



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Bruce K. Walden, Chief Administrative Office

FROM: Elizabeth Tyler, AICP, City Planner/Director

DATE: January 23, 2004

SUBJECT: The Proposed Redevelopment Alternative for Lakeside Terrace Apartments

Description

The point of this Study Session is to share information related to the proposed redevelopment of Lakeside Terrace. The redevelopment project is complex and takes into account a variety of policy and fiscal concerns that need to be carefully examined. This Study Session will provide the opportunity for information to be exchanged and to begin dialogue on the many issues related to the project.

The Housing Authority of Champaign County (HACC) has determined that it intends to pursue the redevelopment of the Lakeside Terrace Apartments. This is evidenced by the HACC recent submittal of applications for funding and approval for demolition to HUD of Lakeside Terrace.

The HACC has indicated that it has an interest in the City of Urbana participating in this large redevelopment project.

Urbana staff has requested that the HACC provide a variety redevelopment alternatives for comparison and analysis.

In response to this request, Brinshore Development LLC, the developer selected by the HACC, has prepared three (3) redevelopment alternatives for Lakeside Terrace. In summary the projects are as follows:

- Alternative 1 meets the replacement goal for public housing units.
- Alternative 2 provides partial replacement of public housing units.
- Alternative 3 provides limited replacement of public housing units.

The goal of this Study Session is to gain an understanding of the redevelopment alternatives that have been prepared and to consider the impact and benefit of the City participating in the redevelopment project.

Issues

There are a number of issues to consider. These issues include, but are not limited to the following:

- Determine the preferred redevelopment alternative for Lakeside Terrace
- Determine the level of financial assistance the City of Urbana desires to contribute to this project.
- Consider the level and quality of the redevelopment project.
- Address the requirements set forth in the Consolidated Plan and related policy concerns.
- Address the concerns related to the relocation of tenants.
- Consider the impact on the surrounding neighborhood and community.

Background

There have been a number of new developments and information related to this redevelopment project. It has been a number of months City Council has visited the project. Consider that since the last time Council visited the project, the following activities have taken place:

The Housing Authority of Champaign has procured the services of Brinshore Development LLC to serve as their developer the redevelopment of Burch Village and Lakeside Terrace.

Brinshore Development LLC has prepared redevelopment alternatives, which provide funding and use information.

Urbana Community Development Department staff has met regularly with Brinshore to further the preparation of the redevelopment alternatives and gain an understanding of the project components and processes necessary for a successful redevelopment project.

The Housing Authority of Champaign County has hired a Mr. Edward Bland as their new Executive Director.

Recent Information

More recently, the Housing Authority of Champaign County has determined that it desires to move forward with the redevelopment of Lakeside Terrace and has approved a resolution to approve the demolition of the Lakeside Terrace apartments. The demolition of Lakeside Terrace is also noted the HACC 2004 Annual Plan.

The HACC also has submitted a Demolition/Disposition Application to HUD. The application indicates that the estimated costs to rehabilitate the existing units at Lakeside Terrace amounts to \$14,603,724. The application notes that 96 units are occupied and all 99 of the units will be demolished.

The HACC has submitted a HOPE VI application to HUD for the funding to address the cost for demolition of Lakeside Terrace and the relocation of current Lakeside Terrace residents.

Policy Implications

Consolidated Plan FY 2000-2004

There are a number of policy issues related to the project. The core policy consideration is the Consolidated Plan for FY 2000-2004. The following is an excerpt from this plan that provides specific recommendations regarding the redevelopment of Lakeside Terrace:

AFFORDABLE HOUSING; in part “Additional subsidies for extremely low-income and very low-income tenants are needed, such as tenant-based rent assistance, assistance with security deposits and first month’s rents, and use of low-income housing tax credits”.

PUBLIC HOUSING; in part “Subsidized housing is greatly needed throughout Champaign County. However, family units owned and managed by the Housing Authority of Champaign County are generally considered last-resort housing due to poor living conditions. In the short-term family complexes should be renovated to ensure safe living conditions.

If redevelopment of Lakeside Terrace and Dunbar Court is possible, without a significant reduction in the total number of permanent, subsidized housing units that are affordable to the lowest income families with children in the community, the City of Urbana will work with the Housing Authority of Champaign County to develop a HOPE VI application for the redevelopment of Lakeside Terrace and Dunbar Court to create a mixture of public housing, rental or homeownership units and residents representing a mix of income. The city will assist in developing a plan which partners with the private sector to use private dollars to leverage HOPE VI or other Federal funds, to replace the demolished units with a combination of new on-site units, scattered-site units and Section 8 rent subsidies. Although Section 8 vouchers or certificates may be used to relocate households living at these complexes at the time of redevelopment, at least 80% of demolished units will be replaced with permanent, subsidized housing units that will be affordable to extremely low-income families with children, irrespective of their income.”

Should Urbana consider a redevelopment alternative that is not consistent with the provisions outlined in the Consolidated Plan, the Plan may need to be amended to reflect a different approach to the redevelopment of Lakeside Terrace.

Consolidated Plan FY 2005-2009

A related policy consideration is the development of the next Consolidated Plan for FY 2005-2009. This document will be submitted to HUD in May 2005. Should Urbana decide to contribute a significant amount of CDBG and HOME funding toward the Lakeside Terrace redevelopment project, the Consolidated Plan would have to defend this significant investment of entitlement funding for a singular project.

Urbana HOME & CDBG Funding Regulations

There are policy implications regarding the use of CDBG and HOME funds for this type of project. There are very specific regulations concerning the use of CDBG and HOME funds for the redevelopment of public housing facilities. One of these concerns is “one-for-one replacement”. When using HOME and CDBG funding, the regulations provide that all efforts should be made to replace all housing that is lost due to a project funded with entitlement dollars.

The City currently meets this goal when it purchases lots, demolishes an obsolete house and donates the lot to a not-for-profit housing developer that puts a house back on the lot. In these instances, there has been a one for one replacement. HUD has provided staff with an opinion that the Public Housing Authority (PHA) rules for replacement of housing units would apply, rather than the CDBG/HOME regulations. The PHA rules do not require one-for-one replacement.

Also, HOME funds cannot be used to support public housing units. In this redevelopment arrangement, the City’s HOME funds would be used to support the tax credit units. The tax credit units are affordable and the specific HOME assisted units would only be allowed to charge the HUD-specified HOME rents. HUD guidelines provide that current the HOME rent for a 3-bedroom unit in Champaign County cannot exceed \$775.

The CDBG funds cannot be used to support new housing development. In this redevelopment arrangement, the City’s CDBG funds would be used to finance public improvements and infrastructure related to the project.

Relocation

The policies related to relocation of Lakeside Terrace tenants are of particular concern to the current residents. This project would result in the relocation of all current tenants from Lakeside Terrace. Enclosed is DRAFT copy of the Lakeside Terrace Relocation Plan January 2004. This relocation plan is similar to the arrangements approved for the relocation of tenants at Burch Village. While the plan seems very thorough, the gap of information seems to be an analysis to determine that there are enough units in the Champaign/Urbana community to absorb all the PHA tenants from Lakeside Terrace and Burch Village and if all the tenants will be able to qualify for a market rental arrangement. The HACC has indicated that it will provide assistance by helping individual families, educating landlords, etc.

According to the HACC, any current tenant, that meets the tenant selection criteria, is given preference to return to the newly developed property.

Description of Redevelopment Alternatives

Staff requested that at least three (3) alternatives be developed for consideration. Staff contended that the three (3) alternatives would be necessary to assist the City Council in their review of the benefit and impact of the proposed redevelopment of Lakeside Terrace.

Alternative 1 provides for meeting 100% of the replacement goal for public housing units, 80 units. This alternative was necessary to understand the costs associated with meeting this replacement goal.

Alternative 2 provides for partially meeting the replacement goal for public housing units, 48 units. This alternative was necessary in order to consider the impact of doing something less than meeting the replacement goal.

Alternative 3 provides for the limited replacement of public housing units, 24 units. This alternative helps to understand what can be done at Lakeside Terrace without the investment of City funds.

Brinshore also prepared a general narrative summary of the project titled, Lakeside Terrace Overall Redevelopment Strategy. The narrative is dated, however it does aid in depicting the development framework for the project. A copy of this document is included.

Brinshore's development alternatives, referenced above, have been prepared in worksheet format. These worksheets are included in the packet and color-coded for reference.

The redevelopment worksheets reference the new housing units by qualifying income levels. The worksheets refer to these income levels as AMI or area median income. For 2003, HUD has defined the area median income for Champaign County as \$58,700. The following are the calculation for the qualifying income categories noted in the worksheets:

40% AMI	\$23,480
50% AMI	\$29,350
60% AMI	\$35,220

The earlier draft worksheets, used 30% AMI or the term “Public Housing”, rather than 40% AMI for the lowest income level. Brinshore has indicated that they have found it advantageous to use “40% AMI”, rather than the “30% AMI” or the term “Public Housing” for a number of reasons that benefit the project’s business model. Note that the developer’s alternatives still use the term “public housing” but this is not used in the discussion of the projects for the balance of the memo.

Consider that these units, at the 40% income level, are considered public housing replacement units, as they will be created by using project-based Section 8 Vouchers and will be available to persons below 30% AMI. The developer has indicated that the difference between 30% AMI and 40% AMI is not significant, since the Section 8 Voucher will make up the remaining rent that the tenant is unable to pay. More the Section 8 Voucher program will be provided later in the memo.

Staff has prepared an analysis of the financial impact of Brinshore’s proposed redevelopment alternatives. The analysis is divided between the HOME and CDBG program. Worksheets are included in the packet that depict the budget implications to the CDBG and HOME program when funds are directed in differing amount to the three (3) Lakeside Terrace redevelopment alternatives.

The following is a summary of the redevelopment alternatives.

Alternative 1. Meet Replacement Goal for Public Housing Units (Yellow)

This alternative provides the following unit mix:

Units serving <40% MFI	80 (Project Based Section 8 Units)
Units serving <50% MFI	32
Units serving <60% MFI	100
Units unrestricted (market)	20

This alternative is the most costly with total expenditures amounting to **\$32,760,000**.

In this alternative the City of Urbana contributes **\$1,000,000** in CDBG funds and **\$2,560,000** in HOME funds, for a total City investment of **\$3,560,000** over nine years.

The project would be pursued in phases:

Phase I (A-D) involves developing 32 single affordable housing units in a scattered site arrangement that will effectively serve as public housing replacement units. The HACC, the City of Urbana or a local non-profit housing developer could develop these housing units. These units would utilize Project-based Section 8 Vouchers.

Phase I (Mixed Income) involves developing 50 units on 5 acres of adjacent property. The unit mix provides for:

- 12 Project-based Section 8 units <40% Average Median Income (AMI)
- 8 Tax credit units <50% AMI
- 25 Tax credit units <60% AMI
- 5 Market rate units

Phase II (Mixed Income) involves developing 50 units on 5 acres of adjacent property. The unit mix provides for:

- 12 Project-based Section 8 units <40% AMI
- 8 Tax credit units <50% AMI
- 25 Tax credit units <60% AMI
- 5 Market rate units

Phase III (Mixed Income) involves developing 50 units on 4.5 acres on the existing north section of the Lakeside Terrace property. The unit mix provides for:

- 12 Project-based Section 8 units <40% AMI
- 8 Tax credit units <50% AMI
- 25 Tax credit units <60% AMI
- 5 Market rate units

Phase IV involves developing 50 units on 4.5 acres on the existing south section of the Lakeside Terrace property. The unit mix provides for:

- 12 Project-based Section 8 units <40% AMI
- 8 Tax credit units <50% AMI
- 25 Tax credit units <60% AMI
- 5 Market rate units

Impact to CDBG Funding

The total CDBG investment is \$1,000,000 and is scheduled in annual increments of \$250,000 for 4 years. Note that the developers project budget refers to CDBG funds as Urbana Funds.

In conducting an analysis, staff has assumed that the CDBG program would lose funding at a rate of 2% each year. This has been the trend for the last two years and the Washington administration seems to be more interested in the HOME program and homeownership.

Other assumptions are made as follows:

Personnel: 3% increase per year

Administration: 1% increase per year

Public Service: 15% of grant funding reserved

Housing Rehabilitation: 5% increase per year

Capitol Improvement Plan: funded amount is related to providing HOME match

At the bottom of the staff worksheet is a summary listing of the Capital Improvement Program (CIP) projects identified for CDBG funding over this same time period. The funding for the Capital Improvement Plan is less than the total project summary. However, the funding for the CIP is related to providing HOME match.

It is evident from reviewing the Remainder for Project/Programs line item that, as is, the project runs a large deficit. This deficit could be remedied by reducing funds from the other line items. However, there are implications to reducing funding from these program areas, such as limiting public service funds or eliminating the popular housing rehabilitation programs.

Staff's assumption that CDGB funding will decrease by 2% a year has a very negative impact to CDBG programming.

Grants Management Division staff may be able to find additional funding resources to offset budget reductions to housing rehabilitation and public service activities. However, it does not seem appropriate to include speculative funding at this point.

Impact to HOME Funding

This alternative requires **\$2,560,000** in HOME funding over a nine (9) year period.

We have assumed that the HOME program would remain constant over this nine (9) year period. Funding has increased in the past two years, but only at a rate of less than 1%.

Other assumptions are made as follows:

Program Delivery: 3% increase per year (this relates to salaries of staff involved with direct program delivery and management, such as housing rehabilitation).

Urbana Allocation: no change, in order to reflect conservative estimates.

It is evident from reviewing the Remainder for Project/Programs line item that, as is, the project runs an extreme deficit of over \$1,500,000. This deficit could be remedied by reducing funds from the other line items. However, there are implications to reducing funding from these program areas, such as ceasing the owner-occupied housing rehabilitation program.

Grants Management Division staff may be able to find additional funding resources to offset budget reductions to owner-occupied housing rehabilitation, such as the Federal Home Loan Bank and Illinois Housing Development Authority.

However, it is important to consider the Lakeside Terrace Project plan to use the same funding sources and it does not seem appropriate to include speculative funding at this point.

Alternative 2. Meet Partial Replacement Goal for Public Housing Units (Blue)

This alternative provides the following unit mix:

Units serving <40% MFI	48 (Project Based Section 8 Units)
Units serving <50% MFI	32
Units serving <60% MFI	100
Units unrestricted (market)	20

This alternative is less costly with total expenditures amounting to **\$28,600,000**.

In this alternative the City of Urbana contributes **\$1,000,000** in CDBG funds and **\$1,600,000** in HOME funds, for a total of **\$2,600,000**.

The project is very similar to Alternative 1, except that the 32 single-family in-fill homes are not a component. This results in 32 fewer public housing replacement or Project-Based Section 8 units associated with this alternative. This alternative also provides for a greater density of units at 12 units per acre.

The project would be pursued in phases:

Phase I (Mixed Income) involves developing 50 units on 5 acres of adjacent property. The unit mix provides for:

- 12 Project-based Section 8 units <40% AMI
- 8 Tax credit units <50% AMI
- 25 Tax credit units <60% AMI
- 5 Market rate units

Phase II (Mixed Income) involves developing 50 units on 5 acres of adjacent property. The unit mix provides for:

- 12 Project-based Section 8 units <40% AMI
- 8 Tax credit units <50% AMI
- 25 Tax credit units <60% AMI
- 5 Market rate units

Phase III (Mixed Income) involves developing 54 units on 4.5 acres on the existing north section of the Lakeside Terrace property. The unit mix provides for:

- 12 Project-based Section 8 units <40% AMI
- 8 Tax credit units <50% AMI
- 25 Tax credit units <60% AMI
- 5 Market rate units

Phase IV involves developing 50 units on 4.5 acres on the existing south section of the Lakeside Terrace property. The unit mix provides for:

- 12 Project-based Section 8 units <40% AMI
- 8 Tax credit units <50% AMI
- 25 Tax credit units <60% AMI
- 5 Market rate units

Impact to CDBG Funding

This alternative also requires **\$1,000,000** in CDBG funds. The CDBG-related considerations for this alternative are identical to those noted above in Alternative 1. Note that the developers project budget refers to CDBG funds as Urbana Funds.

Impact to HOME Funding

This alternative requires **\$1,600,000** in HOME funding over a nine (9) year period.

Again, we have assumed that the HOME program would remain constant over this nine (9) year periods. Funding has increased in the past two years, but at a rate less than 1%.

Other assumptions are made as follows:

Program Delivery: 3% increase per year (this relates to salaries of staff involved with direct program delivery and management, such as housing rehabilitation).

Urbana Allocation: no change, in order to reflect conservative estimates.

It is evident from reviewing the Remainder for Project/Programs line item that as is, the project runs a deficit of over \$600,000. This deficit is significantly less than the deficit noted in Alternative 1 above and would likely be much easier to address by re-programming HOME-related activities.

Grants Management Division staff may be able to find additional funding resources to offset budget reductions to owner-occupied housing rehabilitation. However, it does not seem appropriate to include speculative funding at this point.

Alternative 3. Meet Limited Replacement Goal for Public Housing Units (Green)

This alternative provides the following unit mix:

Units serving <40% MFI	24	(Project Based Section 8 Units)
Units serving <50% MFI	16	
Units serving <60% MFI	50	
Units unrestricted (market)	10	

This alternative is the least costly with total expenditures amounting to **\$13,800,000**.

This project has the characteristics of simple tax credit housing arrangement. With no HOME or CDBG subsidy, the project provides only 24 public housing replacement units that will be created using Project-Based Section 8 Vouchers.

The project does not anticipate the purchase of additional property. Rather only the existing Lakeside Terrace property would accommodate the redevelopment project.

The project would be pursued in phases.

Phase I (Mixed Income) involves developing 60 units on 5 acres of adjacent property. The unit mix provides for:

- 12 Project-based Section 8 units <40% AMI
- 8 Tax credit units <50% AMI
- 25 Tax credit units <60% AMI
- 5 Market rate units

Phase II (Mixed Income) involves developing 60 units on 5 acres of adjacent property. The unit mix provides for:

- 12 Project-based Section 8 units <40% AMI
- 8 Tax credit units <50% AMI
- 25 Tax credit units <60% AMI
- 5 Market rate units

Impact to CDBG Funding

While this alternative does not provide any CDBG funding assistance, the worksheet provides a very limited positive balance at the end of nine (9) years. This is due to an estimated decrease in funding levels and steady increases in program costs. Note that developers project budget refers to CDBG funds as Urbana Funds.

As noted earlier, additional funding could be found to support some programs previously funded with CDBG funding. These are Federal Home Loan Bank and Illinois Housing Development Authority. However, it is important to consider the Lakeside Terrace Project plan to use the same funding sources and it does not seem appropriate to include speculative funding at this point.

Impact to HOME Funding

In this alternative the City of Urbana contributes no CDBG funds or HOME funding. In this case the City's HOME entitlement funding can be utilized for other community development and housing initiatives.

Staff has noted that this alternative might provide difficulty for the HACC and the developer to apply for funding from other state and federal agencies, when the community has not provided any matching funds to support the project. Providing no City funding for the project could create an environment where the project would not be feasible, due to the inability to secure other financial assistance.

Summary of the Three (3) Redevelopment Alternatives

Staff has prepared a worksheet to summarize the investment and unit mix for the three (3) redevelopment alternatives. This is titled as the Lakeside Terrace Redevelopment Summary Analysis and is included in the packet.

Other Funding Resources and Considerations

Additional HOME Funding for Homeownership

It is important to note that for the upcoming FY 2004-2005, the Urbana HOME Consortium is expected to receive an additional \$150,000 for the President's new homeownership program called the American Dream Downpayment Act. It is not yet clear how the Consortium will allocate these funds between the members. Whatever the case, the Consortium is very pleased about having additional affordable housing resources. Should the amount be pro-rated in a manner similar to traditional HOME funding, Urbana could expect to receive 34% or \$51,000. This amounts to \$459,000 over nine years.

While this homeownership program will not likely be a component of the Lakeside Terrace redevelopment project, these additional funds can be factored into considering the future of the city's affordable housing resources and work plan.

Community Housing Development Organization (CHDO) Funds

Another consideration for the HOME program is the Community Housing Development Organization (CHDO) funds. Fifteen percent (15%) of the HOME Consortium funding is set aside for HOME eligible projects submitted by CHDOs. Another five percent (5%) of the HOME Consortium funding is set-aside for CHDO operating expenses.

The 15% set aside of projects amounts to \$176,748 in HOME funds. These funds require that the CHDO provide a 25% match toward a project.

While the CHDOs can submit applications for any project, the City of Urbana could ask the CHDO's to consider using this set-aside to aid with the redevelopment of Lakeside Terrace. There are a number of ways the CHDO's could be of assistance ranging from developing off-site rental units to being an equity partner in the larger multi-family development(s).

Keep in mind that the three (3) members of the Urbana HOME Consortium make recommendations on the use of CHDO funding, which means there is an effort to identify projects that provide equity in terms of the benefit to the three Consortium members. However, it is possible that some percentage of the CHDO funding could help offset project expenses associated with the Lakeside Terrace redevelopment project. For instance, a third of the CHDO funding amounts to \$58,000 per year. Over nine years, this amounts to \$522,000.

Bond Cap Allocation

Each year the State of Illinois provides the City of Urbana with a bond cap allocation. In the past, Urbana has used the bond cap to create a first time homebuyer program. These programs have been generally successful with 20-30 first time homebuyers benefiting from the downpayment assistance.

Staff has discussed an alternative arrangement for this use of the bond cap allocation. The Illinois Housing Development Authority (IHDA) has indicated that it may entertain the concept of investing HOME funds into the Lakeside Terrace redevelopment project, in exchange for ceding the City's bond cap to IHDA. By ceding the bond cap to IHDA, the City would have no say in how IHDA would use the bond cap and City's first time homebuyer program would no longer be funded. Early estimates indicate that the City could expect IHDA to invest \$150,000 into a HOME eligible project, in exchange for the City's \$2,600,000 in bond cap. In nine (9) years, this amounts to \$1,350,000. This would have a very positive impact on the HOME worksheet discussed earlier.

However, ceding the City's Bond Cap to IDHA for HOME funding would result in the loss of the City's first time homebuyer program.

Real Estate

The development spreadsheets do not include project costs associated with the acquisition of property nor the demolition and relocation expenses. Expectations are that the City of Urbana will be able to acquire the necessary real estate, with HOME and CDBG funding and the HACC will receive funding through a HOPE VI Demolition Grant to address demolition and relocation expenses. It is not clear how demolition and relocation expenses would be addressed if the HOPE VI application is not approved. A similar situation exists with the Burch Village Project in Champaign. There has been discussion that the HACC would issue bonds to address these development costs.

The ownership of the acquired property, necessary for the project and beyond the parcels currently owned by the HACC can be addressed in a number ways. The City could retain ownership of the property and enter into a long-term lease with the developer. The City could transfer ownership to the HACC or to the developer. In the course of any arrangement, the City could include provision that might restrict the use of the land or provide some future right or transfer when the project affordability period expires. Staff will continue to analyze all the options in order to identify the arrangement that is in the best interest of the City.

Note that the City of Urbana owns two properties that are adjacent to the north boundary of Lakeside Terrace. These are 901 and 903 Division. 903 Division is currently serving as a transitional housing facility. 901 Division is vacant.

Staff has prepared a number of maps that provide information on the project location and the development “footprint” associated with each development alternative.

Housing Choice Vouchers (Section 8 Vouchers)

Each of the alternatives provides for the use of Section 8 Project-Based Vouchers for project financing. These units that are assisted with Project-Based Section 8 Vouchers are designed to serve as replacement units for the public housing that will be lost due to the demolition of the Lakeside Terrace facility. To accomplish this, the HACC’s Section 8 Tenant Vouchers are converted to Project-Based Section 8 Vouchers.

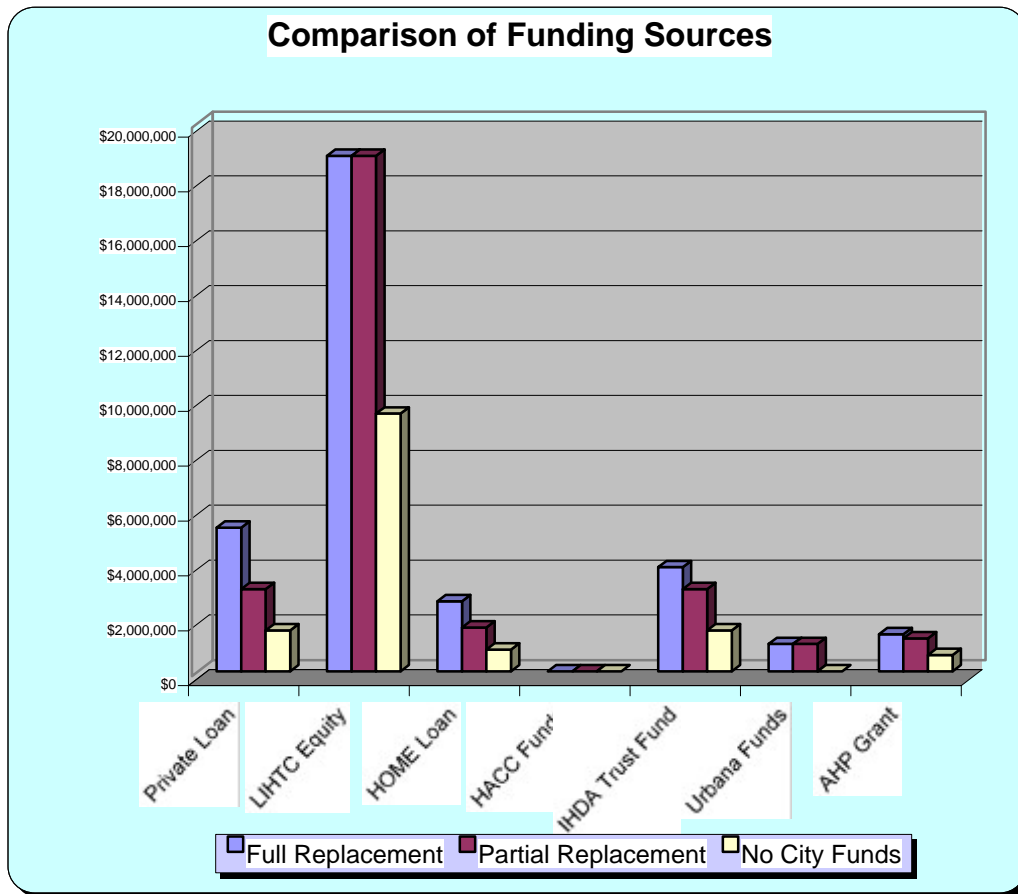
The HACC has indicated that they can provide the Section 8 Tenant Vouchers and/or can obtain additional Section 8 Tenant Vouchers that are required for redevelopment project. These Tenant-Based Vouchers can be converted into Project-Based Vouchers. That is, they can be “tied” to one or more rental units in a specific building, for a specific amount of time. Project based vouchers are subject to most of the standard Section 8 Tenant-Based Voucher rules. HUD regulations provide that the HACC can designate up to 20% of its total Tenant-Based Section 8 Voucher resources to be used in specific rental properties. HUD regulations provide that no more than 25% of the units in a building may receive Project Based Section 8 Vouchers, unless the assisted units are single family properties or are for elderly or disabled families, or families receiving supportive services.

HACC may contact with a property owner for Project-Based assistance for up to 10 years. The HACC is authorized to use special preferences or criteria for selecting applicants for Project-Based units.

A related concern about utilizing Project-Based Section 8 vouchers is that a Request For Proposal (RFP) process must be conducted to provide all interested parties an opportunity to submit a proposal to utilize the vouchers. The HACC would be responsible for conducting this RFP process.

Low Income Housing Tax Credits (LIHTC)

Low Income Housing Tax Credits are the main component to the redevelopment Lakeside Terrace. The graph below highlights this, depicting the funding components for the three (3) alternatives.



Attached is summary narrative the LIHTC program taken from the State of Illinois 2004 Annual Action Plan.

As noted earlier, property acquisition, demolition and relocation expenses are not eligible costs for LIHTC and as such are not included Brinshore's project financing. Also, scattered site development is not eligible for tax credit financing.

Rent for three (3) bedroom, <60% AMI, tax credit unit in Champaign County cannot exceed \$804.

Affordable Housing Program Grant (AHP)

The AHP subsidizes the cost of housing for very low-income and low- or moderate-income owner-occupied and rental housing. The subsidy may be in the form of a grant ("direct subsidy") or a below-cost interest rate on an advance loan from the Federal Home Loan Bank (FHL Bank) to a member lender. AHP subsidies must be used to fund the purchase, construction or rehabilitation or refinancing of: owner-occupied housing for very low-income and low- or moderate-income households (at or below 80% of area median income (AMI); or rental housing in which at least 20% of the units will be occupied by and affordable for very low-income households (50% of AMI). (AHP funds may also be used to fund additional units targeted to households with incomes up to 80% of AMI.)

Each of the 12 FHL Banks contributes at least 10% of its annual net earnings to its AHP. In 2003, a combined total of \$200 million is available for the AHP. The majority of the AHP subsidy is made available through a competitive application process at each of the FHL Banks.

Member lenders submit applications for subsidy on behalf of the sponsors of eligible housing projects. The rest of the subsidy is made available through an optional homeownership set-aside process.

Illinois Housing Development Authority Trust Funds (IHDA Trust Fund)

Created by the Illinois Legislature in 1989, the Illinois Affordable Housing Trust Fund assists in the provision of affordable, decent, safe and sanitary housing for low- and very low-income households. A summary of the IHDA Trust Fund program is attached.

Fiscal Impacts

As noted earlier, staff has prepared an analysis concerning the fiscal impacts of the proposed alternatives.

Future Actions

Staff has developed a draft timeline that indicates the milestones related to pursuing the redevelopment of Lakeside Terrace. This timeline is a draft and is subject to change. A copy of the draft timeline is attached.

The main driver in the timeline is the application for tax credit financing.

Recommendations

Staff recommends that the Urbana City Council and the Urbana Community Development Commission provide city staff, the Housing Authority of Champaign County and Brinshore Development LLC feedback and initial reactions to the alternatives. Staff can use this feedback to assemble additional information that would help the Urbana City Council select a redevelopment alternative for Lakeside Terrace.

Memorandum Prepared By:

Bob Grewe, AICP
Grants Management Division, Manager

Attachments:

Lakeside Terrace Redevelopment Alternatives developed by Brinshore LLC

Alternative 1: Full Replacement (Yellow)

Alternative 2: Partial Replacement (Blue)

Alternative 3: No City Funding (Green)

Lakeside Terrace Redevelopment\Urbana Entitlement Funding Analysis

Home Program

Alternative 1

Alternative 2

Alternative 3

CDBG Program

Alternative 1

Alternative 2

Alternative 3

Lakeside Terrace Redevelopment Summary Analysis

Lakeside Terrace Redevelopment Site Maps

Lakeside Terrace Project Area

Lakeside Terrace Site Map

Lakeside Terrace Redevelopment: Alternative 1

Lakeside Terrace Redevelopment: Alternative 2

Lakeside Terrace Redevelopment: Alternative 3

DRAFT Lakeside Terrace Relocation Plan January 2004

Summary narrative the LIHTC program taken from the State of Illinois 2004 Annual Action Plan.

Summary of the IHDA Trust Fund program

DRAFT Lakeside Terrace Redevelopment Timeline

Cc:

Matthew Hogan, Housing Authority of Champaign County

Peter Levavi, Brinshore Development LLC

Alternative 1: Full Replacement

Assumptions:

Total Replacement Units: 80

Maximum % PH Units: 25%

Urbana Funds*: To be re-paid as a loan for acquisition expenses on Kerr

Phase I - (A-D): Single-Family In-Fill Homes (4 units/year over 8 years)						
Total PH Units:	32					
Schedule:	2004-2012					
Sources & Uses:	Sources	Total	Unit	Uses	Total	Unit
	Private Loan	\$ 2,240,000	\$ 70,000	Acquisition	\$ 2,608,000	\$ 81,500
	LIHTC Equity	\$ -	\$ -	Site Work	\$ 160,000	\$ 5,000
	HOME Loan	\$ 960,000	\$ 30,000	Construction	\$ 800,000	\$ 25,000
	HACC Funds	\$ -	\$ -	Professional	\$ 320,000	\$ 10,000
	IHDA Trust Fund	\$ 800,000	\$ 25,000	Financing	\$ 160,000	\$ 5,000
	Urbana Funds	\$ -	\$ -	Reserves	\$ 32,000	\$ 1,000
	AHP Grant	\$ 160,000	\$ 5,000	Miscellaneous	\$ 80,000	\$ 2,500
	Total	\$ 4,160,000	\$ 130,000	Total	\$ 4,160,000	\$ 130,000

Phase I: Kerr Street Mixed-Income Rental							
Site Size:	5 acres						
Density:	10 units/acre						
Unit Mix:	Public Housing	50% AMI	60% AMI	Market	Total		
	12	8	25	5	50		
Unit %:	24.0%	16.0%	50.0%	10.0%	100.0%		
Schedule:	2005-2007						
Sources & Uses:	Sources	Total	Unit		Uses	Total	Unit
	Private Loan	\$ 750,000	\$ 15,000		Acquisition	\$ 500,000	\$ 10,000
	LIHTC Equity	\$ 4,700,000	\$ 94,000		Site Work	\$ 575,000	\$ 11,500
	HOME Loan	\$ 400,000	\$ 8,000		Construction	\$ 4,800,000	\$ 96,000
	HACC Funds	\$ -	\$ -		Professional	\$ 1,050,000	\$ 21,000
	IHDA Trust Fund	\$ 750,000	\$ 15,000		Financing	\$ 100,000	\$ 2,000
	Urbana Funds	\$ 500,000	\$ 10,000		Reserves	\$ 100,000	\$ 2,000
	AHP Grant	\$ 300,000	\$ 6,000		Miscellaneous	\$ 275,000	\$ 5,500
	Total	\$ 7,400,000	\$ 148,000		Total	\$ 7,400,000	\$ 148,000

Phase II: Kerr Street Mixed-Income Rental						
Site Size:	5 acres					
Density:	10 units/acre					
Unit Mix:	Public Housing	50% AMI	60% AMI	Market	Total	
	12	8	25	5	50	
Unit %:	24.0%	16.0%	50.0%	10.0%	100.0%	
Schedule:	2007-2009					
Sources & Uses:	Sources	Total	Unit			
				Uses	Total	Unit
	Private Loan	\$ 750,000	\$ 15,000	Acquisition	\$ 500,000	\$ 10,000
	LIHTC Equity	\$ 4,700,000	\$ 94,000	Site Work	\$ 575,000	\$ 11,500
	HOME Loan	\$ 400,000	\$ 8,000	Construction	\$ 4,800,000	\$ 96,000
	HACC Funds	\$ -	\$ -	Professional	\$ 1,050,000	\$ 21,000
	IHDA Trust Fund	\$ 750,000	\$ 15,000	Financing	\$ 100,000	\$ 2,000
	Urbana Funds	\$ 500,000	\$ 10,000	Reserves	\$ 100,000	\$ 2,000
	AHP Grant	\$ 300,000	\$ 6,000	Miscellaneous	\$ 275,000	\$ 5,500
	Total	\$ 7,400,000	\$ 148,000	Total	\$ 7,400,000	\$ 148,000

Phase III: Lakeside Terrace - North Section

Site Size:	4.5 acres					
Density:	11 units/acre					
Unit Mix:	Public Housing	50% AMI	60% AMI	Market	Total	
	12	8	25	5	50	
Unit %:	24.0%	16.0%	50.0%	10.0%	100.0%	
Schedule:	2009-2011					
Sources & Uses:	Sources	Total	Unit			
				Uses	Total	Unit
	Private Loan	\$ 750,000	\$ 15,000	Acquisition	\$ -	\$ -
	LIHTC Equity	\$ 4,700,000	\$ 94,000	Site Work	\$ 575,000	\$ 11,500
	HOME Loan	\$ 400,000	\$ 8,000	Construction	\$ 4,800,000	\$ 96,000
	HACC Funds	\$ -	\$ -	Professional	\$ 1,050,000	\$ 21,000
	IHDA Trust Fund	\$ 750,000	\$ 15,000	Financing	\$ 100,000	\$ 2,000
	Urbana Funds	\$ -	\$ -	Reserves	\$ 100,000	\$ 2,000
	AHP Grant	\$ 300,000	\$ 6,000	Miscellaneous	\$ 275,000	\$ 5,500
	Total	\$ 6,900,000	\$ 138,000	Total	\$ 6,900,000	\$ 138,000

Phase IV: Lakeside Terrace - South Section (Requires Temporary Relocation)							
Site Size:	4.5 acres						
Density:	11 units/acre						
Unit Mix:	Public Housing	50% AMI	60% AMI	Market	Total		
	12	8	25	5	50		
Unit %:	24.0%	16.0%	50.0%	10.0%	100.0%		
Schedule:	2011-2013						
Sources & Uses:	Sources	Total	Unit		Uses	Total	Unit
	Private Loan	\$ 750,000	\$ 15,000		Acquisition	\$ -	\$ -
	LIHTC Equity	\$ 4,700,000	\$ 94,000		Site Work	\$ 575,000	\$ 11,500
	HOME Loan	\$ 400,000	\$ 8,000		Construction	\$ 4,800,000	\$ 96,000
	HACC Funds	\$ -	\$ -		Professional	\$ 1,050,000	\$ 21,000
	IHDA Trust Fund	\$ 750,000	\$ 15,000		Financing	\$ 100,000	\$ 2,000
	Urbana Funds	\$ -	\$ -		Reserves	\$ 100,000	\$ 2,000
	AHP Grant	\$ 300,000	\$ 6,000		Miscellaneous	\$ 275,000	\$ 5,500
	Total	\$ 6,900,000	\$ 138,000		Total	\$ 6,900,000	\$ 138,000

Overall Development

Site Size:	19 acres						
Density:	11 units/acre						
Unit Mix:	Public Housing	50% AMI	60% AMI	Market	Total		
	80	32	100	20	232		
Unit %:	34.5%	13.8%	43.1%	8.6%	100.0%		
Schedule:	2004-2013						
Sources & Uses:	Sources	Total	Unit		Uses	Total	Unit
	Private Loan	\$5,240,000	\$22,586		Acquisition	\$3,608,000	\$15,552
	LIHTC Equity	\$18,800,000	\$81,034		Site Work	\$2,460,000	\$10,603
	HOME Loan	\$2,560,000	\$11,034		Construction	\$20,000,000	\$86,207
	HACC Funds	\$0	\$0		Professional	\$4,520,000	\$19,483
	IHDA Trust Fund	\$3,800,000	\$16,379		Financing	\$560,000	\$2,414
	Urbana Funds	\$1,000,000	\$4,310		Reserves	\$432,000	\$1,862
	Miscellaneous	\$1,360,000	\$5,862		Miscellaneous	\$1,180,000	\$5,086
	Total	\$32,760,000	\$141,207		Total	\$32,760,000	\$141,207

LAKESIDE TERRACE REDEVELOPMENT

Alternative 2: Partial Replacement

Assumptions:

Total Replacement Units: 48

Maximum % PH Units: 25%

Urbana Funds*: To be re-paid as a loan for acquisition expenses on Kerr

Phase I: Kerr Street Mixed-Income Rental							
Site Size:	5 acres						
Density:	10 units/acre						
Unit Mix:	Public Housing	50% AMI	60% AMI	Market	Total		
	12	8	25	5	50		
Unit %:	24.0%	16.0%	50.0%	10.0%	100.0%		
Schedule:	2005-2007						
Sources & Uses:	Sources	Total	Unit		Uses	Total	Unit
	Private Loan	\$ 750,000	\$ 15,000		Acquisition	\$ 500,000	\$ 10,000
	LIHTC Equity	\$ 4,700,000	\$ 94,000		Site Work	\$ 575,000	\$ 11,500
	HOME Loan	\$ 400,000	\$ 8,000		Construction	\$ 4,800,000	\$ 96,000
	HACC Funds	\$ -	\$ -		Professional	\$ 1,050,000	\$ 21,000
	IHDA Trust Fund	\$ 750,000	\$ 15,000		Financing	\$ 100,000	\$ 2,000
	Urbana Funds*	\$ 500,000	\$ 10,000		Reserves	\$ 100,000	\$ 2,000
	AHP Grant	\$ 300,000	\$ 6,000		Miscellaneous	\$ 275,000	\$ 5,500
	Total	\$ 7,400,000	\$ 148,000		Total	\$ 7,400,000	\$ 148,000

LAKESIDE TERRACE REDEVELOPMENT

Phase II: Kerr Street Mixed-Income Rental							
Site Size:	5 acres						
Density:	10 units/acre						
Unit Mix:	Public Housing	50% AMI	60% AMI	Market	Total		
	12	8	25	5	50		
Unit %:	24.0%	16.0%	50.0%	10.0%	100.0%		
Schedule:	2007-2009						
Sources & Uses:	Sources	Total	Unit		Uses	Total	Unit
	Private Loan	\$ 750,000	\$ 15,000		Acquisition	\$ 500,000	\$ 10,000
	LIHTC Equity	\$ 4,700,000	\$ 94,000		Site Work	\$ 575,000	\$ 11,500
	HOME Loan	\$ 400,000	\$ 8,000		Construction	\$ 4,800,000	\$ 96,000
	HACC Funds	\$ -	\$ -		Professional	\$ 1,050,000	\$ 21,000
	IHDA Trust Fund	\$ 750,000	\$ 15,000		Financing	\$ 100,000	\$ 2,000
	Urbana Funds*	\$ 500,000	\$ 10,000		Reserves	\$ 100,000	\$ 2,000
	AHP Grant	\$ 300,000	\$ 6,000		Miscellaneous	\$ 275,000	\$ 5,500
	Total	\$ 7,400,000	\$ 148,000		Total	\$ 7,400,000	\$ 148,000

LAKESIDE TERRACE REDEVELOPMENT

Phase III: Lakeside Terrace - North Section							
Site Size:	4.5 acres						
Density:	11 units/acre						
Unit Mix:	Public Housing	50% AMI	60% AMI	Market	Total		
	12	8	25	5	50		
Unit %:	24.0%	16.0%	50.0%	10.0%	100.0%		
Schedule:	2009-2011						
Sources & Uses:	Sources	Total	Unit		Uses	Total	Unit
	Private Loan	\$ 750,000	\$ 15,000		Acquisition	\$ -	\$ -
	LIHTC Equity	\$ 4,700,000	\$ 94,000		Site Work	\$ 575,000	\$ 11,500
	HOME Loan	\$ 400,000	\$ 8,000		Construction	\$ 4,800,000	\$ 96,000
	HACC Funds	\$ -	\$ -		Professional	\$ 1,050,000	\$ 21,000
	IHDA Trust Fund	\$ 750,000	\$ 15,000		Financing	\$ 100,000	\$ 2,000
	Urbana Funds	\$ -	\$ -		Reserves	\$ 100,000	\$ 2,000
	AHP Grant	\$ 300,000	\$ 6,000		Miscellaneous	\$ 275,000	\$ 5,500
	Total	\$ 6,900,000	\$ 138,000		Total	\$ 6,900,000	\$ 138,000

LAKESIDE TERRACE REDEVELOPMENT

Phase IV: Lakeside Terrace - South Section (Requires Temporary Relocation)							
Site Size:	4.5 acres						
Density:	11 units/acre						
Unit Mix:	Public Housing	50% AMI	60% AMI	Market	Total		
	12	8	25	5	50		
Unit %:	24.0%	16.0%	50.0%	10.0%	100.0%		
Schedule:	2009-2011						
Sources & Uses:	Sources	Total	Unit		Uses	Total	Unit
	Private Loan	\$ 750,000	\$ 15,000		Acquisition	\$ -	\$ -
	LIHTC Equity	\$ 4,700,000	\$ 94,000		Site Work	\$ 575,000	\$ 11,500
	HOME Loan	\$ 400,000	\$ 8,000		Construction	\$ 4,800,000	\$ 96,000
	HACC Funds	\$ -	\$ -		Professional	\$ 1,050,000	\$ 21,000
	IHDA Trust Fund	\$ 750,000	\$ 15,000		Financing	\$ 100,000	\$ 2,000
	Urbana Funds*	\$ -	\$ -		Reserves	\$ 100,000	\$ 2,000
	AHP Grant	\$ 300,000	\$ 6,000		Miscellaneous	\$ 275,000	\$ 5,500
	Total	\$ 6,900,000	\$ 138,000		Total	\$ 6,900,000	\$ 138,000

LAKESIDE TERRACE REDEVELOPMENT

Overall Development							
Site Size:	19 acres						
Density:	11 units/acre						
Unit Mix:	Public Housing	50% AMI	60% AMI	Market	Total		
	48	32	100	20	200		
Unit %:	24.0%	16.0%	50.0%	10.0%	100.0%		
Schedule:	2004-2013						
Sources & Uses:	Sources	Total	Unit		Uses	Total	Unit
	Private Loan	\$3,000,000	\$15,000		Acquisition	\$1,000,000	\$5,000
	LIHTC Equity	\$18,800,000	\$94,000		Site Work	\$2,300,000	\$11,500
	HOME Loan	\$1,600,000	\$8,000		Construction	\$19,200,000	\$96,000
	HACC Funds	\$0	\$0		Professional	\$4,200,000	\$21,000
	IHDA Trust Fund	\$3,000,000	\$15,000		Financing	\$400,000	\$2,000
	Urbana Funds*	\$1,000,000	\$5,000		Reserves	\$400,000	\$2,000
	AHP Grant	\$1,200,000	\$6,000		Miscellaneous	\$1,100,000	\$5,500
	Total	\$28,600,000	\$143,000		Total	\$28,600,000	\$143,000

Lakeside Terrace Redevelopment

Alternative 3: No City Funds

Assumptions:

Total Replacement Units: 24

Maximum % PH Units: 25%

Phase I: Lakeside Terrace - North Section							
Site Size:	4.5 acres						
Density:	11 units/acre						
Unit Mix:	Public Housing	50% AMI	60% AMI	Market	Total		
	12	8	25	5	50		
Unit %:	24.0%	16.0%	50.0%	10.0%	100.0%		
Schedule:	2005-2007						
Sources & Uses:	Sources	Total	Unit		Uses	Total	Unit
	Private Loan	\$ 750,000	\$ 15,000		Acquisition	\$ -	\$ -
	LIHTC Equity	\$ 4,700,000	\$ 94,000		Site Work	\$ 575,000	\$ 11,500
	IHDA HOME Loan	\$ 400,000	\$ 8,000		Construction	\$ 4,800,000	\$ 96,000
	HACC Funds	\$ -	\$ -		Professional	\$ 1,050,000	\$ 21,000
	IHDA Trust Fund	\$ 750,000	\$ 15,000		Financing	\$ 100,000	\$ 2,000
	Urbana Funds	\$ -	\$ -		Reserves	\$ 100,000	\$ 2,000
	AHP Grant	\$ 300,000	\$ 6,000		Miscellaneous	\$ 275,000	\$ 5,500
	Total	\$ 6,900,000	\$ 138,000		Total	\$ 6,900,000	\$ 138,000

Lakeside Terrace Redevelopment

Phase II: Lakeside Terrace - South Section							
Site Size:	4.5 acres						
Density:	11 units/acre						
Unit Mix:	Public Housing	50% AMI	60% AMI	Market	Total		
	12	8	25	5	50		
Unit %:	24.0%	16.0%	50.0%	10.0%	100.0%		
Schedule:	2007-2009						
Sources & Uses:	Sources	Total	Unit		Uses	Total	Unit
	Private Loan	\$ 750,000	\$ 15,000		Acquisition	\$ -	\$ -
	LIHTC Equity	\$ 4,700,000	\$ 94,000		Site Work	\$ 575,000	\$ 11,500
	IHDA HOME Loan	\$ 400,000	\$ 8,000		Construction	\$ 4,800,000	\$ 96,000
	HACC Funds	\$ -	\$ -		Professional	\$ 1,050,000	\$ 21,000
	IHDA Trust Fund	\$ 750,000	\$ 15,000		Financing	\$ 100,000	\$ 2,000
	Urbana Funds	\$ -	\$ -		Reserves	\$ 100,000	\$ 2,000
	AHP Grant	\$ 300,000	\$ 6,000		Miscellaneous	\$ 275,000	\$ 5,500
	Total	\$ 6,900,000	\$ 138,000		Total	\$ 6,900,000	\$ 138,000

Lakeside Terrace Redevelopment

Overall Development							
Site Size:	9 acres						
Density:	11 units/acre						
Unit Mix:	Public Housing	50% AMI	60% AMI	Market	Total		
	24	16	50	10	100		
Unit %:	24.0%	16.0%	50.0%	10.0%	100.0%		
Schedule:	2005-2009						
Sources & Uses:	Sources	Total	Unit		Uses	Total	Unit
	Private Loan	\$1,500,000	\$15,000		Acquisition	\$0	\$0
	LIHTC Equity	\$9,400,000	\$94,000		Site Work	\$1,150,000	\$11,500
	IHDA HOME Loan	\$800,000	\$8,000		Construction	\$9,600,000	\$96,000
	HACC Funds	\$0	\$0		Professional	\$2,100,000	\$21,000
	IHDA Trust Fund	\$1,500,000	\$15,000		Financing	\$200,000	\$2,000
	Urbana Funds	\$0	\$0		Reserves	\$200,000	\$2,000
	AHP Grant	\$600,000	\$6,000		Miscellaneous	\$550,000	\$5,500
	Total	\$13,800,000	\$138,000		Total	\$13,800,000	\$138,000