



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 3, 2013

SUBJECT: AN ORDINANCE APPROVING A MINOR AMENDMENT TO THE CITY OF URBANA AND URBANA HOME CONSORTIUM FY 2011-2012 ANNUAL ACTION PLAN (Transitional Housing Rental Rehab)

Description

Included on the agenda of the July 8, 2013 Committee of the Whole meeting is an ordinance approving modifications to the Fiscal Year 2011-2012 Annual Action Plan to provide funding for rental rehabilitation of two of the City's transitional housing units.

Background

The City of Urbana has operated a Transitional Housing (TH) Program since 1991. The program is designed to provide supportive services in addition to housing for homeless families with children. In order to qualify for the program, families must meet the Department of Housing and Urban Development (HUD) guidelines for homelessness and have dependent child(ren) under age 18. Staff meets with the families at least on a weekly and/or monthly basis to measure progress as part of a self-sufficiency component of the program.

The City has utilized a portion of the public service allocation of the Community Development Block Grant (CDBG) funds to provide for the operations, supportive services and administration for the program. The City received a grant to rehabilitate the units at the time of acquisition using Supportive Housing Program funds from HUD. Staff has made minor repairs and service calls as needed since then but recognizes that several more costly items are due for an upgrade, such as replacing the roofs, furnaces, upgrading the flooring and cabinetry, replacing siding as needed, as well as any electrical and plumbing upgrades. Funds available to perform repairs under the CDBG program are limited in scope due to the amount of grant funding available, as well as the public service cap (15 percent) placed on such activities.

Proposal

The proposed amendment would reprogram HOME funds currently earmarked for the Whole House Rehabilitation program to allow for a one-time rental rehabilitation project to complete the needed upgrades to two of the City's Transitional Housing units. This will effectively reduce the number of owner-occupied rehabilitation projects that the City will be able to complete with FY 2011-2012 HOME funds, but staff feels the proposed project is necessary to maintain quality units for the families participating in the Transitional Housing Program and to avoid more serious repairs if maintenance is deferred beyond the life of the amenities in the units. The amendment reprograms \$40,000 in HOME funds for this rental rehabilitation activity, or \$20,000 for each unit. The City also recently submitted a grant application through the Federal Home Loan Bank (FHLB) of Chicago to augment the available funds for the project and allow for additional modifications to the units. If awarded, the City will have an additional \$6,000 for each unit in available funding.

This amendment will further the goals outlined in the *City of Urbana and Urbana HOME Consortium Consolidated Plan FY 2010-2014* "by providing HOME funds for rehabilitation of rental housing units to rent to households with incomes at or below 60% of the area median income." Rental Rehabilitation is also listed as a potential activity to be undertaken by the City of Urbana in the FY 2011-2012 Annual Action Plan, and the project will serve the lowest-income households at or below 30 percent of the Median Family Income.

Notice of a public hearing regarding the proposed minor amendment was posted on the City's website on June 18, 2013, and the hearing took place on July 2, 2013 in the Urbana City Council Chambers at 10:00 a.m. The minutes from the meeting are attached.

During its June 25, 2013 regular meeting, the Urbana Community Development Commission forwarded the attached Ordinance with a unanimous recommendation for approval.

Options

1. Approve the Ordinance Approving a Minor Amendment to the City of Urbana and Urbana HOME Consortium FY 2011-2012 Annual Action Plan.
2. Approve the Ordinance with changes
3. Do not approve the Ordinance.

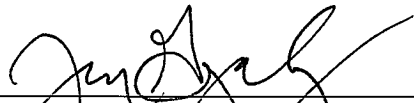
Fiscal Impacts

The proposed Annual Action Plan modification will reduce the number of owner-occupied housing rehabilitation projects completed for the fiscal year from 5-7 to 3-5 units. However, deferring maintenance on the two transitional housing units could result in more costly repairs and would have a negative impact on the City's ability to maintain the Transitional Housing Program at current operating levels.

Recommendation

Staff and the Urbana Community Development Commission recommend that the Urbana City Council approve the Ordinance as written.

Memorandum Prepared By:



Jen Gonzalez, Grant Coordinator
Grants Management Division

Attachments:

- (1) **AN ORDINANCE APPROVING A MINOR AMENDMENT TO THE CITY OF URBANA AND URBANA HOME CONSORTIUM FY 2011-2012 ANNUAL ACTION PLAN** (Transitional Housing Rental Rehab)
- (2) City of Urbana and Urbana HOME Consortium Proposed Minor Amendment to Annual Action Plan FY 2011-2012 (Transitional Housing Rental Rehab)
- (3) *Minutes from the July 2, 2013 Public Hearing regarding the proposed amendment.*
- (4) *Minutes from the June 25, 2013 regular meeting of the Community Development Commission*

ORDINANCE NO. 2013-07-059

AN ORDINANCE APPROVING A MINOR AMENDMENT TO THE CITY OF URBANA AND URBANA HOME CONSORTIUM FY 2011-2012 ANNUAL ACTION PLAN
(Transitional Housing Rental Rehab)

WHEREAS, the City of Urbana has been designated an entitlement city under the Federal Housing and Community Development Act of 1974, as amended, and as such is eligible for Community Development Block Grant (hereinafter "CDBG") and Home Investment Partnerships Funds (hereinafter "HOME") funds upon proper submittal being made to the United States Department of Housing and Urban Development (hereinafter "HUD"); and

WHEREAS, the Urbana City Council previously approved Ordinance No. 2011-04-023 authorizing submittal to HUD of the Annual Action Plan for FY 2011-2012 that included a proposed budget for the HOME Program, and HUD subsequently approved said Annual Action Plan; and

WHEREAS, the City Council now finds it necessary and appropriate to amend the City of Urbana and Urbana HOME Consortium Annual Action Plan for FY 2011-2012; and

WHEREAS, on June 18, 2013, the City of Urbana published a notice on the City website of a scheduled hearing regarding said proposed amendment to the Annual Action Plan; and

WHEREAS, on July 2, 2013 the Grants Management Division of the Community Development Services Department of the City of Urbana, as lead entity for the Urbana HOME Consortium, held a public hearing regarding the proposed amendment; and

WHEREAS, at its June 25, 2013 meeting, the Urbana Community Development Commission recommended approval of the amendment to the Urbana City Council; and

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

Section 1. That the City of Urbana, as lead entity for the Urbana HOME Consortium, hereby approves the minor amendment to the City of Urbana and Urbana HOME Consortium Annual Action Plan FY 2011-2012, in substantially the same form as such amendment is referenced in the attachment hereto.

Section 2. That the Mayor of the City of Urbana is hereby designated as the authorized representative of the City of Urbana to take any action necessary in conjunction with said attached amendment to the Annual Action Plan for FY 2011-2012, and any prior approved Annual Action Plan or Amendment, including, without limitations, to execute any documents necessary to commit applicable HOME funds to the projects, submittal of the Annual Action Plan Amendment to the HUD Regional Field Office and provision of such additional information as may be required.

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

City of Urbana and Urbana HOME Consortium



Proposed Minor Amendment to Annual Action Plan FY 2011-2012 *(Transitional Housing Rental Rehab)*

Prepared by:
City of Urbana
Community Development Services
Grants Management Division
400 South Vine Street
Urbana, IL 61801
217.384.2447

Approved by Urbana City Council Ordinance No. _____

**PROPOSED AMENDMENT TO CITY OF URBANA & URBANA HOME CONSORTIUM
FY 2011-2012 ANNUAL ACTION PLAN**

The City of Urbana proposes to amend the HOME Program budget for the FY 2011-2012 Annual Action Plan (AAP) to re-allocate HOME funding to rehabilitate two of the City's Transitional Housing single-family units currently in need of substantial maintenance.

The proposed amendment reduces the amount of funds currently set aside for the Whole House Rehabilitation program to allow the City to undertake Rental Rehabilitation on two of the City's five Transitional Housing units. The Whole House Program traditionally annually serves 5-7 low-income households in need of substantial rehabilitation to their homes with a combination of grants and loans that fund the rehabilitation up to \$25,000. This one-time project will be undertaken in much the same way as the Whole House program, allowing the City to bring two single-family Transitional Housing units for homeless families with children, up to code for \$20,000 in repairs at each unit. This will effectively reduce the number of Whole House projects that the City will be able to undertake in Fiscal Year (FY) 2011-2012, but the repairs to the Transitional Housing units are necessary to continue serving homeless families in the program with decent, safe, and sanitary housing that is consistent with the HOME Investment Partnerships Program and Community Development Block Grant Program goals.

A breakdown of the proposed funding allocations, as amended, is listed below:

URBANA HOME CONSORTIUM PROPOSED HOME AMENDMENT:

<u>Urbana HOME Consortium HOME Budget</u>	<u>Current</u>	<u>Proposed Amended</u>
Housing Rehabilitation 2012-2013	\$ 129,755.00	\$ 89,755.00
Transitional Housing Rental Rehab	-0-	\$ 40,000.00

Following is the HOME Program language and/or budget changes for the FY 2011-2012 Annual Action Plan (page 46)

1. Owner-Occupied Housing Rehabilitation

Funds will be allocated for the rehabilitation of three to five (3-5) units, including a combination of grants and deferred-payment loans in the amount of \$25,000-\$28,000 per household that are intended to address code deficiencies, major renovation needs, relocation expenses and lead-based paint concerns.

\$89,755 (Additional match required)

Goal 1, Strategy 1 & 2; Goal 2, Strategy 1-4 & 6

Citation – [24 CFR 92.206(a)(2)]

Environmental – Categorically Excluded converts to Exempt

Recapture

Objective: Provide Decent Housing to owner occupants by addressing conditions that are a result of deferred maintenance through rehabilitation of homes of recipients at or below 80 percent of the Median Family Income. Program is intended to improve the quality of the housing stock by bringing units into compliance with applicable code requirements, eliminating lead based paint hazards, and improving exterior appearance.

Outcome: Sustainability for the purpose of providing decent housing.

Outcome Indicators: Number of owner-occupied households assisted at or below 80 percent of the Median Family Income. Total amount of households served (3 to 5). Amount of funding leveraged through local match.

Following is the HOME Program language and/or budget changes to be added to the Annual Action Plan (page 48)

6. Transitional Housing Rental Rehabilitation Project

Funds will be used to bring two of the City's Transitional Housing units for homeless families with children up to code using HOME program funds in the amount of \$25,000 for each unit. The units must be maintained as affordable housing for a ten-year affordability period and must comply with all HOME regulations. The project will ultimately serve approximately ten homeless families participating in the City's Transitional Housing Program.

\$40,000 (Additional match required)

Goal 1, Strategy 1 & 2; Goal 2, Strategy 1-4 & 6

Citation – [24 CFR 92.206(a)(2)]

Environmental – Categorically Excluded converts to Exempt Repayment

Goal 3, Strategy 1; Goal 6, Strategy 2

Citation – [24 CFR 92.206(a)(2)]

Environmental – Categorically Excluded converts to Exempt Repayment

Objective: Provide Decent Housing to program participants by addressing conditions that are a result of deferred maintenance through rehabilitation of homes of recipients at or below 60 percent of the Median Family Income. Program is intended to improve the quality of the housing stock by bringing units into compliance with applicable code requirements, eliminating lead based paint hazards, and improving exterior appearance.

Outcome: Sustainability for the purpose of providing decent housing.

Outcome Indicators: Number of homeless families participating in the program at or below 60 percent of the Median Family Income. Total amount of homeless households served (10). Amount of funding leveraged through local match.



**CITY OF URBANA & URBANA HOME CONSORTIUM
PROPOSED AMENDMENT TO
FY 2011-2012 ANNUAL ACTION PLAN
(Transitional Housing Rental Rehab) PUBLIC HEARING MINUTES**

**Tuesday, July 2, 2013, 10:00 a.m.
City Council Chambers, 400 S. Vine Street, Urbana, IL**

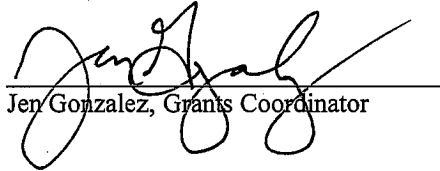
Present:

- City of Urbana Grants Management Division: Jennifer Gonzalez, Jenell Hardy

Ms. Gonzalez called the public hearing to order at 10:03 a.m. The purpose of the public hearing was to provide an opportunity for the public to provide input and for the City to accept comments regarding the proposed down payment amendment to the FY 2011-2012 City of Urbana and Urbana HOME Consortium Annual Action Plan.

Seeing no comments, Ms. Gonzalez adjourned the public hearing at 10:10 a.m.

Respectfully Submitted



Jen Gonzalez, Grants Coordinator



**UNAPPROVED
MINUTES
COMMUNITY DEVELOPMENT COMMISSION MEETING
Tuesday, June 25, 2013, City Council Chambers
400 South Vine Street, Urbana, IL 61801**

Call to Order: Chairperson Cobb called the meeting to order at 7:05 p.m.

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

Commission Members Present: Fred Cobb, Janice Bengtson, Brad Roof, Anne Heinz Silvis, Lisabeth Searing, Jerry Moreland (arrived at 7:09pm), Chris Diana (arrived at 7:06pm)

Commission Members Excused: George Francis

Others Present: Kelly H. Mierkowski, Jennifer Gonzalez, and Jenell Hardy, Community Development Services; Sheila Dodd, Habitat for Humanity

Approval of Minutes: *Chairperson Cobb asked for approval or corrections to the March 26, 2013 minutes. Commissioner Diana moved to approve the minutes, and Commissioner Bengtson seconded the motion. The motion carried unanimously.*

Petitions and Communications: None.

Staff Report: Kelly Mierkowski, Grants Management Division Manager, provided a brief overview of the staff report provided to the Commissioners. She indicated that the grant amounts allocated for the 2013-2014 fiscal year increased CDBG slightly from the projected amounts in the Annual Action Plan and decreased the HOME grant for the coming year.

She mentioned the Federal Home Loan Bank of Chicago applications that staff is currently working on this week. One application is for rehabilitation and new construction of the City's Transitional Housing units, and the other is to augment the City's Urbana Dream Downpayment Assistance Program.

Ms. Mierkowski presented Commissioner Roof with a street sign and certificate of appreciation signed by the Mayor to recognize his two terms serving on the Commission.

Jenell Hardy provided an update on the Lanore/Adams Multi-Use Path project. She noted that it was previously an unofficial walking path used by residents that is being upgraded to be utilized as a formal pathway. The project is almost complete, with the exception of some minor landscaping that needs to be completed. Ms. Hardy also indicated that the streetlights are up and running in the neighborhood.

Commissioner Roof asked whether emergency vehicles could use the Multi-Use Path in the case of an emergency. Ms. Hardy indicated that this was not the intent of the original design, but that

in the case of an emergency the path is likely wide enough to allow an emergency vehicle to pass.

Old Business: Commissioner Roof requested an update on the means by which staff was now highlighting the Commission's opinion on any given vote presented to City Council. Ms. Mierkowski noted that staff is bolding the Commission's votes in the memos as requested.

Commissioner Diana inquired about the difference between the projected and actual grant amounts to be received for FY 2012-2013. Ms. Mierkowski went over the exact numbers. Commissioner Roof asked if the reductions would impact the timeliness of the grants and the calculations used. Ms. Mierkowski and Jen Gonzalez indicated that it should not impact staff's ability to commit and expend funds.

New Business:

A Resolution Certifying A Community Housing Development Organization for the Urbana HOME Consortium For FY 2012-2013 (Habitat for Humanity) – Ms. Gonzalez explained the changes at Habitat for Humanity of Champaign County (Habitat) and their subsidiary, Champaign County Neighborhood Alliance for Habitat (Neighborhood Alliance). Habitat for Humanity's board is currently in a position to be a CHDO, and they have 1/3 low-income participation on their board. This will simplify the process of working with them as a CHDO.

The FY 2011-2012 contract for four new, single-family units has been completed, and they are now working on their 2012-2013 contract to build four additional houses.

The requested funding amount, \$37,910.00, is approximately 50 percent of their construction cost. The remaining 50 percent is funded by a local church or other organization. The operating subsidy to be awarded is \$7,000 per project, as determined by the HOME Technical Committee. The HOME Technical Committee recommended the proposed funding amounts based on historical performance and past subsidy.

Commissioner Roof moved that the CD Commission forward the Resolution with a recommendation for approval to the Urbana City Council. The motion was seconded by Commissioner Heinz-Silvis. The motion carried unanimously.

An Ordinance Authorizing the Sale of Certain Real Estate (1007 North Berkley Avenue)

An Ordinance Authorizing the Sale of Certain Real Estate (810 East Park Street)

Ms. Gonzalez explained that the funding approved for Habitat in the previous agenda item was in coordination with the lot transfers presented to the Commission. Commissioner Roof asked about the structures in the pictures and if any demolition would be required. Ms. Gonzalez explained that 810 E. Park St. had been previously demolished by Fannie Mae prior to the City acquiring it. She indicated that the photo used for the map of 1007 N Berkley was old, and that the structure had already been demolished as well.

A Ordinance Approving Modifications To The City of Urbana and Urbana HOME Consortium FY 2011-2012 ANNUAL ACTION PLAN (Transitional Housing Rental Rehab)

Ms. Gonzalez explained the brief history of the Transitional Housing Program. It was started in 1991 in conjunction with funding to rehabilitate three units prior to housing homeless families in transition. She noted that no additional federal funds have been used since the original projects were undertaken to do major repairs on the units. The units are due for standard repairs and replacements, such as a new roof, upgraded furnace, installation of central air, replacement of kitchen and bathroom amenities, and any code violations noted by the inspectors.

Ms. Gonzalez indicated that one of the units required significant repairs and that the City is applying to the Federal Home Loan Bank of Chicago to demolish and reconstruct the unit. The other two units can be brought up to the property maintenance code with standard single-family rehabilitation similar to the Whole House Rehabilitation program currently in operation for eligible owner-occupied properties. Because the repairs are necessary to prevent more serious repairs if the maintenance is deferred further, staff is recommending reducing the owner-occupied program in order to allow for two rental rehabilitation projects on the City's Transitional Housing units.

Commissioner Roof asked about the nature of the repairs. Ms. Hardy explained that central air conditioning would be put into the units, as well as other code related issues. Ms. Roof asked how repairs were being completed in the past. Ms. Hardy indicated that the CDBG funds were previously used to carry out minor repairs as needed. She noted that the funds were very limited, and that changes brought about by the HEARTH Act were requiring more stringent observation of local code enforcement in units that house homeless individuals and families. She further explained that, depending on the cost or extent of repairs being undertaken, some repairs do not require meeting today's code, while other larger and more substantial repairs kick in more stringent regulations.

Mr. Roof asked if the scope of the program was going to be changed at all to allow for a more self-sustaining model for repairs and other needs of the program. Ms. Hardy said that the program will likely not change because the major repairs proposed have a life-span of approximately twenty years, such as the new roofs. Jerry Moreland asked whether or not families were currently living in the units. Ms. Hardy went over the occupancy status of each unit, indicating that several families recently moved out and that one of the units was currently vacant. Mr. Moreland asked when the vacant unit was last rehabilitated, and staff estimated that substantial repairs were last completed approximately eight or nine years ago after a minor fire occurred at the unit.

Commissioner Roof moved to forward the Resolution with a recommendation for approval to the Urbana City Council. The motion was seconded by Commissioner Moreland. The motion carried unanimously.

A Resolution Approving A Supportive Housing Program Subrecipient Agreement Between The City of Urbana and The Center for Women in Transition

A Resolution Approving A Supportive Housing Program Subrecipient Agreement Between The City of Urbana and The Salvation Army

Ms. Hardy stated that dollars go to the Center for Women in Transition and the Salvation Army. The two organizations operate three programs. CWIT operates A Woman's Place and several homeless programs on Church Street in Champaign. The Salvation Army operates three (3) single-family units for families in Champaign for their transitional housing program. These agencies use the funds for operational expenses, supportive services and administration costs. This will be the 18th year that the City has administered the Supportive Housing Program.

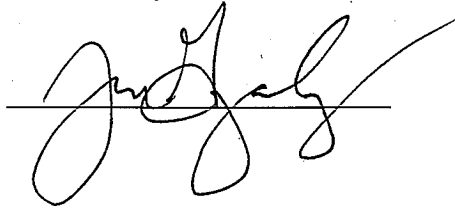
Commissioner Cobb asked why the memo discusses the City's funds. Ms. Hardy indicated that the program requires us to set up a line of credit with the City to reimburse the organizations carrying out the program before requesting federal reimbursement from HUD. It is in the budget, but it is not part of the City's general funds.

Commissioner Diana noted that the line item for the \$5,135 goes to the City of Urbana for administrative activities, and as such the City budget is impacted. Ms. Hardy discussed the data collection the staff undertakes to submit to HUD. She indicated that each entity in the program may have to pay for licenses to participate in the data collection program. She noted that the budget accounts for the administration costs regardless of whether or not the funds are received.

Commissioner Diana moved that the Community Development Commission moved to forward the Resolution to the City Council with a recommendation for approval. The motion was seconded by Commissioner Heinz Silvis, and the motion passed unanimously.

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

Recorded by Jen Gonzalez, Grant Coordinator



UNAPPROVED