



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Laurel Lunt Prussing, Mayor

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

DATE: April 10, 2014

SUBJECT: **A RESOLUTION APPROVING THE TRANSFER OF VOLUME CAP IN CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES, SINGLE-FAMILY MORTGAGE REVENUE BONDS, AND RELATED MATTERS (Private Bond Cap Allocation – Assist MCC Program, Series 2014)**

A RESOLUTION APPROVING THE TRANSFER OF VOLUME CAP IN CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES, SINGLE-FAMILY MORTGAGE REVENUE BONDS, AND RELATED MATTERS (Private Bond Cap Allocation – EIEDA, Series 2014)

Description

Included on the agenda of the April 14, 2014 Committee of the Whole meeting are resolutions to cede the City's Private Activity Bond Cap to the *Assist MCC Program* through Stern Brothers & Co. and to the Eastern Illinois Economic Development Authority (EIEDA).

Background

In accordance with IRS Code, each home rule municipality in Illinois is authorized to issue private activity bonds on an annual basis. In 2014, the maximum amount of bonds the City may issue is capped at \$100 per capita, or \$4,158,100. The State of Illinois automatically recaptures any unissued municipal bond authority on May 1st each year. The bonds may be issued for the following eligible activities:

- 1) Below-market-rate financing for affordable housing
- 2) Multi-family affordable housing projects
- 3) Nonprofit development projects (i.e. hospitals, YMCAs, etc.)

The City has three options: serve as Issuer, which would require staff to manage the bonds; allow the State of Illinois to issue bonds on the City's behalf, which would require no Council action as it will automatically revert to the State on May 1, 2014; or, the City may cede its authority to another qualified Issuer other than the State.

Administering the bonds internally is unfeasible because the City currently does not have the staff capacity to carry out such a labor-intensive investment activity. The second option of allowing the State to issue the bonds is unlikely to result in local investment due to the large service area covered by the State of Illinois.

The final option of ceding the City's bond authority to other entities will allow for the greatest economic impact in our area. Staff is recommending two organizations that have historically demonstrated successful local investment activities. Stern Brothers & Co. administers the *Assist MCC Program*, which provides down payment assistance and mortgage credit certificates to qualified buyers. The Eastern Illinois Economic Development Authority financed the recent Eden Supportive Living development, which provides 100% ADA accessible housing options for persons with disabilities. The City has ceded its bond cap to each of the entities in the past, and both Issuers have expressed interest in managing the City's bond cap in 2014.

Assist MCC Program

The *Assist MCC Program* was first started under the name of *AccessUrbana* in 1995. Historically, the *Assist MCC Program* has provided 30-year fixed rate FHA/VA mortgage loans or conventional loans at competitive interest rates through participating local lenders. The program has also provided non-repayable, non-taxable grants for down payments and closing costs up to 4.25 percent of the home mortgage amount. The *Assist MCC Program* has supported both FHA and VA lending programs and was marketed in the past by the City and local lenders through direct mailers, seminars, and media advertising.

In order to qualify for the Assist homebuyer assistance programs, participating households are required to meet income and purchase price limits. Homes that meet the program guidelines are new or existing, owner-occupied, single family homes, town homes and condominiums. Income Limits and Purchase Price Limits applicable to the 2014 program are as follows:

Income Limits:	<u>1 or 2 persons</u>	<u>3 or more</u>
	\$72,100	\$82,915
Purchase Price Limits	\$250,200	

David Rasch, Managing Director of the *Assist MCC Program* for Stern Brothers & Co., requested that the City of Urbana consider ceding all, or a portion of, its bond authority to the *Assist MCC Program*. Mr. Rasch has indicated that the program is currently up and running, and after having conducted several large-scale lender trainings they are now making loans. The current assisted mortgage rate is 4.375%, with the 3.00% cash grant. A flyer for the program is attached for review. As of April 10, 2014, Mr. Rasch estimated that more than 30 loans had been issued through the program, with approximately six of those loans issued for home purchases in Urbana.

EIEDA

The Eastern Illinois Economic Development Authority (EIEDA) was created in July, 2005 by Illinois Public Act 94-0203. The Act allows EIEDA to issue taxable and tax-exempt bonds for the purpose of developing, constructing, acquiring, and improving properties or facilities for business

entities locating or expanding within the territorial jurisdiction of EIEDA. The jurisdiction includes the following counties: Champaign, Coles, Douglas, Edgar, Ford, Iroquois, Moultrie, Piatt, Shelby, and Vermilion.

The City of Urbana began ceding a portion of its bond cap in 2012 to EIEDA for the purpose of financing potential multi-family housing projects in the community, as other homebuyer assistance programs had ceased or did not have an immediate need for additional bond cap. One of the successful local projects completed utilizing the bonds issued by EIEDA is the Eden Supportive Living facility located at 222 N. State Street, Champaign. The multi-family development offers 100 percent ADA accessible housing options for persons with disabilities.

By ceding a portion of the City's bond cap to EIEDA, future neighborhood revitalization projects such as the Kerr Avenue Development project, the Aspen Court/Urbana Townhomes Redevelopment project, and other important local economic development activities may benefit from bond financing.

Options

Any unused bond cap not ceded for any combination of these programs will automatically be recaptured by the State of Illinois for use by another municipality on May 1, 2014. In regard to the Resolutions presented to City Council concerning Assist Urbana and EIEDA's redevelopment programs, the following options are available:

1. Approve the Resolutions.
2. Approve the Resolutions with changes.
3. Do not approve the Resolutions.

At its March 25, 2014 regular meeting, the Community Development Commission forwarded the Resolutions to City Council with a recommendation for approval. Unapproved minutes from the meeting area attached for review.

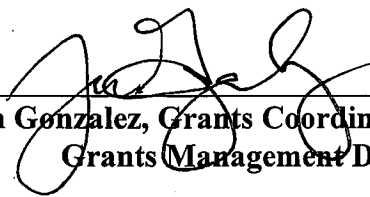
Fiscal Impacts

Allocating the private activity bond cap to these programs requires minimal expenditures to produce flyers for marketing. Program administrative fees incurred by the bond counsels and by the City's bond consultants would be paid with bond proceeds. For homebuyer programs, the City would have no liability for bond repayment since the City would not be the bond issuer and all mortgage repayments would be government-insured.

Recommendation

Staff and the Community Development Commission are recommending that half of the City's allocation of \$4,158,100 from the City of Urbana 2014 private activity bond cap be utilized for the *Assist MCC Program* and the other half to EIEDA.

Memorandum Prepared By:


Jen Gonzalez, Grants Coordinator II
Grants Management Division

Attachments:

- 1) A RESOLUTION EVIDENCING THE INTENTION OF THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, TO TRANSFER VOLUME CAP IN CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES, SINGLE-FAMILY MORTGAGE REVENUE BONDS; AND RELATED MATTERS (Private Bond Cap Allocation – EIEDA, Series 2014)
- 2) A RESOLUTION EVIDENCING THE INTENTION OF THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, TO TRANSFER VOLUME CAP IN CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES, SINGLE-FAMILY MORTGAGE REVENUE BONDS; AND RELATED MATTERS (Private Bond Cap Allocation – Assist Program, Series 2014)
- 3) Assist MCC Program Flyer
- 4) *Unapproved minutes from the March 25, 2014 regular meeting of the Urbana Community Development Commission.*

RESOLUTION NO. 2014-04-022R

RESOLUTION EVIDENCING THE INTENTION OF THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, TO TRANSFER VOLUME CAP IN CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES, MULTI-FAMILY MORTGAGE REVENUE BONDS; AND RELATED MATTERS

(Private Bond Cap Allocation - EIEDA, Series 2014)

WHEREAS, the City of Urbana, Champaign County, Illinois (the "Municipality") is a municipality and a home rule unit of government under Section 6 of Article VII of the 1970 Constitution of the State of Illinois; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"), provides that the Municipality has volume cap equal to \$100 per resident of the Municipality in each calendar year, which volume cap may be allocated to certain tax-exempt private activity bonds; and

WHEREAS, the Illinois Private Activity Bond Allocation Act, 30 Illinois Compiled Statutes 2006, 345/1 et seq., as supplemented and amended (the "Act"), provides that a home rule unit of government may transfer its allocation of volume cap to any other home rule unit of government, the State of Illinois or any agency thereof or any non-home rule unit of government; and

WHEREAS, it is now deemed necessary and desirable by the Municipality to transfer a portion of its volume cap allocation for calendar year 2014 to the Eastern Illinois Economic Development Authority (the "Issuer") to be applied toward the issuance of multi-family revenue bonds by the Issuer (the "Bonds") or for such other purpose permitted by this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, AS FOLLOWS:

Section 1. That, pursuant to Section 146 of the Code and the Act, volume cap of the Municipality in the amount of \$2,079,000 for calendar year 2014 is hereby transferred to the Issuer, which shall issue the Bonds using such transfer of volume cap, without any further action required on the part of the Municipality, and the adoption of this Resolution shall be deemed to be an allocation of such volume cap to the issuance of the Bonds or other private activity bonds.

Section 2. That the Municipality and the Issuer shall maintain a written record of this Resolution in their respective records during the term that the Bonds or any other such bonds to which such volume cap is allocated remain outstanding.

Section 3. That the Mayor, the City Clerk and all other proper officers, officials, agents and employees of the Municipality are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents and certificates as may be necessary to further the purposes and intent of this Resolution.

Section 4. That the provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision of this Resolution shall for any reason be declared to be invalid, such declaration shall not affect the remainder of the sections, phrases and provisions of this Resolution.

Section 5. That all resolutions, orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby superseded; and that this Resolution shall be in full force and effect upon its adoption and approval.

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

RESOLUTION NO. 2014-04-021R

RESOLUTION EVIDENCING THE INTENTION OF THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, TO TRANSFER VOLUME CAP IN CONNECTION WITH PRIVATE ACTIVITY BOND ISSUES, SINGLE FAMILY MORTGAGE REVENUE BONDS; AND RELATED MATTERS
(Private Bond Cap Allocation - Assist Program, Series 2014)

WHEREAS, the City of Urbana, Champaign County, Illinois (the "Municipality") is a municipality and a home rule unit of government under Section 6 of Article VII of the 1970 Constitution of the State of Illinois; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986, as amended (the "Code"), provides that the Municipality has volume cap equal to \$100 per resident of the Municipality in each calendar year, which volume cap may be allocated to certain tax-exempt private activity bonds; and

WHEREAS, the Illinois Private Activity Bond Allocation Act, 30 Illinois Compiled Statutes 2006, 345/1 et seq., as supplemented and amended (the "Act"), provides that a home rule unit of government may transfer its allocation of volume cap to any other home rule unit of government, the State of Illinois or any agency thereof or any non-home rule unit of government; and

WHEREAS, it is now deemed necessary and desirable by the Municipality to transfer a portion of its volume cap allocation for calendar year 2014 to the City of Aurora, Kane, DuPage, Will and Kendall Counties, Illinois (the "Issuer") to be applied toward the issuance of single family mortgage revenue bonds by the Issuer (the "Bonds") or for such other purpose permitted by this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, CHAMPAIGN COUNTY, ILLINOIS, AS FOLLOWS:

Section 1. That, pursuant to Section 146 of the Code and the Act, volume cap of the Municipality in the amount of \$2,079,000 for calendar year 2014 is hereby transferred to the Issuer, which shall issue the Bonds using such transfer of volume cap, without any further action required on the part of the Municipality, and the adoption of this Resolution shall be deemed to be an allocation of such volume cap to the issuance of the Bonds or other private activity bonds, or mortgage credit certificates.

Section 2. That the Municipality and the Issuer shall maintain a written record of this Resolution in their respective records during the term that the Bonds or any other such bonds to which such volume cap is allocated remain outstanding.

Section 3. That the Mayor, the City Clerk and all other proper officers, officials, agents and employees of the Municipality are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents and certificates as may be necessary to further the purposes and intent of this Resolution.

Section 4. That the provisions of this Resolution are hereby declared to be separable, and if any section, phrase or provision of this Resolution shall for any reason be declared to be invalid, such declaration shall not affect the remainder of the sections, phrases and provisions of this Resolution.

Section 5. That all resolutions, resolutions or orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby superseded; and that this Resolution shall be in full force and effect upon its adoption and approval.

PASSED by the City Council this _____ day of _____,

AYES:

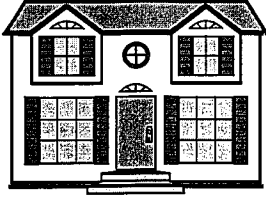
NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____,

Laurel Lunt Prussing, Mayor



Want a home of your own, but can't meet the down payment and closing costs?

The City of Urbana in association with a number of Illinois communities, offer a two-pronged approach to assist homebuyers: The Assist program provides families with funds to pay all or most of their closing costs and down payment and the mortgage credit certificate ("MCC") program reduces the homebuyer's ongoing cost of borrowing.

What is Assist?

Assist is a program that offers individuals and families with a FHA/VA/RD, 30-year, fixed-rate mortgage and offers a full 3.00% cash grant on the amount borrowed on a mortgage to qualified home buyers for homes in Urbana. The cash assistance may be used to offset some or all of the home loan's down payment and closing costs. Assist minimizes the amount of money you need on hand to purchase your home.



What are Mortgage Credit Certificates?

MCC's are a federally authorized program created as an alternative to tax-exempt housing bonds to reduce effective interest costs for qualifying homebuyers. MCC's allow the homebuyer to qualify for a federal income tax credit equal to a percentage of the interest paid on their home loan each year. MCC holders still qualify for a regular deduction of the remaining interest paid on their home loan.

	Without MCC	With MCC
Mortgage Amount	\$100,000	\$100,000
Mortgage Interest Rate	5.00%	5.00%
Monthly Mortgage Payment (first year interest = \$4,966.49)	\$536.82	\$536.82
MCC Rate	N/A	25%
Monthly Credit Amount (First Year Average) (25% of \$4,966.49 is first year credit)	N/A	\$103.47
"Effective" Monthly Mortgage Payment	\$536.82	\$433.35

What Type of Home Can I Buy And How Much Can I Spend?

Homes that meet the program guidelines are new or existing, owner-occupied, single family homes, town homes and condominiums. Purchase Price and Income Limits are as follows:

Purchase Price Limits:	\$250,200	
Income Limits:	<u>1 or 2 persons</u>	<u>3 or more</u>
	\$72,100	\$82,915

How Do I Sign Up?

1. Contact any of the Urbana-area participating lenders set out below.
2. Meet the program guidelines and qualify for the new home.
3. Close on your purchase and enjoy your new home.

Participating Lenders:

Busey Bank (217) 326-5241	Compass Mortgage (877) 793-9362	1 st Advantage Mortgage (217) 875-5870	Heartland Bank & Trust (217) 359-5555
Wells Fargo Home Mtg. Bank Champaign (217) 363-5356	(217) 351-7630	1 st State Bank of Illinois (309) 966-4859	Mortgage Services III (217) 875-7253



UNAPPROVED
MINUTES
COMMUNITY DEVELOPMENT COMMISSION MEETING
Tuesday, March 25, 2014, City Council Chambers
400 South Vine Street, Urbana, IL 61801

Public Hearing on the Proposed City of Urbana & Urbana HOME Consortium Annual Action Plan (AAP) for Fiscal Year (FY) 2014-2015: Chairperson Cobb called the public hearing to order and declared it open at 7:03 p.m. The purpose of this public hearing was to receive public input on the proposed City of Urbana and Urbana HOME Consortium AAP for FY 2014-2015. Notice of the public hearing was posted on the City's website on December 13, 2013; faxed, mailed, and emailed to the media, various social service agencies and interested citizens; and was published on Friday, December 20, 2013 and Monday, December 23, 2013 in Champaign-Urbana's *The News-Gazette*. Seeing no comments, Chairperson Cobb declared the public hearing closed and adjourned the public hearing at 7:05 p.m.

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

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

Commission Members Present: Fred Cobb, Janice Bengtson, Jerry Moreland, Lisabeth Searing (in at 7:05 p.m.) and Anne Heinze Silvis.

Commission Members Excused/Absent: Chris Diana, George Francis

Others Present: Kelly H. Mierkowski, Jennifer Gonzalez, and Jenell Hardy, Community Development Services.

Approval of Minutes: *Chairperson Cobb asked for approval or modifications to the February 25, 2014 minutes. Commissioner Bengtson noted that on Page 1 under Staff Report letter was misspelled as latter. Commissioner Silvis moved to approve the minutes with the correction 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. Ms. Mierkowski stated that, the City received several emails from HUD. The first email anticipating the announcement of the 2014 funding allocations by mid-March; as of this memo, we did receive an announcement by email and through HUD's website about funding allocations, showing an increase. The second email stated that after some delays HUD is in the position to implement new Low & Moderate Income Summary Data, which is what we use to update our Census Tract Map, with low and moderate income information throughout the City. So, it looks like we will be able to update that map based on this new information, which will hopefully come sometime this summer, the email stated it would not be effective before July 1, 2014. The map may look different, based on the information received.

Chairperson Cobb asked if information was received regarding employment level in the census tracts. Ms. Mierkowski stated that this information is not sent, but it is available on Census.gov to look up the information. Ms. Mierkowski indicated that she was not sure what level of information is available on the website, but the information should be available.

Chairperson Cobb noted that Grants Management is currently accepting bid proposals for property maintenance lawn care and Ms. Mierkowski stated that Randy was in charge of that process. Chairperson Cobb asked how long that lasts, i.e. what is the timing, and Ms. Gonzalez indicated that it had already passed, that the bid opening was this past week, but if more information was requested, Randy could provide the information on the low bidder, etc.

Chairperson Cobb also asked about applications being available for the Whole House Rehabilitation Program, and Ms. Mierkowski stated that it has not officially opened up yet, that an announcement will be made in our newsletter letting people know that we are taking applications. Nothing else has been sent out about this program yet, so it will be opening up sometime soon.

Commissioner Silvis asked about the new data and census data, and if the target areas might change. Ms. Mierkowski stated that it is possible, depending on the information received. Commissioner Silvis also asked how often the target areas change. Ms. Mierkowski stated that the map is based on information from the Census, which is done every ten years. Ms. Mierkowski was not sure what the previous map looked like before the one Grants is using now, which is based on 2000 Census information; she was not sure what the map based on 1990 Census information looked like. Commissioner Silvis asked if the boundaries of the tracts would change and Ms. Mierkowski stated no, only the areas that are higher in low and moderate income, if it even changes at all.

Old Business:

Draft City of Urbana and Urbana HOME Consortium (Champaign/Urbana/Champaign County) Annual Action Plan – FY 2014-2015

Ms. Mierkowski stated that the issue is for the Community Development Commission to review the Annual Action Plan for FY 2014-2015 and make a final recommendation to the Urbana City Council. At the time of this memo HUD had not yet announced its formula allocations for entitlement communities, so the projected funding amounts in the AAP were assumed to be at the same level for both CDBG and HOME as the fiscal year, FY 2013-2014. Since then, HUD has announced its funding allocations by their website and by email, which shows an increase for both CDBG and HOME. Based on the contingency language in the AAP, the budget will be adjusted without the need for additional citizen participation and the budgets for CDBG and HOME will be proportionally increased from the estimated funding levels that we originally had, to match the actual allocation amounts received. Last fiscal year, when HUD announced the funding allocations, at some point they then changed the allocation amounts, so to ensure that the funding amounts will remain the same as initially indicated, so changes to the budget will definitely be made prior to submission of the AAP to HUD.

Chairperson Cobb asked if they would be notified of the changes to the AAP and Ms. Mierkowski agreed to let them know of the changes. Chairperson Cobb also asked if there was any significant input during the public hearings from concerned individuals. Ms. Mierkowski indicated that the ones she attended did not have significant input, but stated that Jen and Jenell could speak to the ones they attended. Ms. Mierkowski also indicated that the minutes from the various public hearings were in the back of copy of the Annual Action Plan under Citizen Participation, Appendix IV and that social service agencies gave input during the social service public hearing.

The Commissioners reviewed the public hearing minutes and Chairperson Cobb asked for any input from Commissioners regarding any concerns they have on the AAP, or if they have received information from people in their areas about the AAP. Commissioner Silvis commented that in the Thursday, January 9th meeting, one of the attendees asked for technology as part of the grant funding and asked what that meant. Ms. Hardy stated that social service grants pay for case management and direct services to clients, and that Ms. Greenwalt probably meant technology aspects like equipment purchases, upgrading security, along those lines; the administration portion of a program. However, the social services grants are more focused on direct service to clients, and specifically with residents that are in Urbana. The technology piece may be a general benefit to the agency to help general operations, but not necessarily a direct benefit to residents. Chairperson Cobb asked if this would be addressed and Ms. Hardy stated that we do consider all the input that we get from our social service agencies and citizens. We take into account the things that are considered eligible, especially with the Federal monies we mix with the pool of money, which puts certain regulations on the types of activities and projects we can fund.

Commissioner Searing stated that reading the minutes from the previous meeting was really informative and helpful with not being there, and then asked how the information about the map changes impact this or within the contingency plan language. Ms. Mierkowski asked for clarification and Commissioner Searing stated what she meant with regard to the census changes, i.e. if the designations of the census tracts or block changes would impact this annual action plan, if at all. Ms. Mierkowski responded that it would not impact the plan this year, since the information will not be available until after July 1, 2014. It will be incorporated into the next Consolidated Plan, for which the process will start this summer into next fall, for the next five year plan, and the Annual Action plan that will follow suit. Commissioner Searing commented that HUD was not anticipating that this information would be out in the next two months, and Ms. Mierkowski stated that the email definitely indicated not before July 1. Commissioner Searing stated that when she saw that, she was not sure how it would affect the spending of funds.

Chairperson Cobb indicated there are three options with regard to the AAP, i.e. forward the plan, forward the plan with changes, or not recommend approval. Chairperson Cobb commented that under Fiscal Impact, it states that there are considerable fiscal impacts associated with the preparation of the City of Urbana and Urbana HOME Consortium Annual Action Plan FY 2014-2015, and asked what that meant, can it be clarified. Ms. Mierkowski stated that it would basically be staff time preparing the AAP; that would be the fiscal impact. Chairperson Cobb indicated that usually there is a reference to the impact on the City budget, and asked if it would affect the City budget; Ms. Mierkowski indicated that it would not.

Chairperson Cobb reviewed the three options again. Commissioner Silvis moved for approval and Commissioner Searing seconded. Commissioner Silvis then commented that the fiscal impacts are whether there is HUD money, both for CDBG and HOME program, either we get them or we don't, that is a fiscal impact; it is the benefit of having these funds and programs. Ms. Mierkowski commented that there would definitely be a fiscal impact to the City budget if we did not have either CDBG or HOME grant funds. The motion carried unanimously.

New Business:

A Resolution Approving the Transfer of Volume Cap in Connection with Private Activity Bond Issues, Single-Family Mortgage Revenue Bonds, and Related Matters (Private Bond Cap Allocation – Assist MCC Programs, Series 2014)

A Resolution Approving the Transfer of Volume Cap in Connection with Private Activity Bond Issues, Single-Family Mortgage Revenue Bonds, and Related Matters (Private Activity Bond Cap – EIEDA, Series 2014)

Chairperson Cobb asked if these two items should be done together and Ms. Mierkowski agreed, stating that she would start and for Ms. Gonzalez can jump in with additional comments. Basically, the issue is for the Community Development Commission to make a recommendation to the Urbana City Council regarding the use of the City's 2014 private activity bond cap, which has to be decided by May 1, 2014. There are different options for reserving the cap for specific projects or participating in homebuyer assistance programs through the Assist MCC Program or for neighborhood initiative through the EIEDA.

Any unused bond cap not ceded for any combination of these programs will automatically be ceded back to the State for use by another municipality. For 2014, Illinois Home Rule Units are allocated \$100 per capita, which is an increase of \$5 from last year's allocation of \$95 per capita. The allocation for this year is \$4,158,100, based on the population of 41,581, which is an increase from the 2013 population. On Page 2 of the memo, under the Background section, there is a list of possible activities that the bond cap can be utilized for. Since 2012, the City has allocated all its Bond Cap to EIEDA to be used toward multi-family housing, as homebuyer assistance programs had been either discontinued or did not have an immediate need for additional bond cap.

We received an email from David Rasch, who is the Director of the Assist MCC Program for Stern Brothers & Co., requesting that the City consider ceding all or part of the bond Cap to the Assist MCC Program, as the program is now up and running. Attached to the memo is a copy of the email he sent, along with a sample press release, explaining the Assist and MCC programs. Andrew Hamilton, Director of EIEDA, was contacted and he indicated that there are several projects in the community coming up that the bond cap could be used towards. Staff is recommending that the Community Development Commission forward the Resolutions with a recommendation that the bond cap allocation of \$4,158,100 be split in half, with 50% or \$2,079,000 to be ceded to the Assist MCC Program for homebuyer assistance, and the other half ceded to EIEDA for possible neighborhood initiatives.

Chairperson Cobb commented on the income limits listed for people to participate, i.e. \$72,100 for 1 or 2 persons, and \$82,915 for three or more, and asked if there was any asset limit that might constrain a person. For example, if they only had income, modest or below these limits, but yet they had assets in excess of \$1 million, would that affect it? Ms. Gonzalez commented that she was unsure, but these are the only qualifications we have ever received. And, since we don't operate the program in-house, it was difficult to say. We do know that families who qualify for these programs often are much lower income than what is required here. So, other programs that they are applying for will have an asset limit, but this particular program does not look like there is one. The Mortgage Certificate Credit (MCC) program used to be run through IHDA and they have pretty strict standards, so it depends on the lender who is processing everything.

Chairperson Cobb also commented that input was received from David Rasch, Managing Director of the Assist MCC Program, for Stern Brothers & Co., and asked what type of company is Stern Brothers? How do they function? Ms. Gonzalez stated that they are basically an investment company, so they manage the bonds and the issuing of the bonds. They will connect with the bank and find the financiers; they are the glue that holds this whole thing together. Unless we give them the bond cap, they can't create the programs. They actually have to go and find a bank that is willing to back this program and finance the loans with all the individual homebuyers. They help facilitate, because there are all sorts of rules on the taxing of everything, so they are kind of overseeing the whole thing.

Chairperson Cobb commented that staff is recommending 50% to Eastern Illinois Economic Development Authority and 50% to the Assist MCC Program, i.e. is that how we want to divide it. Ms. Mierkowski agreed, and Chairperson Cobb asked if the Commissioners had any questions. Chairperson Cobb asked if any projects have been identified, and Ms. Mierkowski stated that when she talked with Mr. Hamilton, he indicated that there were a couple of projects in the community, one in Champaign and one in Urbana, that this could possibly be used for. Chairperson Cobb also commented that if this was not used, it would go back to the state, and Ms. Mierkowski agreed.

Chairperson Cobb entertained a motion, with the options being that it has to be decided by May, 1 and that the recommendation is 50/50. Chairperson Cobb reiterated that the recommendation of staff is 50% to Assist MCC Program and 50% to Eastern Illinois Economic Development Authority. Commissioner Silvis made a motion to follow staff recommendations and forward this resolution to City Council with a recommendation that the bond be split 50/50.

Commissioner Moreland seconded the motion, and asked if we know what particular projects or initiatives the EIEDA or what they are thinking of doing? Ms. Mierkowski stated that in the past recently, there was a project in Champaign. The two mentioned, when talking with Mr. Hamilton, were Providence housing development, a Housing Authority of Champaign County project in Champaign, which he said could be eligible for this, and the other one is the Clark Lindsey Village Redevelopment in Urbana, which is also eligible. Also, there is an RFP out for the Redevelopment of Urbana Townhomes and Aspen Court, which is also possibly an eligible project. The motion carried unanimously.

CDBG Public Service Funding Priorities as part of the Consolidated Social Service Funding Pool

Ms. Hardy commented that each year we do our Consolidated Social Service Funding Pool; those are funds we combine with the City General funds and Cunningham Township funds, as well as a small portion of our Community Development Block Grant. Each year we do ask that our Community Development Commission provide guidance to the priorities that we would set for the CDBG funds. Last year those priorities were seniors and youth, homelessness, and the special needs population. Again, we are recommending those populations, those three choices, because they provide for a larger range of funding options and possibilities. There are many priorities that can be chosen; they are listed on page 2 of the memo, such as Affordable Housing, Lead Based Paint, Infrastructure, and Public Housing. These other ones are able to be tackled through other means and other funding sources, with other partners. We like to focus on these priorities, because it is a good way that we can utilize those funds to reach those areas with the funds that are available.

Chairperson Cobb asked about the infrastructure, i.e. what other resources do we have for addressing infrastructure. Ms. Hardy commented that we do use some of our CDBG funds for infrastructure. Currently we are proposing a couple of projects, such as the neighborhood sidewalks or we recently did the street lights in the Census Tract 53. Those are some of the ways we contribute to infrastructure with our Community Development Block Grant. Chairperson Cobb asked if we interconnect with the City on those projects, and Ms. Hardy agreed, stating that we work with the Public Works Department and projects are written in the Capital Improvement Plan of large projects that the City wants to take on as a whole, as we look at what we can partner with them on, using our CDBG funds when the project is in the target area and if it meets the goals and objectives of the Federal guidelines. We try to use some of our money in conjunction with the funds that have already been set aside by the City to address those projects.

Chairperson Cobb commented that with regard to the infrastructure, we would have to do a project in several years, i.e. to get lights up, and he was wondering if we made it a priority, could the project get done sooner, like the street lights. Ms. Hardy stated that the priorities would only apply to the amount of CDBG funding, approximately \$5,000; that would be a small contribution to what we need for a project in that area. So, we have set aside other money mentioned in our Annual Action Plan to work on those types of projects.

Chairperson Cobb commented about the sewer situation where homeowners were complaining because the sewers or water lines were on one side of the street. Is there any resource to address that issue and where does it stand? Ms. Mierkowski stated that through Public Works there is a program or plan to help address the water or sewer issue in the Dr. Ellis Subdivision. Commissioner Silvis stated that Public Works came up with a cost-sharing program to help subsidize the cost.

Chairperson Cobb stated that most of the other priorities are being addressed otherwise, so it would make sense to keep our priorities the same, except if some of the emphasis has been changed on where these should rank, and asked if they should be ranked the same? Ms. Hardy stated that is our recommendation; that they also are in the same order, with senior and youth being the highest priority, homelessness being second, and special needs population being third.

Ms. Hardy also commented that if it is the Commission's desire to evaluate the priority in which those priorities are set, it can be done. Chairperson Cobb stated that they would need to know the needs, and asked if a need has lessened or is about the same? Ms. Gonzalez stated that is actually a part of what we do for our Consolidated Planning process; our five year plan, which we do every five years. So, actually this coming fall we will be starting that again, but we don't revisit those issues as detailed as we do for those five year checkups. We do all kinds of focus groups, to get the public's opinion on what those needs are. That is when we really hone in on the data available through the American Community Survey and through HUD, to figure out what we need, because we have to apply numbers to these populations. So, we have to look at the data more closely; we do have the data available but we have not looked at the changes much over the course of the Consolidated Plan, but we will be looking at it again this fall. That would be something to look at, once we put out the new Consolidated Plan; we will revisit this in the coming year.

Commissioner Searing asked a question regarding how the \$5,000 was spent in the last fiscal year, as she did not see this information in the background information in the memo. Ms. Hardy stated that the agencies were the Regional Planning Commission for their Senior Services Program; their total award was \$4,200, of which \$1,000 was CDBG funds. Community Elements has a runaway youth shelter, which addresses homelessness and youth; their total amount was \$5,800 and we provided \$3,000 in CDBG funds. And then through Special Needs, we funded the Greater Community AIDS Project; they received the remaining portion of \$1,000. Their grant was larger than that; they received a portion from the Cunningham Township, in addition to a portion of the CDBG funds. We spread the funds out, with the other money, to make up their total award.

Commissioner Searing also asked, with all the different options from the 2010 -2014 Consolidated Plan, there are the ones that we say are addressed through the other sources, and the ones that are the focus, and then there are Services and Training for Low and Moderate Income Persons, which is not mentioned in either category. Commissioner Searing stated she was curious about that and asked where this category fell? Chairperson Cobb also stated that was why he had asked about unemployment in the Census Tract. Ms. Hardy stated that the best way it is addressed, when you look at the entire pool of Consolidated Social Service Funding, there is a component for youth training. We did a summer youth employment target this past summer with our Consolidated Social Service Funding and are looking for job opportunities for our high school students and young college age students, up to 21-24 years old; that is one way. There are job training programs that have applied for Consolidated Social Service Funding; we funded a construction education training program, in addition to another youth development, which was targeted to youth development, training, and education for job skills. So, through the larger pool of social services, that is how we are able to address that. Commissioner Searing stated that it is sort of an element in a lot of the different ones, which is why it did not come up specifically, and Ms. Hardy agreed. Chairperson Cobb asked if there were any other questions, and there were none.

Commissioner Moreland made a motion that they recommend the funding priorities as written and Commissioner Bengtson seconded. The motion carried unanimously.

Adjournment:
7:47 p.m.

Seeing no further business, Chairperson Cobb adjourned the meeting at

Recorded by Kelly H. Mierkowski, Manager

Kelly H. Mierkowski

UNAPPROVED