit its land at Lakeside Terrace towards redevelopment, would apply its grant funds for demolition, and would commit Section 8 vouchers and any capital replacement funds towards permanent project based vouchers to make up for the loss of existing public housing units at Lakeside. The HACC would continue to provide management support and programming for its Section 8 voucher holders.

Brinshore would bring private financing, extensive development experience with similar projects, and State tax credits.

Fiscal Impacts

Staff has prepared the analysis above concerning the fiscal impacts of the proposed alternatives.

Future Actions

Future actions involve continued coordination and dialogue with the Housing Authority of Champaign County and other parties involved in the redevelopment of Lakeside Terrace.

Recommendations

Considering the many obligations and agreements necessary for this redevelopment project to move forward, staff submits that these efforts should be set forth in a written resolution.

Staff has prepared a *Resolution Supporting Certain Activities Related to the Redevelopment of Lakeside Terrace* that creates a

development framework by identifying the assurances necessary for both the City of Urbana and the Housing Authority of Champaign County to move forward in pursuing the redevelopment of Lakeside Terrace.

Staff recommends that the Urbana City Council approve this resolution.

Memorandum Prepared By:

Bob Grewe, AICP
Grants Management Division, Manager

Attachments:

Lakeside Terrace Property Tax Revenue Projection

Lakeside Terrace Redevelopment - Alternative 4

Lakeside Terrace Redevelopment Impact on affordable housing units

*Resolution Supporting Certain Activities Related to the
Redevelopment of Lakeside Terrace*

Minutes of the January 28, 2004 Joint Study Session for the
Redevelopment of Lakeside Terrace

Housing Authority of Champaign County
Interoffice Memorandum - Friday, February 13, 2004

PIH Notice 2002-21, 4 (a)
24 CFR 983

HUD Form 52860 - Demolition/Disposition Application
24 CFR 970

Lakeside Terrace Resident Meeting Announcements

Lakeside Terrace Redevelopment\Urbana Entitlement Funding
Analysis

Home Program
 Alternative 1
 Alternative 2
 Alternative 3
CDBG Program
 Alternative 1
 Alternative 2

Alternative 3

Cc:

Ed Bland, HACC

Members of the City of Urbana Community Development Commission

Matthew Hogan, Housing Authority of Champaign County

Peter Levavi, Brinshore Development LLC

Rich Sciortino, Brinshore Development LLC