



## 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:** **A RESOLUTION CERTIFYING A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION FOR THE URBANA HOME CONSORTIUM FOR FY 2011-2012 (Champaign County Neighborhood Alliance for Habitat)**

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### **Description**

Included on the agenda of the July 11, 2011 meeting of the Committee of the Whole is a resolution to certify the Champaign County Neighborhood Alliance for Habitat (Neighborhood Alliance) as a Community Housing Development Organization (CHDO) for the Urbana HOME Consortium for Fiscal Year (FY) 2011-2012. Neighborhood Alliance has met all of the Federal HOME Program requirements for certification as a CHDO for FY 2011-2012.

### **Issues**

The issue is whether the Urbana City Council should approve the resolution as written.

### **Background**

In order to receive CHDO Project and Operating funds from the Urbana HOME Consortium, an organization must comply with all HOME Program regulations. This includes requirements pertaining to board make-up, nonprofit status, history of serving the community, and a number of other criteria. Staff has worked with Neighborhood Alliance over the past year to meet each of the requirements. On June 17, 2011, Neighborhood Alliance officially received its nonprofit determination letter from the Internal Revenue Service, which was the final qualification needed in order to be eligible for CHDO designation.

No funding has been allocated to Neighborhood Alliance at this time. The HOME Technical Committee, which includes representatives from the City of Urbana, the City of Champaign, and the Champaign County Regional Planning Commission, will finalize its recommendations for funding allocations this month. Upon completion of the HOME Technical Committee's review of all FY 2011-2012 CHDO Project and Operating applications, staff will present any proposed funding allocations and corresponding agreements to the Urbana Community Development Commission (CDC) during a July 2011 meeting. The CDC's recommendations will then be

presented to the City Council for review.

At its June 28, 2011 regular meeting, the CDC recommended approval of the resolution unanimously. Unapproved minutes from the meeting are attached to this memo.

## **Options**

1. Approve the resolution certifying Champaign County Neighborhood Alliance for Habitat as a Community Housing Development Organization.
2. Approve the resolution with changes.
3. Do not approve the resolution.

## **Fiscal Impacts**

There will be no new fiscal impact to the city budget. HOME Program funding for CHDO Project and Operating Funds has been earmarked in the City of Urbana and Urbana HOME Consortium Annual Action Plan for Fiscal Year 2011-2012 and is included in the FY 2011-2012 City of Urbana budget.

## **Recommendations**

CDC and staff recommend that the City Council approve the resolution.

**Memorandum Prepared By:**

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

## **Attachments:**

1. A RESOLUTION CERTIFYING A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION FOR THE URBANA HOME CONSORTIUM FOR FY 2011-2012 (Champaign County Neighborhood Alliance for Habitat)
2. *Unapproved minutes from the June 28, 2011 regular meeting of the Urbana Community Development Commission.*

RESOLUTION NO. 2011-07-025R

A RESOLUTION CERTIFYING A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION  
FOR THE URBANA HOME CONSORTIUM FOR FY 2011-2012

(Champaign County Neighborhood Alliance for Habitat)

WHEREAS, the City Council of the City of Urbana, Illinois, has found and determined that certification of the Champaign County Neighborhood Alliance for Habitat as a Community Housing Development Organization for the Urbana HOME Consortium for FY 2011-2012 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 FY 2010-2014 Consolidated Plan*,

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

Section 1. That the Champaign County Neighborhood Alliance for Habitat (Neighborhood Alliance) be identified and certified as a Community Housing Development Organization (CHDO) for the Urbana HOME Consortium for FY 2011-2012, and as such, be eligible to request specific HOME funds set aside for use by CHDOs, under regulations set forth by the U.S. Department of Housing and Urban Development.

Section 2. That said certification and the benefits afforded by it be in effect until June 30, 2012, or until such time that Council be informed of conditions necessitating a change in the status of Homestead Corporation as a CHDO.

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



*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 14<sup>th</sup> to June 16<sup>th</sup>.

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