



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Laurel Lunt Prussing, Mayor, City of Urbana

FROM: Elizabeth H. Tyler, FAICP, Community Development Director

DATE: July 7, 2011

SUBJECT: **AN ORDINANCE APPROVING AN AMENDMENT TO A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT WITH HOMESTEAD CORPORATION OF CHAMPAIGN-URBANA (Affordable Homeownership Program FY 2008-2009)**

AN ORDINANCE APPROVING AN AMENDMENT TO A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT WITH HOMESTEAD CORPORATION OF CHAMPAIGN-URBANA (Affordable Homeownership Program FY 2009-2010)

Description

Included on the agenda of the July 11, 2011 Committee of the Whole meeting are two ordinances approving amendments to Community Housing Development Organization agreements with Homestead Corporation of Champaign-Urbana. The purpose of these amendments is to modify the terms of each contract to accurately reflect the current intended use of funds and to articulate the expected goals and achievements therein.

Issue

The issue is whether the Urbana City Council should approve the ordinances regarding the amendments.

Background

As part of the implementation of the City of Urbana and Urbana HOME Consortium Annual Action Plans for Fiscal Year (FY) 2008-2009 and FY 2009-2010, the Urbana City Council approved separate ordinances for the Homestead Corporation of Champaign-Urbana Affordable Homeownership Program on July 7, 2008 and July 20, 2009.

Between the two agreements, a total of \$165,030 of HOME funds was allocated for the completion of five (5) affordable housing units in the Consortium-wide area. The FY 2008-2009 contract stipulated that a total of two (2) homes were to be built using funds in the amount of

\$85,030, and a year later the FY 2009-2010 contract indicated that Homestead would build three (3) homes with a subsidy in the amount of \$80,000.

On May 13, 2011, Aaron Smith, Executive Director of Homestead, wrote HOME Consortium staff regarding the required number of units indicated in the two contracts (see attached). Mr. Smith notes that the total number of expected units would not be possible to market to low-income buyers with the funding made available for subsidy. Mr. Smith further indicates that he believed that the three units contained in the FY 2009-2010 agreement *included* the two units contained in the FY 2008-2009 agreement and were not in *addition to* the original two units, so that a total of three homes would be constructed. Mr. Smith also states that the language in the existing agreements commits Homestead to building more homes than will be possible with the current budget and is therefore requesting that the contracts be amended.

Historically, the City has subsidized the units at an average of \$50,000 per unit. The current per unit subsidy provided between the two contracts is only \$33,000. Market conditions have also rendered the need for additional subsidy in the past several years due to a tightened lending market. This has slowed the search for eligible homebuyers, as fewer households are able to secure a mortgage. While the amendments reflect a reduction of two affordable units in the community, staff recognizes the need for the long term provision of affordable housing. Amending these contracts will make the proposed home construction projects more feasible financially and will allow Homestead to move forward with the current projects in a timely manner.

The attached amendments reflect a revised number of units to be produced, for a total of three (3) affordable housing units:

- The Agreement for FY 2008-2009 has been reduced to a **\$55,010** subsidy for the production of **one (1)** affordable unit (currently located at 1107 N. Gregory)
- The Agreement for FY 2009-2010 has been increased to a **\$110,020** subsidy for the production of **two (2)** affordable units (one located at 1109 N. Gregory, the other is yet to be identified) using the balance of grant funds from the FY 2008-2009 agreement amendment.

These amendments allow for a **\$55,010** per unit subsidy, for a total subsidy of **\$165,030**, while maintaining Homestead's current contract obligation for the homes currently being built at 1107 N. Gregory Dr. and 1109 N Gregory Dr.

At its June 28, 2011 regular meeting, the Community Development Commission voted unanimously to forward the ordinances to City Council with a recommendation for approval.

Options

1. Approve the ordinances as written.
2. Approve the ordinances with changes.
3. Do not approve the ordinances.

Fiscal Impacts

There are no fiscal impacts incurred with the passing of these ordinances. Funding for these projects was budgeted in the City of Urbana and Urbana HOME Consortium Annual Action Plans for FY 2008-2009 and FY 2009-2010. The total funding allocation for each Fiscal Year between the two agreements remains the same.

Recommendation

CDC and staff recommend that the Urbana City Council approve the ordinances.

Memorandum Prepared By:

**Jen Gonzalez
HOME Grant Coordinator
Grants Management Division**

Attachments:

1. AN ORDINANCE APPROVING AN AMENDMENT TO A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT WITH HOMESTEAD CORPORATION OF CHAMPAIGN-URBANA (Affordable Homeownership Program FY 2008-2009)
2. AN AMENDMENT TO A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT WITH HOMESTEAD CORPORATION OF CHAMPAIGN-URBANA (Affordable Homeownership Program FY 2008-2009)
3. AN ORDINANCE APPROVING AN AMENDMENT TO A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT WITH HOMESTEAD CORPORATION OF CHAMPAIGN-URBANA (Affordable Homeownership Program FY 2009-2010)
4. AN AMENDMENT TO A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT WITH HOMESTEAD CORPORATION OF CHAMPAIGN-URBANA (Affordable Homeownership Program FY 2009-2010)
5. *Letter from Homestead Corporation of Champaign-Urbana Executive Director Aaron Smith dated May 13, 2011.*
6. *Unapproved minutes from the June 28, 2011 regular meeting of the Urbana Community Development Commission.*

ORDINANCE NO. 2011-07-076

AN ORDINANCE APPROVING AN AMENDMENT TO A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT WITH HOMESTEAD CORPORATION OF CHAMPAIGN-URBANA

(Affordable Homeownership Program FY 2008-2009)

WHEREAS, on July 7, 2008, the Urbana City Council passed Ordinance No. 2008-07-069, an Ordinance Approving and Authorizing the Execution of an Urbana HOME Consortium Community Housing Development Organization Agreement (Homestead Corporation of Champaign-Urbana - Affordable Homeownership Program, FY 2008-2009); and

WHEREAS, the City Council of the City of Urbana, Illinois, has found and determined that execution of the attached amendment to a 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 *City of Urbana and Urbana HOME Consortium Consolidated Plan for Program Years 2005-2009 and the City of Urbana HOME Consortium FY 2010-2014 Consolidated Plan*.

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

Section 1. That an amendment to a Community Housing Development Organization agreement with Homestead Corporation of Champaign-Urbana (Affordable Homeownership Program FY 2008-2009), in substantially the form of the copy of said Amendment 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 Amendment 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

**AN AMENDMENT TO A COMMUNITY HOUSING DEVELOPMENT
ORGANIZATION AGREEMENT WITH HOMESTEAD CORPORATION OF
CHAMPAIGN-URBANA**

(Affordable Homeownership Program FY 2008-2009)

This Amendment is made this ____ day of _____, 2011, with the CITY OF URBANA, an Illinois Municipal Corporation, acting as lead entity for the Urbana HOME Consortium (hereinafter the “**GRANTOR**”), and **Homestead Corporation of Champaign-Urbana**, an Illinois Not-For-Profit Organization (hereinafter “**DEVELOPER**”).

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 Partnerships (hereinafter “HOME”) Program funds in the name of the Urbana HOME Consortium under provision of Title II of the Cranston-Gonzalez 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, 2008 and ending June 30, 2009 to increase affordable housing opportunities for low-income residents of Urbana, Champaign, and unincorporated Champaign County; and

WHEREAS, the GRANTOR, as the administrator of the Urbana HOME Consortium, has authority under the provisions of the HOME Program to amend the HOME Agreements; and

WHEREAS, on July 7, 2008 the Urbana City Council passed Ordinance No. 2008-07-069 approving and authorizing the execution of an Urbana HOME Consortium Community Housing Development Organization Agreement (Urbana HOME Consortium Community Housing Development Organization Developer Agreement Homestead Corporation of Champaign-Urbana – Affordable Homeownership Program FY 2008-2009); and

WHEREAS, the GRANTOR and the DEVELOPER desire to amend said Agreement to modify and clarify certain conditions,

NOW, THEREFORE, for and in consideration of the agreement and of the mutual covenants herein contained, the parties agree to the following changes to the Agreement:

- 1) The DEVELOPER and GRANTOR agree that ARTICLE I: HOME REQUIREMENTS, Section 1: Use of Funds, is changed as follows:

The GRANTOR agrees to provide the DEVELOPER an amount not to exceed **\$55,010** from its Federal Fiscal Year FY 2008-2009 HOME Community Housing

Development Organization (CHDO) set-aside to be used for related development function and providing down payment assistance to low- to moderate-income households for the homeownership opportunities.

- 2) The DEVELOPER and GRANTOR agree that ARTICLE I: HOME REQUIREMENTS, Section 1: Use of Funds, subpart b.) is changed as follows:

The DEVELOPER shall provide the grantor with the budget and financial projection for each home from the preliminary budget for the construction of one (1) house as provided in "Attachment 3" or in a similar document format as approved by the GRANTOR

- 3) The DEVELOPER and GRANTOR agree that ARTICLE I: HOME REQUIREMENTS, Section 1: Use of Funds, subpart c.) is changed as follows:

The DEVELOPER shall own or purchase the real property for the Project in the following location: One (1) in Champaign, IL, Urbana, IL or unincorporated areas of Champaign County, IL

- 4) The DEVELOPER and GRANTOR agree that ARTICLE I: HOME REQUIREMENTS, Section 3: HOME Project Requirements, is changed as follows:

The Grantor shall provide HOME funds not to exceed \$55,010 in accordance with 24 CFR 92.205(b) for eligible costs as described in 24 CFR 92.206 and 92.207.

All other provisions of said 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

DEVELOPER

By: _____
Laurel Lunt Prussing, Mayor

By: _____

Date: _____

Date: _____

Attest: _____
City Clerk

ORDINANCE NO. 2011-07-077

AN ORDINANCE APPROVING AN AMENDMENT TO A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT WITH HOMESTEAD CORPORATION OF CHAMPAIGN-URBANA

(Affordable Homeownership Program FY 2009-2010)

WHEREAS, on July 20, 2009, the Urbana City Council passed Ordinance No. 2009-07-088, an Ordinance Approving and Authorizing the Execution of an Urbana HOME Consortium Community Housing Development Organization Agreement (Homestead Corporation of Champaign-Urbana - Affordable Homeownership Program, FY 2009-2010); and

WHEREAS, the City Council of the City of Urbana, Illinois, has found and determined that execution of the attached amendment to a 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 *City of Urbana and Urbana HOME Consortium Consolidated Plan for Program Years 2005-2009 and the City of Urbana HOME Consortium FY 2010-2014 Consolidated Plan*.

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

Section 1. That an amendment to a Community Housing Development Organization agreement with Homestead Corporation of Champaign-Urbana (Affordable Homeownership Program FY 2009-2010), in substantially the form of the copy of said Amendment 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 Amendment 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

**AN AMENDMENT TO A COMMUNITY HOUSING DEVELOPMENT
ORGANIZATION AGREEMENT WITH HOMESTEAD CORPORATION OF
CHAMPAIGN-URBANA**

(Affordable Homeownership Program FY 2009-2010)

This Amendment is made this ____ day of _____, 2011, with the CITY OF URBANA, an Illinois Municipal Corporation, acting as lead entity for the Urbana HOME Consortium (hereinafter the “GRANTOR”), and **Homestead Corporation of Champaign-Urbana**, an Illinois Not-For-Profit Organization (hereinafter “DEVELOPER”).

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 Partnerships (hereinafter “HOME”) Program funds in the name of the Urbana HOME Consortium under provision of Title II of the Cranston-Gonzalez 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, 2009 and ending June 30, 2010 to increase affordable housing opportunities for low-income residents of Urbana, Champaign, and unincorporated Champaign County; and

WHEREAS, the GRANTOR, as the administrator of the Urbana HOME Consortium, has authority under the provisions of the HOME Program to amend the HOME Agreements; and

WHEREAS, on July 20, 2009 the Urbana City Council passed Ordinance No. 2009-07-088 approving and authorizing the execution of an Urbana HOME Consortium Community Housing Development Organization Agreement (Urbana HOME Consortium Community Housing Development Organization Developer Agreement Homestead Corporation of Champaign-Urbana – Affordable Homeownership Program FY 2009-2010); and

WHEREAS, the GRANTOR and the DEVELOPER desire to amend said Agreement to modify and clarify certain conditions,

NOW, THEREFORE, for and in consideration of the agreement and of the mutual covenants herein contained, the parties agree to the following changes to the Agreement:

- 1) The DEVELOPER and GRANTOR agree that ARTICLE I: HOME REQUIREMENTS, Section 1: Use of Funds, is changed as follows:

The GRANTOR agrees to provide the DEVELOPER an amount not to exceed **\$110,020** from its Federal Fiscal Year FY 2008-2009 and FY 2009-2010 HOME

Community Housing Development Organization (CHDO) set-aside to be used for related development function and providing down payment assistance to low- to moderate-income households for the homeownership opportunities.

- 2) The DEVELOPER and GRANTOR agree that ARTICLE I: HOME REQUIREMENTS, Section 1: Use of Funds, subpart b.) is changed as follows:

The DEVELOPER shall provide the grantor with the budget and financial projection for each home from the preliminary budget for the construction of two (2) houses as provided in "Attachment 3" or in a similar document format as approved by the GRANTOR

- 3) The DEVELOPER and GRANTOR agree that ARTICLE I: HOME REQUIREMENTS, Section 1: Use of Funds, subpart c.) is changed as follows:

The DEVELOPER shall own or purchase the real property for the Project in the following location: Two (2) in Champaign, IL, Urbana, IL or unincorporated areas of Champaign County, IL

- 4) The DEVELOPER and GRANTOR agree that ARTICLE I: HOME REQUIREMENTS, Section 3: HOME Project Requirements, is changed as follows:

The Grantor shall provide HOME funds not to exceed \$110,020 in accordance with 24 CFR 92.205(b) for eligible costs as described in 24 CFR 92.206 and 92.207.

All other provisions of said 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

By: _____
Laurel Lunt Prussing, Mayor

DEVELOPER

By: _____

Date: _____

Date: _____

Attest: _____
City Clerk



306 W. Griggs Street Urbana, IL 61801
Phone 217.328.9373 Fax 217.344.3327

May 13, 2011

Jennifer Gonzalez
HOME Coordinator
City of Urbana – Community Development Services
Grants Management Division
400 South Vine Street
Urbana, IL 61801

Dear Ms. Gonzalez:

I request an amendment to HOME agreements FY 0809-HC-CD and FY 0910-HC-CD. Agreement FY 0809-HC-CD granted \$85,030 to Homestead Corporation for the construction of two (2) new single-family homes within the Consortium area. Agreement FY 0910-HC-CD granted \$80,000 to Homestead Corporation for the construction of three (3) new single-family homes within the Consortium area. Taken together the agreements as written indicate that the total amount of the two grants, \$165,030, is intended for the construction and sale of five (5) new single-family homes. The amendment we request is that the total amount of the two agreements taken together, \$165,030, should instead go toward **the construction of a total of three (3) new single-family homes, NOT five (5) new single-family homes.**

The reason for our request is that this would be more accurate in terms of what we originally applied for when we submitted our request for additional funds for the FY 0910-HC-CD Agreement. I have attached our request letter from February 2009 as a reference. We originally requested the FY 0809-HC-CD funds for the construction of two (2) new single-family homes, assuming a lower level of homebuyer subsidy would be required to make the projects affordable to the available target buyers. During the period of completing the Douglass Park In-fill homes in 2008 and 2009 we realized that additional homebuyer subsidy would be required for future projects. Consequently, we requested additional funds in FY 0910 to both provide additional subsidy for the two (2) projects covered by FY 0809-HC-CD and to be able to construct a third home, one (1) additional project, with a sufficient amount of subsidy to attract a homebuyer. The FY 0910-HC-CD funds we received were accepted with the belief that they would supplement the funds we received in FY 0809-HC-CD, and allow us to do one (1) additional project, bringing the total to three (3) new homes. Somewhere in the process of pursuing our funding applications and entering into agreements that distinction seems to have been lost in the contract language, and this was not caught by Homestead staff in review of the agreements. As written the agreements commit us to spend the funds on a total of five (5) homes, which as our projects are currently budgeted will not be possible. We would not be able to provide sufficient subsidy to make the homes affordable to our target buyers. Our prolonged search for homebuyers over the last year and half has shown that our anticipation that much greater subsidies would be required to make homes affordable has held true. Although we now have some potential buyers for the two lots we currently have in Urbana, they would require the amount of subsidy we budgeted assuming we would be constructing a total of three (3) new homes. We will not be able to provide sufficient subsidy to those buyers and or do any additional projects if we have to use the funds we currently have, \$165,030, to construct a total of five (5) homes, rather than three (3).

If you have any questions regarding our request for an amendment to our current HOME agreements, please feel free to contact me at 217-328-9373.

Sincerely,

Aaron P. Smith
Executive Director
Homestead Corporation of Champaign-Urbana

Encl: Letter from February 6, 2009



306 W. Griggs Street Urbana, IL 61801
Phone 217.328.9373 Fax 217.344.3327

February 6, 2009

John A. Schneider
Urbana HOME Consortium
c/o City of Urbana, Grants Management Division
400 South Vine Street
Urbana, IL 61801

COPY

Dear Mr. Schneider,

On January 8, 2009, the Homestead Corporation of Champaign-Urbana submitted a FY2009-2010 HOME Funding Application requesting \$40,000 in HOME CHDO Reserve Project funding from the Urbana HOME Consortium to construct and sell two new single-family homes in Urbana as part of the Homestead Corporation's Affordable Homeownership Program. If approved the funds would be added to the \$85,030 allocated in FY2008-2009 for the construction of two new single-family homes in Urbana. The reason for the requested additional funds is to expedite the sale and construction of the homes in the current market by providing a sufficient amount of financial subsidy. The homes we have completed most recently have required on average \$60,000 in total subsidies in order to make them affordable to our clientele who are generally between 50% and 60% AMI. We anticipate that the total amount of subsidy necessary will have to increase to \$65,000 per home in order to accommodate increased construction and development costs. In addition, we are requesting that the Urbana HOME Consortium allocate an additional \$40,000 in HOME funds on top of what we have already requested in order to increase the number of homes planned for construction from two to three.

Homestead recently requested the donation of two lots owned by the City of Urbana at 1107 and 1109 North Gregory for the construction of two new homes. Since submitting our grant application we have been informed of the availability of another lot in the City of Champaign at 1304 Williamsburg to which the City of Champaign has allocated \$12,500 in HOME funding for lot acquisition. Originally the lot had been set aside for the Urban League of Champaign County to develop. Due to the Urban League's closing, the City of Champaign is now under a deadline to develop the lot since HOME funds were used to acquire the lot. Homestead Corporation would like to work with the City of Champaign by also developing that lot in addition to developing the Gregory lots in Urbana.

Therefore, Homestead is requesting the Urbana HOME Consortium consider allocating up to another \$40,000 in HOME funding (in addition to the request submitted by Homestead for \$40,000 in CHDO project funds for FY2009-2010) which will provide the needed assistance to construct and sell two new single-family homes at 1107 and 1109 North Gregory in Urbana and one new single-family home at 1304 Williamsburg in Champaign. This would bring our total request for FY2009-2010 HOME CHDO project funds up to \$80,000.

Homestead will provide matching funds from a FHLB AHP grant and a DCEO Energy Efficiency grant for which we are applying, and from the value of land donations. Please feel free to contact me for further clarifications regarding my request. We appreciate your assistance and look forward to working with the Urbana HOME Consortium to increase the supply of good-quality affordable housing in Urbana and Champaign.

Sincerely,

Aaron Smith
Executive Director



UNAPPROVED
MINUTES
COMMUNITY DEVELOPMENT COMMISSION MEETING
Tuesday, June 28, 2011, City Council Chambers
400 South Vine Street, Urbana, IL 61801

Call to Order: Chairperson Cobb called the meeting to order at 7:03 p.m.

Roll Call: Kelly Hartford called the roll. A quorum was present.

Commission Members Present: Fred Cobb, Chris Diana, George Francis, Jerry Moreland, Brad Roof, Anne Heinze Silvis, Dennis Vidoni

Commission Members Excused: Janice Bengtson, Theresa Michelson

Others Present: Kelly Hartford and Jennifer Gonzalez, Community Development Services; Misty Bell, Urbana Neighborhood Connections; Mike Benner, Greater Community AIDs Project; V. Christensen, Regional Planning Commission Senior Services; Sheila Ferguson , Community Elements (formerly Mental Health Center of Champaign County); Andy Harmon, Center for Women in Transition; Beverly Huffman, Neighborhood Alliance for Habitat; Janice McAteer, Development Service Center; Janice Mitchell, Urbana Neighborhood Connections; Aaron Smith, Homestead Corporation.

Approval of Minutes: Chairperson Cobb gave the Commission members time to review the minutes from the May 25, 2011 meeting. He then entertained for a motion to approve or for corrections to the minutes. Commissioner Heinze Silvis had a correction to the minutes to add her name to the list of Commission Members Present. Commissioner Vidoni moved to approve the minutes as corrected, and Commissioner Roof seconded the motion. The motion carried unanimously.

Petitions and Communications: None.

Staff Report: Kelly Hartford, Interim Grants Management Division Manager, reviewed highlights of the written Staff Briefing that was handed out prior to the start of the meeting by noting the following:

- City staff attended two meetings with HUD – Customer Service Meeting and an All-Grantee Meeting.
- City staff received a letter from HUD regarding renewal of the Supportive Housing Program.
- City staff submitted the Annual Action Plan for FY 2011-2012, and it was approved by the City Council on May 9, 2011.
- City Council approved a resolution recertifying Homestead as a Community Housing Development Organization (CHDO).
- City Council authorized the sale of 901 North Division in Urbana to the Habitat for Humanity.
- Jen Gonzalez, Grant Coordinator I, attended a HUD Rental Housing Compliance Training from June 14th to June 16th.

Ms. Hartford mentioned two other items that were handed out prior to the start of the meeting. One is regarding the Final Summary for the Spring 2011 Neighborhood Cleanup Project that was held on May 14, 2011. The second document is a copy of the WBE/MBE Report that was submitted at the end of March, 2011.

Commissioner Roof inquired about the status of e-co lab being recertified as a CHDO. Ms. Gonzalez responded by saying that City staff is still waiting to hear back from HUD for their determination on the issue.

Chairperson Cobb asked if there are any goals or timetables connected with the utilization of minorities and women in the projects listed in the WBE/MBE Report. Ms. Hartford stated that she did not know the answer, but would research this and provide an answer at the next meeting.

Commissioner Diana inquired about the status of the possible disposition of 107 Oregon in Urbana. Ms. Hartford replied that Grants Management staff needs to first get some direction from the City's Legal Department, and then place an advertisement in the newspaper. City staff is looking at the end of July to accomplish the disposition.

Old Business: None.

New Business:

1) HOME PROGRAM

A Resolution Certifying a Community Housing Development Organization for the Urbana HOME Consortium for FY 2011-2012 (*Champaign County Neighborhood Alliance for Habitat*)

Jen Gonzalez, Grant Coordinator I, presented the proposed resolution. She mentioned that City staff is excited to have another CHDO on board for part of the HOME program. They have been working on this for well over 12 months. Neighborhood Alliance for Habitat finally received their 501C3 determination from the Internal Revenue Service (IRS), which was the last piece of the puzzle that City staff has been waiting for. They have not allocated any funding and are planning to meet with the HOME Technical Committee in terms of how they will allocate the FY 2011-2012 funds. In the meantime, they would like to move forward with the CHDO certification process.

Commissioner Francis moved to recommend to City Council approval of a Resolution Certifying a Community Housing Development Organization for the Urbana HOME Consortium for FY 2011-2012 (Champaign County Neighborhood Alliance for Habitat). Commissioner Roof seconded the motion, and the motion carried unanimously.

An Ordinance Approving an Amendment to a Community Housing Development Organization Agreement Between the Urbana HOME Consortium and Homestead Corporation of Champaign-Urbana (*Affordable Homeownership Program FY 2008-2009*)

An Ordinance Approving an Amendment to a Community Housing Development Organization Agreement between the Urbana HOME Consortium and Homestead Corporation of Champaign-Urbana (*Affordable Homeownership Program FY 2009-2010*)

Jen Gonzalez, Grant Coordinator I, presented the proposed two amendments together. She began by giving a brief background on the two agreements with Homestead. About a month ago, Aaron Smith with Homestead notified City staff that he believes there has been a miscommunication about the number of required units. The financing that they have available only allows them to build three homes rather than the five homes stipulated in the agreements. City staff researched the contracts and the original applications and found that the original application submitted in FY 2008-2009 stated that one to two homes would be built. The original application submitted in FY 2009-2010 stated that one to three homes would be built. Given the current market and the home buying pool is shrinking due to finding financing, Mr. Smith is having difficulty finding homebuyers. Therefore, City staff recommends approval of the proposed two amendments.

Commissioner Vidoni asked Mr. Smith to elaborate on his comment in a letter to Ms. Gonzalez stating as such, "*During the period of completing the Douglass Park In-fill homes in 2008 and 2009 we realized that additional homebuyer subsidy would be required for future projects.*" Mr. Smith responded that in FY2008-2009, Jim Rose, the previous Executive Director for Homestead, applied for funding in the amount of \$85,030 to build two homes. Looking at the amount of subsidy they had to provide on the Douglass Park In-fill project homes, the subsidy of \$85,030 was not sufficient to help fund the purchase of two homes. So, he came back in FY2009-2010 to request more funding to provide more subsidy to build the two units and to build a third unit as well; however, somewhere along the line with contract language he lost track of how things were being stated. The FY2009-2010 Agreement ended up stating that they would build five houses instead of three.

One Commissioner questioned how Homestead came to ask for this specific amount. Mr. Smith explained that it is based on the amount that the bank will provide to home buyers that Homestead works with. The home buyers generally qualify for mortgages in the \$80,000 to \$85,000 range. Based on the sale prices of the homes and market values, the amount of subsidy that Homestead provides between construction subsidy and direct to the homebuyer subsidy. The \$30,000 to \$35,000 per unit that they were awarded in the original agreement would not be sufficient.

Commissioner Roof questioned how much their cost per square foot is for building homes. Mr. Smith answered by saying that it is between \$90 to \$92 per square foot. Commissioner Roof asked how much it has increased over the last three years. Mr. Smith stated that it has slightly increased but not by that much since the Douglas Park In-Fill project.

Mr. Smith stated that the gap is being driven more by the difference of what the homebuyers can qualify for in terms of mortgages and the sale price. Ms. Gonzalez added that in the past Homestead Corporation received other grant funds, so the City only provided about a \$5,000 developer subsidy, which is well below 5% of the total cost of construction. Typically, there would be a 7% developer subsidy. The City was able to make things a little tighter in the past because we had more money, but now everyone is kind of running dry. So, the City is trying to make sure that we are not losing affordable units in the future as we move forward. Mr. Smith

pointed out that the cost of producing homes of a similar quality of the ones they have built in the past is slowly gone up; however, the amount of mortgages that the homebuyers can afford has gone down.

Commissioner Roof asked if the projected amount of subsidy is going to have to keep increasing over the next few years. Mr. Smith hoped it would not because Homestead is getting to a point where the amount of subsidy they provide directly to the homebuyers is increasing the retention period in which the homebuyers have to remain in the homes.

Commissioner Roof inquired about what other ideas there are to close this gap. Mr. Smith replied that one idea is seeking additional grant funds from other sources. It is hard to look at lowering the cost of construction because you can get into providing an inferior product.

Commissioner Roof believes that the gap will continue to grow so basically what the City is doing is subsidizing, which means that instead of five homes there will only be three homes and we will be helping less people. Are there a minimum number of units that they should be looking to get out of this amendment or do they need to revise the goals due to the financing and lack of other grant monies available? Ms. Gonzalez responded by saying that it all begins with how we structure the programs that are offered. The City's Grants Management Division has altered their policies in terms of providing a lot more rental assistance in the community, so we are actually helping more families directly than we ever have before. Obviously, we do not want to lose the homeowner's program since it is such an investment; otherwise, low-income people might not be able to etch into that market without assistance.

Commissioner Roof commented that he does not want to see the quality of the construction of the homes decrease, but he questioned whether they should be thinking a little more creatively to leverage the glut of housing inventory. There are many houses that are on the market. He wondered if they could try to stretch the money further instead of building new affordable homes to help subsidize acquiring existing homes. Ms. Gonzalez replied there is an option in the Annual Action Plan to start an Acquisition Rehabilitation Program. City staff is in the process of researching what would be involved in starting up this type of program. Commissioner Diana added that the low-cost housing that is selling are houses that need little to no rehabilitation, because the rehab costs on houses that really need an extensive amount puts the cost pretty close to the cost of new construction.

He went on to say that he is not all that disappointed in the shift in costs. In the past, the City was not able to serve the 50-60% of the low-income people because they could not qualify for funding, so the group we were servicing was a higher income group. There are a lot more affordable housing units because the prices have dropped. In a sense, the higher income group is now able to serve their own purposes, and the City can now direct our attention to a different group, which is not necessarily a bad thing.

Commissioner Vidoni moved to recommend to City Council approval of the following:

- *An Ordinance Approving an Amendment to a Community Housing Development Organization Agreement Between the Urbana HOME Consortium and Homestead Corporation of Champaign-Urbana (Affordable Homeownership Program FY 2008-2009)*

- *An Ordinance Approving an Amendment to a Community Housing Development Organization Agreement between the Urbana HOME Consortium and Homestead Corporation of Champaign-Urbana (Affordable Homeownership Program FY 2009-2010)*
Commissioner Francis seconded the motion, and the motion carried unanimously.

2) CDBG PROGRAM

An Ordinance Approving a Second Amendment to a City of Urbana Community Development Block Grant Program Agreement (*Center for Women in Transition-Domestic Violence Program, Project No. 1011-AAP-01*)

Kelly Hartford, Interim Grants Management Division Manager, presented this item to the Commission. She gave a brief history of the original agreement and first amendment that were approved. She noted that the proposed amendment is to extend the deadline for completing the project.

With no questions, Chairperson Cobb entertained for a motion.

Commissioner Diana moved to recommend to City Council approval of an Ordinance Approving a Second Amendment to a City of Urbana Community Development Block Grant Program Agreement (Center for Women in Transition-Domestic Violence Program, Project No. 1011-AAP-01). Commissioner Moreland seconded the motion, and the motion carried unanimously.

An Ordinance Approving an Amendment to a City of Urbana Community Development Block Grant Program Agreement (*CU Independence, No. 1112-AAP-01*)

An Ordinance Approving a City of Urbana Community Development Block Grant Program Agreement (*Center for Women in Transition – AWP Sprinkler, Project No. 1112-AAP-02*)

An Ordinance Approving a City of Urbana Community Development Block Grant Program Agreement (*Center for Women in Transition – Forbes Kitchen, Project No. 1112-AAP-03*)

An Ordinance Approving a City of Urbana Community Development Block Grant Program Agreement (*Mental Health Center of Champaign County Housing Corporation, Project No. 1112-AAP-04*)

An Ordinance Approving a City of Urbana Community Development Block Grant Program Agreement (*Urbana Neighborhood Connections Center, Project No. 1112-AAP-05*)

Kelly Hartford, Interim Grants Management Division Manager, explained that these proposed five agreements pertain to public facility applications that were received in December, 2010 for bricks and mortar projects. The written staff report lists the different agencies, the total funds allocated, and what the projects were. City staff is proposing the agreements in anticipation that the Annual Action Plan FY 2011-2012 will be approved.

With no questions, Chairperson Cobb entertained for a motion.

Commissioner Roof moved to recommend to City Council approval of the following:

- *An Ordinance Approving an Amendment to a City of Urbana Community Development Block Grant Program Agreement (CU Independence, No. 1112-AAP-01)*
- *An Ordinance Approving a City of Urbana Community Development Block Grant Program Agreement (Center for Women in Transition – AWP Sprinkler, Project No. 1112-AAP-02)*
- *An Ordinance Approving a City of Urbana Community Development Block Grant Program Agreement (Center for Women in Transition – Forbes Kitchen, Project No. 1112-AAP-03)*
- *An Ordinance Approving a City of Urbana Community Development Block Grant Program Agreement (Mental Health Center of Champaign County Housing Corporation, Project No. 1112-AAP-04)*
- *An Ordinance Approving a City of Urbana Community Development Block Grant Program Agreement (Urbana Neighborhood Connections Center, Project No. 1112-AAP-05)*

Commissioner Francis seconded the motion, and the motion carried unanimously.

Commission Vidoni thanked the social service representatives for attending the meeting.

An Ordinance Approving a Community Development Block Grant Agreement (Champaign County Regional Planning Commission – Senior Services, Project No. 1112-CSSP-01)

An Ordinance Approving a Community Development Block Grant Agreement (Community Elements – Roundhouse Youth Shelter, Project No. 1112-CSSP-02)

An Ordinance Approving a Community Development Block Grant Agreement [Greater Community AIDS Project (GCAP), Project No. 1112-CSSP-03]

An Ordinance Approving a Community Development Block Grant Agreement (Urbana Neighborhood Connections Center, Project No. 1112-CSSP-04)

Kelly Hartford, Interim Grants Management Division Manager, began by mentioning that these four agencies were funded through the Consolidated Social Service funding with the CDBG in part or in whole. These four agencies fit under the priorities that the Commission had chosen a few months ago. The written staff report lists the name of each agency and the total amount allocated.

With no questions, Chairperson Cobb entertained for a motion to recommend to the City Council.

Commissioner Silvis moved to recommend to City Council approval of the following:

- *An Ordinance Approving a Community Development Block Grant Agreement (Champaign County Regional Planning Commission – Senior Services, Project No. 1112-CSSP-01)*
- *An Ordinance Approving a Community Development Block Grant Agreement (Community Elements – Roundhouse Youth Shelter, Project No. 1112-CSSP-02)*
- *An Ordinance Approving a Community Development Block Grant Agreement [Greater Community AIDS Project (GCAP), Project No. 1112-CSSP-03]*
- *An Ordinance Approving a Community Development Block Grant Agreement (Urbana Neighborhood Connections Center, Project No. 1112-CSSP-04)*

Commissioner Francis seconded the motion, and the motion carried unanimously.

An Ordinance Approving a Supportive Housing Program Subrecipient Agreement Between the City of Urbana and Center for Women in Transition

An Ordinance Approving a Supportive Housing Program Subrecipient Agreement Between the City of Urbana and Salvation Army Services, Inc.

Kelly Hartford, Interim Grants Management Division Manager, mentioned that the City is required by HUD to do a grant agreement with HUD as administrator of the Supportive Housing Program. We are also required by HUD to have subrecipient agreements with each of the agencies that are under the Homeless Families in Transition Program. The proposed two agreements fall under these requirements.

Commissioner Vidoni noticed that there was a substantial difference in the operational budget versus the supportive budget on Page 2 of the Subrecipient Agreement. Ms. Hartford explained how the process works. Each of the agencies submits a budget for staff costs and case work with clients. City staff then sends a summary of all the budgets to HUD through the notice of funding availability. HUD reviews and makes the approval of the whole budget.

Commissioner Vidoni stated that he feels better about the supportive services side than he does about the operational side. He wondered if the differences in the budget met Ms. Hartford's approval. Ms. Hartford responded by saying that many grants do for supportive services but do not necessarily have an operating component. She is okay with the differences.

Chairperson inquired as to whether there is any monitoring of these activities. Ms. Hartford stated that City staff is required by HUD to monitor all of our subrecipients.

Chairperson entertained for a motion.

Commissioner Moreland moved to recommend to City Council approval of the following:

- *An Ordinance Approving a Supportive Housing Program Subrecipient Agreement Between the City of Urbana and Center for Women in Transition*
- *An Ordinance Approving a Supportive Housing Program Subrecipient Agreement Between the City of Urbana and Salvation Army Services, Inc.)*

Commissioner Francis seconded the motion, and the motion carried unanimously.

Adjournment: Chairperson Cobb adjourned the meeting at 7:51p.m.

Recorded by Teri Andel