



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Elizabeth H. Tyler, AICP, City Planner/Director

FROM: Bob Grewe, AICP, Manager, Grants Management Division

DATE: July 16, 2003

SUBJECT: Amendment to the Eads at Lincoln Homebuyer Project and Conveyance of 914 Eads Street to Homestead Corporation

Description

Included on the agenda for the July 22, 2003 meeting of the Urbana Community Development Commission is an amendment to the Eads at Lincoln Homebuyer Project and the related matter of conveying of 914 Eads Street to Homestead Corporation. The amendment will provide resources to construct an affordable home at 914 Eads Street. The conveyance will give title of the property to Homestead to facilitate the homebuyer arrangement.

Issues

The issues are whether the Commission should approve and recommend to the Urbana City Council that 914 Eads Street should be conveyed to Homestead Corporation and that the Eads at Lincoln Homebuyer Project should be amended in order to increase funding to construct an additional affordable home.

Background

On January 29, 2003, the City of Urbana entered into an agreement with Homestead Corporation to complete the Eads at Lincoln Homebuyer project. A copy of this agreement is attached.

The goal of this agreement was to complete the construction of homes in the Eads at Lincoln Subdivision.

At the time this agreement was prepared, it was understood that the Urbana School District 116 would construct an affordable house on 914 Eads Street. Urbana had previously conveyed this property to the District for the purpose of their construction trades program building an affordable house.

Since that time the School District has determined it could not honor the land conveyance provision of building an affordable house on this property. In light of this, the District has conveyed 914 Eads Street back to the City of Urbana. The City currently holds title to this property.

In order to facilitate the completion of constructing homes in the Eads at Lincoln subdivision, staff proposes that 914 Eads Street be conveyed to Homestead Corporation and their agreement be amended to facilitate the construction of an affordable house on this parcel and the completion of the Eads at Lincoln Subdivision.

Both Homestead and Grants Management Division staff think that there are significant economies in cost and time to construct a house at 914 Eads Street while there is a contractor building identical homes in the area and project manager, versed with the requirements of the program, is involved.

The proposed property conveyance provision will be consistent with the arrangements and methods used previously to transfer land parcels to Homestead Corporation for this project.

The following is an outline of the proposed amendments:

Section 3 will be amended to reflect the additional allocation of \$39,300 in HOME funds for the project. This changes the total HOME investment from \$213,177 to \$252,477.

In that FY 2003-2004 HOME funds will be used for the project, reference is made to the \$89,600 in HOME funds budgeted for new housing construction, in this Program Year.

The number of donated lots will be increased from four (4) to five (5) and 914 West Eads will be added to the list of building sites.

Section 4 will be amended to reflect total HOME investment. An increase in funding in the amount of \$39,300 will change \$213,177 to \$252,477 and will increase the number of houses to be constructed from five (5) to six (6).

The developer fee will be \$5,000, which will be paid at the time the house is transferred to the homebuyer. This is \$2,000 less than the \$7,000 paid under the agreement. Staff and Homestead believe that this is appropriate considering that all parties expect that the construction of this additional house to be a very straightforward process.

The management fee will be \$1,000, which will be paid in two (2) installments. This is \$1,000 less than the \$2,000 paid for each house under the agreement. Staff noted that the 914 Eads Street house will not have Federal Home Loan Bank and Department of Commerce and Employment Opportunity grants invested in the property and that project management should be less demanding.

Downpayment assistance will be increased by \$18,000. Changing the amount from \$83,000 to \$101,000. The sliding scale of downpayment assistance will remain.

However, a provision will be made to provide as much \$9,500 in additional HOME subsidy in order to make up for the loss of Federal Home Loan Bank and Department of Commerce and Employment Opportunity downpayment assistance. These downpayment subsidies might be difficult to access in that one house may not make a competitive application for these sources of assistance. However, there is a provision to reduce the additional \$9,500 by the amount of other downpayment assistance that the Homestead Corporation and the homebuyer might secure. Staff suggests this provision to provide the homebuyer an equity downpayment assistance arrangement, without providing too much subsidy.

Section 5 is amended to increase the number of units from five (5) to six (6).

Exhibit 3 is amended to account for the additional \$39,300 in HOME funds. The following is a summary of adjustments:

Construction	+ 27,500	(\$18,000 & \$9,500 downpayment assistance)
Professional Fees	+ 6,000	
Management Fees	+ 1,000	
<u>Financing</u>	<u>+ 4,800</u>	
TOTAL	<u>+ \$39,300</u>	

The project completion date is identical to the termination date of the agreement, March 31, 2004.

Options

1. Recommend the proposed amendment and conveyance for the Eads at Lincoln Homebuyer Project to Urbana City Council.
2. Recommend the proposed amendment and conveyance for the Eads at Lincoln Homebuyer Project, with additional changes to Urbana City Council.
3. Do not recommend the proposed amendment and conveyance for the Eads at Lincoln Homebuyer Project to Urbana City Council.

Fiscal Impacts

These proposed changes would not have any direct fiscal impact as funds have been previously budgeted and are available for this amendment.

Specifically funding will come from the FY 2003-2004 HOME budget. The 2003-2004 Annual Action Plan provides \$112,704 for new owner-occupied housing units.

This project would use \$39,300 from this account leaving a balance of \$73,404.

Recommendations

Community Development staff recommend that Community Development Commission recommend approval of the proposed amendment to the Eads at Lincoln Homebuyer Program and property conveyance to the Urbana City Council.

Memorandum Prepared By:

Bob Grewe, AICP
Manager, Grants Management Division

Attachments:

URBANA HOME CONSORTIUM COMMUNITY HOUSING DEVELOPMENT
ORGANIZATION AGREEMENT HOMESTEAD CORPORATION
EADS AT LINCOLN (FY2002-2003)

AMENDMENT TO CERTAIN URBANA HOME CONSORTIUM COMMUNITY HOUSING
DEVELOPMENT ORGANIZATION AGREEMENT HOMESTEAD CORPORATION
EADS AT LINCOLN (FY2002-2003)

AMENDMENT
TO A CERTAIN URBANA HOME CONSORTIUM
COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT
HOMESTEAD CORPORATION
Eads at Lincoln (FY 2002-2003)

THIS AGREEMENT is made this ____ day of _____, _____, by and between the City of Urbana, an Illinois Municipal Corporation, acting as lead entity for the Urbana HOME Consortium (hereinafter the "City"), and the Homestead Corporation, an Illinois Not-For-Profit Organization (hereinafter "Homestead").

WITNESSETH:

WHEREAS, the City of Urbana, the City of Champaign, and Champaign County have been jointly designated as a Participating Jurisdiction by the U.S. Department of Housing and Urban Development (hereinafter "HUD") for purposes of receiving HOME Investment Partnership (hereinafter "HOME") Program funds in the name of the Urbana HOME Consortium under provisions of Title II of the Cranston-Gonzales National Affordable Housing Act of 1990, as amended (42 U.S.C. 12701 *et seq.*) (hereinafter the "National Affordable Housing Act"); and

WHEREAS, the Urbana HOME Consortium has received HOME Program funds from HUD for the period beginning July 1, 1995, and ending June 30, 2004, to increase affordable housing opportunities for low-income residents of Urbana, Champaign, and unincorporated Champaign County; and

WHEREAS, the Urbana City Council has adopted a Consolidated Plan for Program Years 1995-1999 (hereinafter the "Consolidated Plan") which budgets \$931,000 in Urbana HOME Consortium funds for the period beginning July 1, 1999, and ending June 30, 2000, in accordance with an Intergovernmental Agreement Concerning Administration of a Champaign/Urbana/Champaign County HOME Investment Partnerships Consortium executed by Mayor Tod Satterthwaite on behalf of the City on June 23, 1997 (hereinafter the "Intergovernmental Agreement"); and

WHEREAS, the Urbana City Council has adopted a Consolidated Plan for Program Years 2000-2004 (hereinafter the "Consolidated Plan") which budgets the following amounts for each fiscal year: \$984,000 for the period beginning July 1, 2000, and ending June 30, 2001; \$1,036,000 for the period beginning July 1, 2001 and ending June 30, 2002; \$1,039,000 for the period beginning July 1, 2002 and ending June 30, 2003; and \$1,178,315 for the period beginning July 1, 2003 and ending June 30, 2004 in accordance with an Intergovernmental Agreement Concerning Administration of a Champaign/Urbana/Rantoul/Champaign County HOME Investment Partnerships Consortium executed by Mayor Tod Satterthwaite on behalf of the City on July 7, 1999 (hereinafter the "Intergovernmental Agreement"); and

WHEREAS, the Consolidated Plan promotes homeownership opportunities and recommends that the City expand home construction opportunities for low-income households; and

WHEREAS, on January 29, 2003 the City of Urbana entered into an agreement with Homestead Corporation for the construction of five (5) affordable housing units in the Eads at Lincoln Subdivision; and

WHEREAS, there exists an interest to construct an affordable house at 914 Eads Street, the City of Urbana and Homestead desire to amend this CHDO Agreement in order to increase the number of affordable houses to be constructed and increase the amount of HOME funding necessary to facilitate the construction of an additional affordable house; and

WHEREAS, the City has the right and authority, pursuant to both the HOME Program and the Intergovernmental Agreement to amend an Agreement and allocate Urbana HOME Consortium funds to Homestead for the Project.

NOW, THEREFORE, for and in consideration of the premises and of the mutual covenants and agreements herein contained, the parties agree as follows.

1. Section 3 of the CHDO Agreement is hereby amended to read as follows.

Pledge of HOME and Match Funds The City pledges to Homestead ~~\$213,177~~ \$252,477 in Urbana HOME Consortium funds for the Project as follows:

- FY 1999-2000 City of Urbana HOME Allocation Funds \$7,083
- FY 1999-2000 City of Urbana Match Funds \$1,771
- FY 1999-2000 CHDO Set Aside Funds \$10,950
- FY 2000-2001 CHDO Set Aside Funds \$70,508
- FY 2001-2002 City of Urbana HOME Allocation Funds \$81,012
- FY 2001-2002 City of Urbana Match Funds \$20,253
- FY 2002-2003 CHDO Set Aside Funds \$21,600
- FY 2003-2004 City of Urbana HOME Allocation Funds \$89,600

The City of Urbana also pledges the donation of ~~four (4)~~ five (5) vacant properties within the Eads at Lincoln Subdivision (hereinafter the "Building Sites"). These are as follows:

- 902 Wascher Drive
- 908 West Eads Street
- 910 West Eads Street
- 916 West Eads Street
- 914 West Eads Street

2. Section 4 of the CHDO Agreement is hereby amended to read as follows.

Use of HOME and Match Funds Homestead agrees to utilize ~~\$213,177~~ \$252,477 in HOME funds pledged by the City and to provide \$25,765 in Homestead's matching funds to construct ~~five (5)~~ six (6) new houses in the Eads at Lincoln Subdivision for sale to low-income households. Specific uses of said funds are identified in Exhibit 3.

For the construction of the house at 914 Eads Street, the City shall provide payment of development fees to Homestead at the time of conveyance of a completed house on each building site to a qualified grantee. As such, payment at the time of each closing wills \$5,000.

For the construction of the house at 914 Eads Street, the City shall provide payment of management fees related to the construction in two equal installments of \$500 to be made September 2003 and October 2003.

Downpayment assistance grants in the amount of ~~\$83,000~~ \$101,000 will be provided to qualified homebuyers. One (1) grant in the amount of \$18,000 each will be given to a family at or below 60% of the mean family income for Champaign County as determined by HUD. Two (2) grants in the amount of \$17,500 each will be given to families between 60.1-70.0% of the mean family income for Champaign County as determined by HUD. Two (2) grants in the amount of \$15,000 will be given to families between 70.1-80.0% of median family income for Champaign County as determined by HUD.

The downpayment assistance grants for the homebuyer associated with the 914 Eads Street home will be provided in a manner consistent with the graduated levels of homebuyer subsidies reference in the above paragraph and outlined below:

<u>Income Determination</u>	<u>Amount of downpayment assistance grant</u>
<u>At or below 60% MFI</u>	<u>\$18,000</u>
<u>60.1%-70% MFI</u>	<u>\$17,500</u>
<u>70.1-80% MFI</u>	<u>\$15,000</u>

The homebuyer at 914 Eads Street will have access to an additional \$9,500 in downpayment assistance. This additional financial assistance will be available in order to create an equitable financing arrangement similar to other houses constructed under this agreement. However, this additional downpayment assistance is limited to the extent that Homestead Corporation and the homebuyer can secure other sources of downpayment assistance. The additional \$9,500 in downpayment assistance will be reduced by the amount of other downpayment assistance funds that are secured by the Homestead Corporation and the homebuyer. (NOTE: This additional subsidy is to replace \$7,500 from Federal

Home Loan Bank and \$2,000 from the Department of Commerce and Employment Opportunity Energy Assistance Grants that could not be secured for only one additional unit.

3. Section 5 of the CHDO Agreement is hereby amended to read as follows.

Homestead will ensure that the contractor selected to build the ~~five (5)~~ six (6) houses will purchase a Performance Bond of type and amount that will ensure that the project will be completed to the specifications outlined in the bid documents, house plans and this Agreement. A copy of the bond shall be provided to the City before the issuance of building permits.

4. Exhibit 3 of the CHDO Agreement is hereby amended to read as follows.

Amended - Exhibit 3
*Budget and Schedule for the Eads at Lincoln Project**

Activity	Expenses	HOME	FHLB	DCCA	Mortgage
Land Development	8,500	8,500			
Construction	573,700	110,500	29,500	10,000	423,700
Professional Fees	78,000	78,000			
Management Fees	16,000	16,000			
Financing	34,800	26,800	8,000		
Contingency	12,677	12,677			
TOTAL	723,677	252,477	37,500	10,000	423,700

The completion date for the house at 914 Eads Street will be completed by termination date of this agreement, March 31, 2004.

5. All other provisions of said CHDO Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, and have caused this instrument to be executed by their duly authorized officials and corporate seals affixed hereto, all on the day and year first above written.

CITY OF URBANA

BY: _____

ATTEST: _____

HOMESTEAD CORPORATION

BY: _____

ATTEST: _____

URBANA HOME CONSORTIUM
COMMUNITY HOUSING DEVELOPMENT ORGANIZATION AGREEMENT
HOMESTEAD CORPORATION
EADS AT LINCOLN (FY2002-2003)

THIS AGREEMENT, made and entered into by and between the CITY OF URBANA, an Illinois Municipal Corporation, acting as lead entity for the Urbana HOME Consortium (hereinafter the "City"), and Homestead Corporation, an Illinois Not-For-Profit Organization (hereinafter "Homestead").

WITNESSETH:

WHEREAS, the City of Urbana, the City of Champaign, and Champaign County have been jointly designated as a Participating Jurisdiction by the U.S. Department of Housing and Urban Development (hereinafter "HUD") for purposes of receiving HOME Investment Partnership (hereinafter "HOME") Program funds in the name of the Urbana HOME Consortium under provisions of Title II of the Cranston-Gonzales National Affordable Housing Act of 1990, as amended (42 U.S.C. 12701 *et seq.*) (hereinafter the "National Affordable Housing Act"); and

WHEREAS, the Urbana HOME Consortium has received HOME Program funds from HUD for the period beginning July 1, 1995, and ending June 30, 2003, to increase affordable housing opportunities for low-income residents of Urbana, Champaign, and unincorporated Champaign County; and

WHEREAS, the Urbana City Council has adopted a Consolidated Plan for Program Years 1995-1999 (hereinafter the "Consolidated Plan") which budgets \$931,000 in Urbana HOME Consortium funds for the period beginning July 1, 1999, and ending June 30, 2000, in accordance with an Intergovernmental Agreement Concerning Administration of a Champaign/Urbana/Champaign County HOME Investment Partnerships Consortium executed by Mayor Tod Satterthwaite on behalf of the City on June 23, 1997 (hereinafter the "Intergovernmental Agreement"); and

WHEREAS, the Urbana City Council has adopted a Consolidated Plan for Program Years 2000-2004 (hereinafter the "Consolidated Plan") which budgets the following amounts for each fiscal year: \$984,000 for the period beginning July 1, 2000, and ending June 30, 2001; \$1,036,000 for the period beginning July 1, 2001 and ending June 30, 2002; \$1,039,000 for the period beginning July 1, 2002 and ending June 30, 2003; in accordance with an Intergovernmental Agreement Concerning Administration of a Champaign/Urbana/Rantoul/Champaign County HOME Investment Partnerships Consortium

executed by Mayor Tod Satterthwaite on behalf of the City on July 7, 1999 (hereinafter the “Intergovernmental Agreement”); and

WHEREAS, the Consolidated Plan promotes homeownership opportunities and recommends that the City expand home construction opportunities for low-income households; and

WHEREAS, on January 5, 2000 the City entered into an Urbana HOME Consortium Community Housing Development Organizations Agreement with the Illinois Center for Citizen Involvement for the construction of six homes within the Eads at Lincoln Subdivision; and

WHEREAS, the Agreement dated January 5, 2000 was amended to have five homes constructed by June 30, 2002; and

WHEREAS, the Illinois Center for Citizen Involvement was unable to construct the five homes by June 30, 2002 and the City of Urbana subsequently issued a Request for Proposals for housing developers to construct the homes; and

WHEREAS, Homestead responded to the Request for Proposals (Exhibit 1 & 2) to complete the Eads at Lincoln Homebuyer Assistance Project, which provides for the construction of five (5) houses in the Eads at Lincoln for purchase by low-income families (hereinafter the “Project”); and

WHEREAS, the City has the right and authority, pursuant to both the HOME Program and the Intergovernmental Agreement to allocate Urbana HOME Consortium funds to Homestead for the Project.

NOW, THEREFORE, the parties hereby agree as follows.

1. **Preamble** The preamble set forth above is hereby incorporated and made part of this Urbana HOME Consortium Recipient Agreement (hereinafter the “Agreement”).
2. **Purpose** The purpose of this Agreement is to pledge HOME Consortium funds to Homestead to complete the Project.
3. **Pledge of HOME and Match Funds** The City pledges to Homestead \$ \$213,177 in Urbana HOME Consortium funds for the Project as follows:
 - FY 1999-2000 City of Urbana HOME Allocation Funds \$7,083
 - FY 1999-2000 City of Urbana Match Funds \$1,771
 - FY 1999-2000 CHDO Set Aside Funds \$10,950

- FY 2000-2001 CHDO Set Aside Funds \$70,508
- FY 2001-2002 City of Urbana HOME Allocation Funds \$81,012
- FY 2001-2002 City of Urbana Match Funds \$20,253
- FY 2002-2003 CHDO Set Aside Funds \$21,600

\$25,765 in matching funds must be provided by Homestead (matching funds will be structured and expended so as to be consistent with HUD guidance outlined in Notice: CPD 97-03).

The City of Urbana also pledges the donation of four (4) vacant properties within the Eads at Lincoln Subdivision (hereinafter the “Building Sites”). These are as follows:

- 902 Wascher Drive
- 908 West Eads Street
- 910 West Eads Street
- 916 West Eads Street

The City of Urbana will transfer ownership to Homestead Corporation with the provision that the same properties be transferred to the Homebuyer at closing and not before, without the expressed, written permission of the City of Urbana.

Further, Homestead agrees that prospective homebuyers, that have expressed interest in participating in the Project, will be provided every reasonable resource and effort to ensure that they can complete the purchase of home. These prospective homebuyers have been identified by the Public Interest Fund of Illinois, formerly the Illinois Center for Citizen Involvement, Busey Bank and Bank Illinois. As such, Homestead will attempt to honor previous arrangements such as lot selection, etc. that the participants may have discussed previously with their lender.

The City of Urbana transferred ownership of 1105 North Harvey Street to the Public Interest Fund of Illinois for use in the Eads at Lincoln Program and it was subsequently transferred to a client identified by Busey Bank. If it is determined by the City of Urbana, Homestead Corporation, and Busey Bank that this client is no longer eligible to participate in the Eads at Lincoln Program, it will be the City of Urbana’s responsibility to obtain clear title to this parcel and subsequently convey the property to Homestead for a transfer to an eligible grantee.

4. **Use of HOME and Match Funds** Homestead agrees to utilize \$213,177 in HOME funds pledged by the City and to provide \$25,765 in Homestead’s matching funds to construct five (5) new houses in the Eads at Lincoln Subdivision for sale to low-income households. Specific uses of said funds are identified in Exhibit 3.

The City shall disburse Downpayment and Closing Cost Assistance funds directly to a participating financial institution providing the homebuyer with mortgage financing when the following conditions have been met:

- The City receives written verification from a participating financial institution that first mortgage financing has been committed to the homebuyer.
- The City receives written verification that a certificate of occupancy or equivalent document has been issued for a completed house by the building code official of the City of Urbana.
- The City receives written certification of income for the household seeking downpayment assistance, said certification verifying eligibility of the household for downpayment assistance through the Project.
- The City receives all necessary project and demographic information required to complete HUD's Integrated Disbursement and Information System (IDIS) close-out.

The City shall pay for Professional and Administrative Services. Payment per the provisions outlined in the project budget is subject to appropriate documentation and if requested, evidence that the work has been completed.

The City shall provide payment of development fees to Homestead at the time of conveyance of a completed house on each building site to a qualified grantee. As such, payment at the time of each closing wills \$7,000.

The City shall provide payment of management fees to Homestead in monthly installments of \$2,000 over five (5) month period beginning in March 2003 and ending July 2003. Homestead shall provide required documentation of staff time allocated to the Project. At its option, the City may withhold all or any portion of this payment if the City determines the construction progress of any one or more of the building sites is not satisfactory.

Homestead shall not request disbursement of HOME funds until HOME funds are needed to pay eligible costs related to the Project. The amount of any request for funds shall not exceed the amount needed and shall be supported by appropriate documentation (i.e. payroll documentation, receipts, invoices). The City shall make payment to Homestead within fourteen (14) calendar days of receipt of a complete and acceptable request by the City. The City reserves the right to withhold disbursement of funds until appropriate documentation is submitted. Such documentation may include, but not be limited to performance-progress reports, lien waivers, etc. All checks shall be made payable to "Homestead Corporation." All monies granted to Homestead pursuant to this Agreement shall be expended by March 31, 2004.

Downpayment assistance grants in the amount of \$83,000 will be provided to qualified homebuyers. One (1) grant in the amount of \$18,000 each will be given to a family at or below 60% of the mean family income for Champaign County as determined by HUD. Two (2) grants in the amount of \$17,500 each will be given to families between 60.1-70.0% of the mean family income for Champaign County as determined by HUD. Two (2) grants in the amount of \$15,000 will be given to families between 70.1-80.0% of median family income for Champaign County as determined by HUD.

Further, no payments shall be released to Homestead prior to the City of Urbana receiving environmental clearance from the Illinois Historic Preservation Agency stating no historical significance has been identified at the properties being acquired with HOME funds. City of Urbana will be responsible for obtaining the necessary environmental clearance documentation.

5. **Construction and Performance** Homestead will provide the City with two (2) copies of the architectural drawings, site plans and elevations for the Project no less than three (3) weeks prior to bidding the construction of the houses. City reserves the right to provide final approval of the drawings, site plan, elevations and other considerations related to the project. Homestead will not proceed with the bidding process, without final approval of the City.

Bids shall provide a timetable for construction progress describing dates certain for: 1) foundation completion, 2) exterior and weatherproofing, 3) all mechanical systems installed, and 4) certificate of occupancy issued. The City recognizes that poor climate conditions, events beyond Homestead's control, and acts of God may delay such dates as described.

Homestead will ensure that all applicable permits are obtained and that the construction meets all applicable City of Urbana building codes, along with the 1995 Model Energy Code.

Homestead will ensure that the contractor selected to build the five (5) houses will purchase a Performance Bond of type and amount that will ensure that the project will be completed to the specifications outlined in the bid documents, house plans and this Agreement. A copy of the bond shall be provided to the City before the issuance of building permits.

Homestead will provide homebuyers with a "walk-through" of the house and explain all maintenance concerns that are necessary to ensure the house remains in good repair and

provide a bound document that include information on all aspects of the home, including but not limited to architectural drawings, home warranty, appliance warranty, etc.

6. **Compliance with Visitability Standards** Any residence constructed pursuant to this Agreement within the corporate limits of the City of Urbana shall incorporate visitability standards as adopted by the Urbana City Council.

7. **Per Unit Amount of Home Funds** For the purposes of this Agreement, the Per-Unit Amount of HOME funds is the total amount of HOME funds invested in the real property at a given street address. Per Unit Amount of HOME Funds may include, but not be limited to the following: down payment subsidy, property acquisition, construction loan interest, management fees, development fees, and project delivery costs incurred by the previous developer, the Illinois Center for Citizen Involvement.

8. **Duration of the Terms of the Agreement** The terms of this Agreement will be in effect through the affordability period as determined by the HUD regulation cited below.

HUD Regulation 92.252 (e). Period of Affordability

Periods of Affordability. The HOME-assisted units must meet the affordability requirements for not less than the applicable period specified in the following table, beginning after project completion. The affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership. They must be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by HUD, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure. The participating jurisdiction may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure to preserve affordability. The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the project or property.

Homeownership Activity Minimum period of affordability in years per unit amount of HOME fund invested in the unit:

Homeownership Assistance HOME Amount Per-Unit HOME Investment Amount Per Unit	Minimum Years of Affordability in Years
Up to \$14,999	5

\$15,000-\$40,000	10
Above \$40,000	15

9. **Maximum Per Unit Subsidy Amount and Subsidy Layering** The amount of HOME funds the City and Homestead invests on a per-unit basis may not exceed the per-unit dollar limits established under section 221(d)(3)(ii) of the National Housing Act (12 U.S.C. 17151(d)(3)(ii)). The current subsidy limit for a three (3) bedroom home is \$74,840 and for a four (4) bedroom home is \$83,375. These limits are subject to change. Further, the City will not invest any more HOME funds in the Project, in combination with other governmental assistance, which is necessary to provide affordable housing.
10. **Restrictions on Subsequent Sales of Certain Units** The City and Homestead agree that, a Land Use Restriction Agreement will be executed at closing for any house receiving funds pursuant to this Agreement. The Land Use Restriction Agreement shall include language to ensure that the affordability period will be honored through the duration of this Agreement and include provision restricting subsequent sale of said house and-or a provision for recapture of the HOME funds invested in the house, should the house not sell within a pre-determined about of time noted in the Land Use Restriction Agreement. City of Urbana, Grants Management staff will prepare this Land Use Restriction Agreement and the homebuyer will pay recording fees.

The terms of the resale provisions will be such that the house will be sold to a family having income at or below 80 percent of area median family income, as defined and updated annually by the U.S. Department of Housing and Urban Development, for the period of affordability determined by the HOME Investment Amount Per Unit, as defined above in Items 5 and 6. This period of affordability shall commence the date that all necessary project information is provided to HUD via HUD’s Integrated Disbursement and Information System (IDIS). City of Urbana agrees to enter all information provided into IDIS within 15 days of recipient. Should the Project be modified, after initial commencement date of the affordability period, a new affordability period will be re-structured per the provisions of section 5,6,7 and 8 of this Agreement. This land use restriction shall not apply to properties repossessed by a financial institution as a result of foreclosure proceedings.

The terms of the recapture provision will be such that they reflect the HUD provisions in the HOME Final Rule 92.254. Details of a recapture provision will be provided in the Land Use Restriction Agreement.

Failure to ensure that the Land Use Restriction Agreement is executed at closing will result in withholding HOME funds until said item is addressed.

Homestead also agrees to reference this required Land Use Restriction Agreement in each of their construction/purchase agreements with the Homebuyers.

11. **Financial Responsibility** The allocation of funds by the City pursuant to this Agreement shall in no way obligate the City for any financial responsibility incurred by the Project in excess of the funding pledged herein. The City reserves the right to withhold pledged funds if the City is not satisfied with the terms and conditions of performance outlined in this Agreement.

12. **Affirmative Marketing** Homestead must adopt an affirmative marketing policy and procedure acceptable to HUD to attract homebuyers for their newly constructed houses per 24 CFR 92.351. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, sex, religion, familial status or disability. The affirmative marketing requirements and procedures adopted must include:
 - Methods for informing the public, owners, and potential tenants about Federal fair housing laws and the City's affirmative marketing policy
 - Requirements and practices Homestead must adhere to in order to carry out the affirmative marketing procedures and requirements
 - Procedures to be used by Homestead to inform and solicit applications from persons in the housing market area who are not likely to apply for the housing without special outreach
 - Records that will be kept describing actions taken by Homestead to affirmatively market units and records to assess the results of these actions
 - A description of how the Homestead will annually assess the success of affirmative marketing actions and what corrective actions will be taken where affirmative marketing requirements are not met.

13. **Equal Employment** Homestead agrees that there shall be no discrimination against any person who is employed in carrying out the Project, or against any applicant for such employment, because of race, color, religion, sex, age, or national origin, or any other discrimination prohibited by Urbana law, including but not limited to employment, upgrading, demotion, or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Homestead further agrees to the following.

- A. It shall be bound by said equal opportunity clause with respect to its own employment practices during the duration of its participation with the City and HUD.
- B. It shall furnish the City and HUD with information as they may require for the supervision of such compliance and will otherwise assist the City and HUD in the discharge of primary responsibility for securing compliance.
- C. It shall carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by the Secretary of Labor, the City, or HUD.
- D. It shall abide by the Urbana Human Rights Ordinance regarding equal employment.

14. **Certifications** Homestead represents the following with respect to this Agreement.

- A. Homestead possesses legal authority to receive HOME Program funds from the City and to execute the Project as described herein.
- B. The governing body of Homestead has duly adopted or passed as an official act a resolution, motion, or similar action authorizing execution of this Agreement including all understandings and assurances contained herein, and directing and designating the authorized representative of Homestead to act in connection with this Agreement and to provide such additional information as may be required.
- C. Homestead, its successors and assigns, agrees to develop and operate the Project in accordance with HOME Program regulations promulgated at 24 CFR Part 92 and with applicable building codes.
- D. Homestead, its successors and assigns, agrees to comply with Section 3 of the Fair Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u), which provides that, to the greatest extent feasible, opportunities for training and employment that arise through the Project shall be given to low-income residents of Champaign County and that contracts in connection with the Project be awarded to business concerns located in or owned in substantial part by persons residing in Champaign County. Homestead agrees to comply with provisions of said Section 3 and the regulations issued pursuant thereto by the Secretary of HUD set forth in 24 CFR Part 135, and all applicable rules and orders of HUD issued thereunder. Homestead certifies and agrees that it is under no contractual or other disability that would prevent Homestead from complying with these requirements. The responsibility to comply with Section 3 regulations includes the following.

- Including reference to Section 3 in each subcontract in excess of \$100,000.

- Sending each labor organization or representative of workers with which Homestead has a collective bargaining agreement or other understanding a notice of the Homestead commitment under Section 3.
 - Posting copies of the notice in conspicuous places at work sites where both employees and applicants for employment positions can see the notice.
 - Refrain from filling any vacant employment and training positions after the contractor is selected but before the contract is executed to circumvent obligations under Section 3.
 - Refrain from entering into any contract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of Section 3 regulations.
 - Directing efforts to award covered contracts to Section 3 business concerns in order of priority.
 - Directing efforts to employ and train Section 3 residents in the order of priority.
 - Documenting actions taken to comply with Section 3 requirements.
 - Submitting required Section 3 reports.
- E. Homestead agrees to give maximum feasible priority to very low-income persons when administering the Project described herein.
- F. Homestead acknowledges it shall match HOME CHDO funds disbursed by the City and pursuant to this Agreement in the amount of \$25,765.
- G. Homestead shall comply with the regulations, policies, guidelines, and requirements of federal management circulars as they relate to the acceptance and use of federal funds for the Project. Homestead agrees to maintain financial records in accordance with applicable Federal guidelines; OMB circulars A-110, A-122, and A-133; the following requirements of 24 CFR Part 84: 84.2, 84.5, 84.13, 84.16, 84.21, 84.22, 84.26 - 84.28, 84.30, 84.31, 84.34 - 84.37, 84.40 - 84.48, 84.51, 84.60 - 84.62, 84.72, and 84.73. Homestead shall separately and accurately identify use of HOME funds pursuant to this Agreement.
- H. Homestead shall comply with Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and the regulations issued pursuant thereto (24 CFR Part 1), which provides that no person in the United States shall on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which Homestead receives federal financial assistance.

- I. Homestead shall comply with Executive Order 11246, and all regulations issued pursuant thereto (24 CFR Part 130), which provide that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of federal or federally-assisted contracts. Such contractors and subcontractors shall take affirmative action to insure fair treatment in employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation and selection for training and apprenticeship.
- J. Homestead shall establish safeguards to prohibit employees from using positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.
- K. No Federal appropriated funds have been paid or will be paid, by or on behalf of Homestead, to any person for influencing or attempting to influence an officer or employee of any agency including the City, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- If any funds other than Federal appropriated funds have been paid, or will be paid to any person for influencing or attempting to influence an officer or employee of any agency including the City, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, Homestead will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- L. Homestead shall give HUD and the Comptroller General through any authorized representative access to and the right to examine all records, books, papers, or documents related to the Project.
- M. Homestead authorizes the City and HUD to conduct on-site reviews, examine personnel records, and to conduct any other procedure or practice necessary to assure compliance with this Agreement and applicable HUD regulations. Homestead will ensure that all documents related to this Project shall be kept for a period of five years after project's affordability period has been completed (estimated at October 2018). Records to be retained include, but are not limited

to timesheets; receipts and invoices for materials, supplies, and services; and documentation used to request re-imbursement of expenses.

- N. Homestead shall at all times observe and comply with all laws, ordinances, or regulations of Federal, State, and local governments which may in any manner affect the performance of this Agreement. Homestead shall be liable to perform all acts to the City in the same manner as the City performs these functions to the Federal government.
- O. Homestead shall be responsible for any and all claims, costs, causes, actions, and expenses, including, but not limited to, attorneys' fees incurred by reason of a law suit or claim for compensation arising in favor of any person, including the employees, officers, independent contractors, subcontractors, or agents of Homestead, on account of personal injuries or death, or damages to property occurring, growing out of, incident to, or resulting under this Project, whether such loss, damage, injury, or liability is contributed to by the negligence of the City or its officers, employees, or agents, or by the premises themselves or any equipment thereon whether latent or patent, or from other causes whatsoever, except that Homestead shall have no liability for damages or the costs incident thereto caused by the sole negligence of the City, or its officers, employees, or agents.
- P. Homestead shall have full control of the ways and means of performing the services referred to herein. Homestead acknowledges and agrees that its employees, representatives, subcontractors, and agents may in no respect be considered employees of the City.
- Q. Homestead agrees that, to the greatest extent feasible, all construction-related expenditures made for the Project shall be made to Champaign County firms or individuals.
15. **Prohibition Against Lobbying** Homestead acknowledges that no funds disbursed pursuant to this Agreement shall be used to finance lobbying activities. Furthermore, Homestead acknowledges that no Homestead employee funded in whole or part pursuant to this Agreement shall engage in lobbying activities at any time during the term of this Agreement. For purposes of this Agreement the term "lobbying activities" shall include the following.
- Any activity related to the election or appointment of an individual to public office, including, but not limited to, contributions to campaign funds, solicitation in an

attempt to influence the outcome of an election for public office, and preparation and dissemination of campaign materials

- Sponsorship of candidate forums
- Sponsorship of voter registration drives
- Provision of transportation to polling places
- Contributing financially to elected or appointed public officials in an attempt to influence legislation
- Hiring an individual or individuals to represent an organization and/or its position before elected or appointed public officials .

16. **Compliance** Homestead agrees that if the City determines that Homestead has not complied with or is not complying with the provisions of this Agreement and so notifies Homestead by written notice of said violations and Homestead fails to correct said violations within thirty (30) days from receipt of said notice, the City may terminate this Agreement by written notice and may take any other action as may be permitted pursuant to this Agreement.

17. **Notices** Notices and communications under this Agreement shall be sent first class, prepaid to the respective parties as follows.

TO THE CITY: Michael Loschen, Grants Coordinator
 Grants Management Division
 400 South Vine Street
 Urbana, Illinois 61801

TO: Jim Rose, Executive Director
 Homestead Corporation
 306 W. Griggs St.
 Urbana, IL 61801

18. **Contingencies** This Agreement, including the provision of funds by the Urbana HOME Consortium for the Project as described herein, is contingent upon Continued access to FY 1999-2000, FY 2000-2001, FY 2001-2002, FY 2002-2003 HOME Program funds, as amended, from HUD to the City of Urbana on behalf of the Urbana HOME Consortium in the amounts identified in applicable grant agreements.

19. **Assignment** Homestead shall not assign this Agreement, nor any part thereof, without prior written approval of the City.

20. **Modification** No modification of this Agreement, including modification of the administrative budget in *Exhibit 1*, shall be effective unless in writing and executed by the parties hereto.
21. **Termination** Unless otherwise extended through a modification, this Agreement shall terminate on March 31, 2004.
22. **Execution of Agreement**. This Agreement shall be binding upon the City and Homestead, their successors and assigns, and shall be effective as of the date executed by the Mayor and attested by the City Clerk.

CITY OF URBANA

BY: _____

DATE: _____

ATTEST: _____

HOMESTEAD CORPORATION

BY: _____

DATE: _____

ATTEST: _____

Exhibit 1

***Urbana HOME Consortium
Eads at Lincoln Subdivision Housing Construction
Request for Proposals***

Exhibit 2

***A Proposal for the Construction, Marketing and Sale of Houses in the Vicinity
of the Eads At Lincoln Subdivision In Northeast Urbana***

submitted by The Homestead Corporation of Champaign-Urbana on October 15, 2002

Exhibit 3

Budget and Schedule for the Eads at Lincoln Project*

Activity	Expenses	HOME	FHLB	DCCA	Mortgage
Land Development	8,500	8,500			
Construction	472,500	83,000	29,500	10,000	350,000
Professional Fees	72,000	72,000			
Management Fees	15,000	15,000			
Financing	30,000	22,000	8,000		
Contingency	12,677	12,677			
TOTAL	610,677	213,177	37,500	10,000	350,000

* Pro-forma Sources and Uses of Funds, Schedule of Activities and Homeowner Subsidy Schedules prepared by Homestead Corporation are attached and made a part of this Exhibit 3.