

APPROVED APRIL 25, 2000

**CITY OF URBANA
COMMUNITY DEVELOPMENT COMMISSION
Tuesday, February 22, 2000, Second Floor Conference Room**

Commission Members Present: Fred Cobb, Chris Diana, Robert Lewis, Jon Liebman, Anne Heinze Silvis

Commission Members Absent: Dennis Vidoni, Gigi Paquin, Carol Westfield

Others Present: April Getchius, Mike Loschen, Karen Rasmussen, and Connie Eldridge, Grants Management Division.

Call to Order: Chairperson Cobb called the meeting to order at 7:14 p.m. A quorum was present.

Approval of Minutes: *Chairperson Cobb asked for approval or corrections to the January 25, 2000 minutes. Commissioner Liebman moved to approve the minutes. Commissioner Lewis seconded the motion. The motion carried unanimously.*

Staff Report: Ms. Getchius announced that the spring and fall Neighborhood Cleanups are scheduled for May 6 and October 21.

The City of Urbana has hired the PAR Group to recruit a candidate for the Grants Management Division manager position.

Ms. Rasmussen distributed copies of a letter and grant application from a Woman's Fund, Inc.

Petitions and Communications: None.

Old Business: Draft City of Urbana/Urbana HOME Consortium Consolidated Plan FY2000-2004 – Ms. Getchius distributed a memorandum from Esther Patt on the draft Consolidated Plan. Ms. Patt's memo first discussed homeless issues. Ms. Rasmussen noted the draft Consolidated Plan does not support increasing transitional housing opportunities. According to surveys, the number of transitional housing slots are even with the need. There is some confusion distinguishing emergency shelters from transitional housing programs. Ms. Rasmussen stated the community needs emergency shelters for women with children and intact families. Commissioner Silvis asked how families who repeatedly asked for shelter were counted. Ms. Rasmussen explained that when shelters cannot accommodate a request, they record it as a turnaway. Discussion continued on the true number of homeless and how shelters should use the same rating base and terminology. Commissioner Diana remembered that he and other commissioners felt the turnaway rates did not translate into hard numbers. Commissioner Lewis asked if the shelters accepted persons under 18. Ms. Rasmussen answered no; mothers

under 18 with young children have no place to go. Ms. Rasmussen noted the Consolidated Plan addresses emergency shelter and transitional housing.

Concerning the Housing Authority's decision to change eligibility requirements, Ms. Rasmussen said Skelton Place is a mixed unit that will serve childless, elderly, non-elderly, disabled and non-disabled single persons. Commissioner Lewis remarked that 15 units will accommodate disabled persons. Ms. Getchius asked if this unit will accept developmentally disabled. Ms. Rasmussen answered that only persons with substance abuse will not be included. Shelter Plus Care is the only program that accommodates persons with substance abuse. Ms. Getchius questioned the number of SRO spaces in Strategy A3. Ms. Rasmussen felt the community could use 50 additional units, which would require more than one project. Regarding Consolidated Plan strategies, Ms. Rasmussen asked commissioners to consider the potential number of transitional housing units. Also, commissioners must decide whether to stress single or multi-family rental housing rather than just affordable housing.

Ms. Patt's memo requested Strategy C4 be eliminated from the Consolidated Plan. Ms. Rasmussen stated this strategy covers the City of Urbana's Housing Rehabilitation Program. Unless this strategy is in the Consolidated Plan, the city cannot provide emergency, access and whole house rehabilitation grants.

Ms. Patt's memo requested Specific Objective 3C be revised to target extremely low-income households. Ms. Rasmussen said funds are currently available, but there are no interested applicants. She fears lowering the limit would further reduce the number of applicants. Mr. Loschen added the original problem appeared to be requiring applicants to remain in the emergency shelter system for six months. That was reduced to three months; however, there has not been an increase in the number of applicants. Commissioner Silvis noted extremely low-income applicants may still participate under current guidelines. Commissioners discussed guidelines to encourage participation.

Ms. Patt's memo requested Strategy D1 be changed to support one-for-one replacement of permanent low-income housing. Ms. Getchius briefly summarized the HOPE VI application and the Urbana City Council's position on one-for-one replacement. She noted projects being funded by HUD are not one-for-one replacement. She believed successful redevelopment will have to be more flexible than a physical one-for-one replacement, for example, by using Section 8 certificates. She mentioned the difference between number of units and number occupied. Commissioner Diana thought the City of Urbana's position on one-for-one replacement did not help the HOPE VI application. Chairperson Cobb remarked the Lakeside Terrace units are not the appropriate size for a family; for example, there is no room for a washer and dryer. Commissioner Lewis mentioned some units could be reconfigured to meet code requirements. Discussion continued on the demolition of Mansard Square and Parkside Apartment.

Ms. Getchius explained City Council is concerned that Section 8 certificates may leave the community. Chairperson Cobb suggested a phased process. Ms. Rasmussen stated HUD is moving toward mixed income communities, rather than isolating persons by socioeconomic class. Discussion continued on wording the Consolidated Plan to allow for future projects. Commissioner Diana asked about the number of Section 8 certificates that leave and come into

the community. Commissioner Silvis asked about the net change. Ms. Rasmussen did not know. Commissioner Liebman asked about the lifespan of a Section 8 certificate. Ms. Rasmussen answered only the contract between the government and the apartment unit may expire; the person may continue to receive Section 8 assistance as long as he/she qualifies. Ms. Rasmussen noted the community has periodically received additional Section 8 certificates. Discussion continued on how many persons moved into and out of the community and the probability of another HOPE VI application.

Ms. Patt's memo proposed two strategies on Fair Housing. Ms. Rasmussen asked the city's Human Relations Officer to review these proposals. She reminded commissioners that putting a strategy in the Consolidated Plan means the city is willing to fund that activity and support another entity's application for funding. In response to Commissioner Diana's question about funding, Ms. Rasmussen replied that Fair Housing is eligible for CDBG funds. She described the Fair Housing Seminar hosted by the Human Relations Officer and funded with CDBG monies. Staff assisted with a Community Forum on Fair Housing. Ms. Getchius remarked she and staff did not know the implications of these two strategies.

Ms. Rasmussen asked commissioners to provide her with any changes or corrections on the proposed Strategies and Objectives. She reviewed the approval schedules for the Consolidated Plan and the Social Service Funding.

Draft FY2000-2001 Annual Action Plan (CDBG and HOME budgets) – Ms. Rasmussen distributed the proposed budgets for Community Development Block Grant (CDBG) and HOME funds. She reviewed proposed line item changes. Citizen Participation activities were combined into one line item, which was increased by \$1,000. In response to Commissioner Silvis, Ms. Rasmussen described newspaper display ads, mailings and other citizen participation activities. Discussion continued on effectiveness and cost of different methods to notify the public. Ms. Getchius felt the city should consider other types of public participation. Commissioner Silvis suggested presenting this as a project for the University of Illinois' Urban Planning class.

Because there were no applications for the Neighborhood Organization Grant Program VI, Ms. Rasmussen suggests reallocating \$5,000 to Unprogrammed Funds. Ms. Rasmussen asked in what direction commissioners wanted this program to proceed. Commissioner Lewis wondered how to let residents know about available programs. Ms. Rasmussen summarized past efforts to inform the public and potential future neighborhood organizations. Commissioner Diana mentioned timing.

Ms. Rasmussen said property acquisition funds were first committed to United Citizens and Neighbors (UCAN) in FY97-98. UCAN has assigned a project manager and is looking at properties to purchase and rehabilitate. Ms. Rasmussen asked commissioners to decide how long monies should be encumbered. Concerning CDBG funds, Ms. Rasmussen said about half of the FY98-99 funds are expended. The current entitlement (FY99-00) funds have yet to be expended. Commissioner Lewis inquired if the statutory requirements were being met. Ms. Rasmussen answered yes, CDBG funds are expended within three years of the entitlement. Mr. Loschen said HOME regulations require funds be allocated within two years and spent within five years.

If commissioners choose to set funding criteria outside statutory requirements, Ms. Getchius suggested flexibility.

Ms. Rasmussen noted \$4,000 remains in FY98-99 funds to rehabilitate property for Women's SAFE House. She suggested reallocating this money. However, she suggested encumbering FY99-00 funds of \$15,000 each to rehabilitate property for Women's and Men's SAFE Houses. In response to Commissioner Diana, Ms. Rasmussen is concerned that many subgrantee projects are not being completed in a timely manner. Discussion continued on extending or amending contract obligations and program monitoring. Commissioner Lewis wondered if subgrantees needed more help understanding the funding cycle and contract obligations. Ms. Rasmussen agreed; however, staff shortages have prevented this. If the CD Commission decided on additional limits, Commissioner Lewis wanted additional follow-up to prevent agency failure. Ms. Rasmussen does not suggest this as a penalty, rather to encourage timely completion. Chairperson Cobb recommended creating a "Request for Assistance" form.

Two additional Public Works projects were added to the budget. Ms. Rasmussen recommended setting aside funds now for the more costly projects.

Staff requested some Public Service funds be set aside for renovation work in the city-owned transitional houses. This would lower the amount of funds available for the Consolidated Social Service Program. Ms. Rasmussen also suggested establishing a rehabilitation activity for the city's transitional houses under the Housing Rehabilitation Program.

Neighborhood Cleanup is growing more costly each year. Ms. Rasmussen asked about additional funding versus reducing participation. Chairperson Cobb favored current limits, even if a small fee was charged. Ms. Rasmussen summarized potential problems with program income. Commissioner Diana wondered about sponsorship.

Ms. Rasmussen highlighted changes to the categories, strategies and titles in the Annual Action portion of the Consolidated Plan. In response to Commissioner Lewis, Ms. Rasmussen replied that the \$15,000 grant for Don Moyer Boys & Girls Club is tied to their receiving funding from Illinois First. Staff cannot release their Public Service Grant of \$10,000 until the city receives a contract for the facility. Discussion continued on rehabilitation and funding sources.

Mr. Loschen summarized the Urbana HOME Consortium annual budget for FY 2000-2001. As lead entity in the Consortium, the City of Urbana uses only 7.5 percent of the 10 percent allowed for administration. Counting FY9798 HOME Administration Carryover, total administrative expense is \$78,194.

A total of \$155,735 is allocated for CHDO expenses. This includes the 15 percent mandatory set-aside for CHDOs and, at HUD's suggestion, money to fund CHDO general operating expenses. Illinois Center for Citizen Involvement (ICfCI) is the only CHDO to receive funding this year. ICfCI has applied for a six month extension to closeout HomeBuild 3. Their second project is to closeout the City of Urbana's Eads at Lincoln Subdivision. Mr. Loschen thought the City of Champaign might have a CHDO project through ICfCI.

Ms. Getchius remarked other communities' HOME allocations either stayed level or went down slightly; however, the Urbana HOME Consortium's allocation went up slightly. Staff believes this increase was due to the addition of the Village of Rantoul. Staff recommended keeping other HOME Consortium partners at the same level of past funding, with the difference being given to Rantoul.

The city's HOME allocation of \$246,209 plus a match of \$61,553 from the capital improvement fund totals \$307,762. Mr. Loschen summarized the funding allocation. Owner-Occupied Housing Rehabilitation includes the city's whole house, emergency and access grant programs. Property Acquisition in Support of Housing Construction involves purchasing and clearing dilapidated properties for transfer to CHDOs and nonprofit organizations to build new houses. Since staff is still waiting for additional information from both Urban League and Homestead Corporation, Ms. Getchius suggested more generic wording for the Rental Rehabilitation and Homebuyer Assistance Programs. Rental Rehabilitation funds are set aside for Homestead Corporation to help with their acquisition and rehabilitation of larger 3-4 bedroom properties. The Urban League will use HOME funds for a Homebuyer Assistance Program (lease/own). Also, the Program Delivery line item was increased to cover costs of administering the city's whole house rehabilitation program.

Ms. Getchius thanked staff for their help with creating the CDBG and HOME budgets.

New Business: Assist Urbana and Illinois Housing Development Authority Homebuyer Program – Mr. Loschen said the City of Urbana is using its full bond allocation for affordable housing programs. He summarized three potential programs. The city has participated in the *AssistUrbana* Program since 1995. It provides a 30 year below market fixed interest rate mortgage and a downpayment grant for first time homebuyers. Illinois Housing Development Authority is offering a first-time homebuyer program called “5 Percent Program.” This program will offer a 5 to 5.25 percent mortgage for homebuyers who have saved for a downpayment. Mr. Loschen asked commissioners to determine how to divide the bond allocation between these two programs. In response to Commissioner Silvis, Mr. Loschen anticipated both programs to be very popular with homebuyers. He reviewed participation in the current *AssistUrbana* program.

The Home at Last Program (HALP) will not use the city's tax free bond allocation. Instead a different type of bond will be issued; therefore, the program will offer a higher than current market rate mortgage. Downpayment assistance is 4 percent of the mortgage cost. Ms. Getchius said this program allowed persons to purchase more expensive homes than permitted under *AssistUrbana*. In terms of public mission, she noted the purpose of this program differs from *AssistUrbana*. City of Champaign staff support this program. While this program would help increase the number of homeowners, Mr. Loschen felt it did not meet the spirit of affordable housing.

Commissioner Silvis asked what the cost was to the city. Mr. Loschen responded there was no cost. FHA and federal banking regulations allow only municipalities to issue downpayment grant programs. Commissioner Liebman felt there was a philosophical difference between this program and the other two. He said this program was not aimed at helping lower income persons

and might result in defaults. Ms. Getchius remarked there were a few problems with price of homes exceeding allowances under *AssistUrbana*. Commissioner Silvis believed families should have a choice, especially considering the high cost of rent. Commissioner Diana wondered if there may be affordability problems purchasing newer homes in older neighborhoods. He believed this program is designed for communities to promote new housing development. Commissioners discussed loan qualifications, home prices, market rate and refinancing. Commissioner Lewis raised the question, "What is affordable housing?" Ms. Rasmussen commented on citizens trust in the City of Urbana.

Chairperson Cobb suggested Home at Last be available to citizens but not recommended. Mr. Loschen replied if the City Council passes a resolution offering the program, it is automatically sponsored by the city. Commissioner Liebman did not want the city to endorse this program. Ms. Getchius said there were no guidelines on income limits or purchase price.

Mr. Loschen discussed possible ways the funds could be split. Ms. Getchius recommended the bond funds be split 50/50 between *AssistUrbana* and 5 Percent Program. Commissioner Diana and Mr. Loschen discussed downpayment assistance.

Commissioner Lewis moved to recommend the City of Urbana's bond allocation be divided 50/50 between the AssistUrbana Program and the 5 Percent Program offered by Illinois Housing Development Authority. Commissioner Diana seconded the motion. The motion carried unanimously.

Chairperson Cobb felt the Home at Last Program should be offered to the citizens but not necessarily promoted. If the city offered this program, Ms. Getchius said realtors and loan officials would promote the program. Commissioner Lewis commented on the difference between what is affordable versus what is reasonable. He felt this program would hurt more than help. Ms. Rasmussen described the term "affordable housing." Commissioner Silvis inquired about FHA/VA loan limits and the advantage of buying versus renting. Commissioner Diana speculated on which citizens would benefit from Home at Last. Discussion continued on refinancing and recapturing. Chairperson Cobb was in favor of providing the city with another homebuyer program. Discussion continued on wording of the motion.

Commissioner Lewis moved to not recommend the Home at Last Program because the program does not meet the fundamental objectives of the Consolidated Plan. Commissioner Liebman seconded the motion. In response to Mr. Loschen, Ms. Getchius clarified this motion was advisory, and staff would present this program to City Council for their consideration. Discussion continued on the intent of the motion. The motion carried with four ayes and one no.

Adjournment: Chairperson Cobb adjourned the meeting at 9:55 p.m.

Recorded by Connie Eldridge