



**MINUTES**  
**COMMUNITY DEVELOPMENT COMMISSION**  
**Tuesday, April 22, 2003, City Council Chambers**

***Minutes approved by CD Commission on 6-24-2003***

**Call to Order:** Chairperson Cobb called the meeting to order at 7:12 p.m.

**Roll Call:** Connie Eldridge called the roll. A quorum was present.

**Commission Members Present:** Fred Cobb, Alice Englebretsen, Robert Lewis, Anne Heinze Silvis, Umesh Thakkar, Dennis Vidoni

**Commission Members Absent:** Chris Diana, Joanna Shisler

**Others Present:** Bob Grewe, Connie Eldridge, and Mike Loschen, Community Development Services; Jim Rose, Homestead Corporation; Mindy Long; Developmental Services Center.

**Approval of Minutes:** *Chairperson Cobb asked for approval or corrections to the March 25, 2003 minutes. Commissioner Thakkar moved to approve the minutes, and Commissioner Lewis seconded the motion. The motion carried unanimously.*

**Petitions and Communications:** None.

**Staff Report:** Mr. Grewe distributed an outline and highlighted new items. A Notice of Funding Availability (NOFA) was released, and Karen Rasmussen will prepare renewals for Shelter Plus Care I and Supportive Housing Program for Homeless Families in Transition. Staff is reviewing Tenant Based Rent Assistance (TBRA) guidelines.

Mr. Grewe updated commissioners on the Analysis of Impediments to Fair Housing and the City of Urbana's bond cap funds. Concerning the FY 2003-2004 Annual Action Plan (AAP), City Council asked for more information regarding funding for United Citizens and Neighbors (UCAN). Also, City Council asked that language be removed concerning using Homestead's rental units as replacement units for Lakeside Terrace redevelopment. The City of Urbana will work with Urban League to target a certain number of their five lease-purchase units for Urbana and Champaign.

Karen Rasmussen has submitted a NOFA for the Collaborative Initiative to Help End Chronic Homelessness for Permanent Housing and Assertive Community Treatment (PHACT).

Mr. Grewe mentioned property disposition to Homestead Corporation, meeting the Department of Housing and Urban Development's (HUD) timeliness test for CDBG funding, and the "Preparing to Plan" approach for the FY 2005-2009 Consolidated Plan.

The Housing Authority of Champaign County (HACC) has proposed minor clarifications to their CDBG Subrecipient Agreement with the City of Urbana. In the case of CDBG funds invested in

public housing, HUD has directed the City of Urbana to defer CDBG regulations for relocation to PHA relocation requirements.

The average bid for house construction in the Eads at Lincoln Subdivision was \$102,500, which was within the anticipated range. Homestead Corporation is working with Busey Bank to secure Federal Home Loan Bank funding.

The City of Urbana is waiting on information from HUD for the HOME Consortium renewal process.

City staff is meeting monthly with the Housing Authority and their developer, Brinshore Michaels, regarding a long-term perspective of Lakeside Terrace.

**Old Business:** None.

**New Business:** **Ordinance Authorizing the Purchase of Certain Real Estate - 914 West Eads Street** – Mr. Loschen stated that last summer the City of Urbana donated this property to the Urbana School District for their construction trades program. Due to the instructor's retirement and pending budget cuts, the school district will not continue the program. Since the Urbana School District cannot fulfill requirements of the sales contract, they are returning the property to the City of Urbana at no cost. Staff is considering the possibility of including this property in the closeout of Eads at Lincoln Subdivision.

In response to Chairperson Cobb, Mr. Loschen explained that the school district's attorney created the sales contract. The cost of \$1.00 would be waived. Commissioner Thakkar asked what the City of Urbana would do with the property. Noting the property is in the middle of a subdivision, Mr. Loschen said the City plans to build a single-family residence. If the property cannot be included in the current Eads at Lincoln Subdivision Project, it would be held until other properties are acquired and then included in a request for proposals for single-family home development. Commissioner Thakkar wondered if a community center could be built on the property. Mr. Loschen replied that it was zoned for a single-family residence.

Chairperson Cobb asked about additional maintenance costs. Mr. Loschen expected this to increase Community Development's lawn mowing costs by \$240. Mr. Grewe added it was not clear if Homestead Corporation could assemble funding to incorporate this property into the Eads at Lincoln project. He noted there would be economies to do this while Homestead's contractor was building similar houses on similar lots. Chairperson Cobb asked if there were any negatives, and Mr. Loschen replied no.

*Commissioner Thakkar moved to recommend to City Council approval of the re-acquisition of 914 West Eads Street from the Urbana School District 116. Commissioner Silvis seconded the motion. In response to Commissioner Lewis, Commissioner Thakkar clarified that this motion included Option 1 of the April 1, 2003 memorandum to the CD Commission. The motion carried unanimously.*

**Amendment to a Certain Urbana HOME Consortium Community Housing Development Organization (CHDO) Agreement Between the City of Urbana and Homestead Corporation (Rental Project FY 2001-2002)** – Mr. Grewe briefly summarized this amendment.

The project began with a December 2001 agreement that involved CHDO and City of Urbana funds. The plan was to acquire one property in Champaign and two in Urbana. The agreement was amended to increase the number of homes from two to six and extend the completion date. Mr. Grewe noted that Homestead has fulfilled its goal with the City of Champaign and has purchased four properties in Urbana. Homestead's earlier purchasing agreements and banking arrangements were more favorable. Due to different financing arrangements, it would be difficult to purchase the additional two units with the remaining balance of \$35,000. Although this amendment would reduce the number of units from six to five, Mr. Grewe felt this was still a very successful program. Mr. Loschen agreed.

Chairperson Cobb questioned the bank's less favorable interest rate. Jim Rose explained that Homestead Corporation is switching lenders from National City to Busey Bank. Homestead used National City for the first nine home purchases, which filled Homestead's portfolio of loans. Homestead's new lender is Busey Bank, which is requiring a change from residential to commercial lending. The loan to value ratio of future home purchases will be decreased, and the terms are for 20 years rather than 30. The interest rate is not much different; however, there is a five-year balloon payment.

Mr. Rose commented on the local housing market. Homestead has not purchased any homes in Urbana since 2001, and housing values have increased dramatically. There are very few four-bedroom homes available, and the cost is much higher. Also, commercial lending requires a larger downpayment on each home to get a better debt coverage ratio. In the past Homestead used some grant funds to do minor repairs. Instead, Homestead wants to purchase homes that do not need many repairs.

Commissioner Vidoni inquired if Homestead had approached other lenders. Mr. Rose mentioned attempts to refinance the original nine loans at National City. Homestead then approached Busey Bank because of its history of working with other non-profit organizations. Because Busey Bank is requiring commercial rather than residential lending, Homestead will continue its residential portfolio at National City. Homestead may refinance these loans in the future. Commissioner Vidoni asked why shopping around for other lenders would not be beneficial. Mr. Rose responded that even if Homestead shopped around, they would still be required to get commercial mortgages for property acquisitions. The difference in interest rate among the banks is minimal. Terms for standard commercial mortgages would be 20 years with a five-year balloon payment. Mr. Rose hoped that Busey Bank would not require 25 percent downpayment for future mortgages.

Mr. Rose anticipated that Homestead Corporation would not need the entire \$35,000 for downpayment costs. Any unspent funds would be returned to the City of Urbana.

Chairperson Cobb believed that Central Illinois Bank only requires 20 percent downpayment on commercial mortgages. Mr. Rose will approach Central Illinois Bank but was not sure if the terms would be different. He believed Homestead's lender is requiring a 25 percent downpayment because of Homestead's rental income, focus on low-income families, and cost of maintenance and repairs.

Chairperson Cobb asked if the City of Urbana would need to advance additional funds. Mr. Rose said no.

Commissioner Thakkar asked for Mr. Rose's analysis of lenders who have been useful so the CD Commission could understand which banks are helpful. Mr. Rose described the extremely short timeframe to involve a lender, to find a home, and to purchase that home before June 30. Mr. Rose agreed that shopping around for a lender was the best thing to do. Mr. Rose remembered past contacts with a different bank and felt other banks in the community might be interested in developing affordable housing.

*Commissioner Thakkar moved to recommend to City Council approval of the Second Amendment to a Certain Urbana HOME Consortium Community Housing Development Organization Agreement Between the City of Urbana and Homestead Corporation (Rental Project FY 2001-2002). Commissioner Lewis seconded the motion.*

Commissioner Vidoni noted this amendment puts into writing that the CD Commission's expectation is for one less property. While this is an understandable downside, the CD Commission's goal is for more housing for low-income persons. Although Commissioner Vidoni supported the motion, he hoped any remaining funds could be used to make up for the lost housing unit. Chairperson Cobb asked about any leftover funds. Mr. Loschen said the funds, which would still be in the City of Urbana's line item, could be used for a different downpayment assistance program. Staff would amend the Annual Action Plan for that particular year and also create a budget amendment to reallocate the funds for a different program. In response to Commissioner Lewis, Mr. Loschen said reallocation of the funds would not have to take place before June 30, 2003.

*The motion carried unanimously.*

**Adjournment:** Chairperson Cobb adjourned the meeting at 7:53 p.m.

Recorded by Connie Eldridge