



**MEETING SUMMARY – NO QUORUM  
COMMUNITY DEVELOPMENT COMMISSION  
Tuesday, May 27, 2003, Second Floor Conference Room**

**Call to Order:** Acting Chairperson Lewis called the meeting to order at 7:17 p.m.

**Roll Call:** Connie Eldridge called the roll. *There was no quorum.* It was the consensus of those present to hold an informal discussion session.

**Commission Members Present:** Chris Diana, Robert Lewis, Anne Heinze Silvis, Umesh Thakkar

**Commission Members Absent:** Fred Cobb, Alice Englebretsen, Joanna Shisler, Dennis Vidoni

**Others Present:** Bob Grewe, Connie Eldridge, and Mike Loschen, Community Development Services; Jim Rose, Homestead Corporation; Kristen Bauer, representing State Representative Naomi Jakobsson.

**Approval of Minutes:** *Because there was no quorum, the minutes from the April 22, 2003 meeting will be approved at the next regularly scheduled meeting.*

**Petitions and Communications:** Kristen Bauer is attending various commissions, boards and local government meetings on behalf of State Representative Naomi Jakobsson. Ms. Bauer stated that Representative Jakobsson was interested in communication with local government and encouraged contact with their office.

**Staff Report:** Mr. Grewe distributed a brief outline and updated commissioners on the following: Affordable Housing Fair, Analysis of Impediments to Fair Housing Choice, Notice of Funding Availability (NOFA), Modifications to Tenant Based rent Assistance (TBRA) Guidelines, FY 2003-2004 Annual Action Plan, property disposition to Homestead Corporation – Eads at Lincoln Subdivision, and FY 2005-2009 Consolidated Plan. Continuing items were: completion of the Eads at Lincoln Subdivision, HOME Consortium Policies and Procedures, and Lakeside Terrace redevelopment.

Mr. Grewe distributed a copy of the *News-Gazette's* article, *Boom Times for Buying, Selling Home.* The median home prices in this area are rising rapidly.

Commissioner Diana inquired about the impact of City Council's decision to add a housing rehabilitation project by United Citizens and Neighbors (UCAN). Mr. Grewe answered that \$28,000 was removed from the City of Urbana's owner-occupied housing rehabilitation program and directed to UCAN's project. This will reduce the number of City of Urbana housing rehabilitation projects from five to four. The City's Housing Rehabilitation Coordinator will work with UCAN to help keep the rehabilitation costs lower. Commissioner Diana questioned how UCAN could do the project with fewer funds. Mr. Grewe responded that the mayor had

suggested UCAN get a commercial loan and roll this cost into the final buyer's mortgage rather than using up grant funds.

Commissioner Diana asked about setting precedent using City staff to help a non-profit organization. He also wondered if UCAN would jeopardize their non-profit status by owning and improving property in its neighborhood. Commissioner Silvis noted her neighborhood association was advised by legal counsel that its non-profit status may be jeopardized by increasing neighborhood property values. Commissioner Diana noted that although profit from the sale of a property would return to the City, there was a wrap-around where the non-profit does own the property for a while. Commissioner Silvis added that a neighborhood organization could potentially gain from maintaining neighborhood property values. Mr. Grewe remarked this seemed to be counter to community redevelopment and neighborhood empowerment.

In response to Mr. Rose, Commissioner Diana clarified the concern was about a non-profit organization rehabilitating homes in its own area. Discussion continued about a defined neighborhood versus a community-wide area, potential impact on a non-profit neighborhood organization's 501(c)3 status, and how much property values in a target area might increase.

In response to Commissioner Silvis, Mr. Grewe said UCAN has completed one rehabilitation project on Gregory Street. Acting Chairperson Lewis agreed there might be a problem with vested interest. Commissioner Diana remembered UCAN'S inability to afford normal financial record keeping. Commissioner Silvis suggested that UCAN partner with an existing non-profit organization and provide volunteer labor. Commissioner Diana agreed this would give a layer of separation. Noting project development funds in the current budget, Commissioner Diana stated an organization must be able to document funds and might need someone else to administer this.

Acting Chairperson Lewis suggested that State Representative Naomi Jakobsson might be interested in the impact of state and federal dollars on organizations. He commented that assistance to clarify regulations would be helpful.

In response to Commissioner Thakkar, Commissioner Silvis felt the main issue about non-profit status is the separation of those who might benefit. Mr. Loschen provided a definition of non-profit status. Commissioner Thakkar mentioned the possibility of a community center, and Mr. Grewe said UCAN pursues improvements in the area. Commissioner Diana said that a neighborhood center could either add or subtract value to a neighborhood, depending on the appraisal.

Discussion continued on accountability, cost of accounting, funding levels, and audits. Acting Chairperson Lewis commented that regulations for federal, state and local governments have different requirements and can be confusing.

**Old Business:**        **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 reviewed the discussion for this agenda item at the April 22, 2003 CD Commission meeting. The CD Commission had approved Homestead's amendment to reduce the number of single-family rental units from six to

five, due to financing and real estate market considerations. Since that meeting, the Homestead Corporation Board has reconsidered this decision and has requested the second amendment to their CHDO agreement. This would reduce the number of units from six to four, with the balance of funds (\$35,000) being returned to the HOME Consortium. City staff proposed the funds might be used for the new property at 914 West Eads Street.

Jim Rose reviewed Homestead Corporation Board's decision to return the funds. He discussed the current real estate market and the amount of rent that Homestead Corporation may charge as compared to expenses. Mr. Rose believed a new investment was not prudent at this time for Homestead Corporation, nor was it a wise use of the HOME funds. Homestead Corporation will join the HOME Consortium to look for different uses for these funds, such as a small multi-family project.

Commissioner Diana felt this was a sensible thing to do and inquired about the time for City Council to act on this amendment. Discussion continued on the need for a special session of the CD Commission, expiration of the agreement, and the CD Commission's advisory capacity.

*Acting Chairperson Lewis stated that it was the consensus of the commissioners to provide favorable comments in support of this action in lieu of a formal recommendation.*

In response to Mr. Rose's request for suggestions, Commissioner Diana noted that multi-family units help eliminate some revenue loss due to vacancies and provide better economies than single-family units. Discussion continued on the size of multi-family units, serving seniors rather than larger families, and transitioning into and out of family units. Acting Chairperson Lewis suggested contacting the Housing Authority. Mr. Grewe proposed further discussion on whether current programs should continue or if a new program would provide more "bang for the buck."

**New Business: The Department of Housing and Urban Development (HUD) Renewal of the Urbana HOME Consortium** – Mr. Grewe briefly reviewed the creation and renewal of the Urbana HOME Consortium. The proposed agreement is the same document from the last renewal with only the dates changed and an automatic renewal clause added. In response to Acting Chairperson Lewis, Mr. Loschen described the automatic renewal process and the procedure if one entity did not want to renew.

Commissioner Thakkar asked how this agreement was related to earlier fair housing discussions. He noted the statement on page 3 that each member of the HOME Consortium would affirmatively further fair housing. Noting this was an older document, Acting Chairperson Lewis asked if this agreement included the latest thinking associated with fair housing. Mr. Loschen replied that the Analysis of Impediments to Fair Housing currently under development would apply to the City of Urbana. The City of Champaign has its own analysis, and Champaign County adopts the City of Urbana's. Mr. Loschen preferred not to change HUD's language in Section B.

Commissioner Diana said the research and work for the City of Urbana's Analysis of Impediments applied only to Urbana. He felt it would be inappropriate to include it in the

HOME Consortium organizational agreement. Commissioner Silvis agreed and noted this document was an agreement for the different government entities to work together. Acting Chairperson Lewis said that government entities having their own approach contradicted the idea of a consortium. Commissioner Thakkar agreed and noted the City of Urbana had addressed fair housing in a comprehensive manner. He felt other consortium members should be made aware of this and encouraged to review their own fair housing.

Commissioner Silvis remarked the purpose of this document was to enable use of federal funds for their intent and purposes. Commissioner Diana agreed this was an administrative document and felt HUD would not want incorporation of funding, matching funds, and individual responsibilities. Mr. Grewe added the Consolidated Annual Performance and Evaluation Report (CAPER) would report on Urbana's fair housing progress.

Discussion continued on the creation of the HOME Consortium, Urbana as lead entity, and interaction among members. Commissioner Diana mentioned the possibility if one member did not comply, the Consortium might be dissolved. Mr. Loschen said if there was an administrative problem, the City of Urbana would require that member to address it. However, one member cannot tell another member to fund one project over another.

Thinking of a worse case scenario, Commissioner Thakkar asked about the impact if the City of Champaign, for example, chose not to join. Mr. Loschen responded that Champaign County and the City of Urbana would not be large enough to meet HOME requirements, so the Consortium would end. Mr. Grewe described the impact of lost funding, staff losses, etc.

Mr. Grewe reviewed the current and anticipated feedback from HUD concerning the Consortium agreements. Mr. Loschen explained how a subrecipient is authorized to run programs on behalf of the Urbana HOME Consortium. If HUD required funds to be paid back, the City of Urbana, as lead entity, is responsible. Mr. Grewe mentioned that ICF is providing templates for Consortium agreements. Staff may add to the templates but will not remove any language.

Commissioners discussed whether further meetings were needed, preferences of absent commissioners, and timing for HUD's renewal of the HOME Consortium.

*It was the consensus of those present that Mr. Grewe would forward these comments to Chairperson Fred Cobb for his consideration.*

**Adjournment:** Acting Chairperson Lewis adjourned the informal discussion session at 8:24 p.m.

Recorded by Connie Eldridge