



APPROVED by CD Commission 4-27-04
MINUTES
STUDY SESSION OF THE
COMMUNITY DEVELOPMENT COMMISSION
Tuesday, March 23, 2004, City Council Chambers

Call to Order: Chairperson Cobb called the meeting to order at 7:05 p.m.

Roll Call: Connie Eldridge called the roll. There was **no quorum**, so commissioners decided to hold a study session.

Commission Members Present: Fred Cobb, Robert Lewis, Joanna Shisler, Dennis Vidoni

Commission Members Absent: Chris Diana, Carl Perry, Anne Heinze Silvis, Umesh Thakkar, and Nancy Quisenberry

Others Present: Bob Grewe, Randy Burgett, Connie Eldridge and Libby Tyler, Community Development Services; Laura Huth, Habitat for Humanity; Sheryl Bautch, Family Service; Samuel Johnson, Frankie M. Johnson, Haywood Patterson and Virginia Patterson, Urbana Community Alternative Policing (UCAP); Jim Rose, Homestead Corporation; Jean Algee, Urban League; Matthew Hogan, Housing Authority of Champaign County; Katrin Klingenberg and Bob Cook; Ecological Construction Laboratory (E-CO Lab); Brandon Bowersox.

Approval of Minutes: Commissioners reviewed the minutes but postponed approval until there was a quorum.

Petitions and Communications: Chairperson Cobb invited applicants for CDBG and HOME funding to briefly address the Community Development Commission.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) – NEIGHBORHOOD ORGANIZATION GRANT (NOG) APPLICANTS

United Citizens and Neighbors - \$2,500 for Capacity Building – No one spoke.

Ecological Construction Laboratory (E-CO LAB) - \$900 for 501(c)(3) capacity – Bob Cook stated the E-CO LAB is a new not-for-profit affordable housing developer that primarily uses a passive solar design in buildings. There are four main aspects: super-insulated building with south-facing windows, solar storage mass to contain sun's energy, airtight construction and up-to-date technology of mechanical systems. E-CO LAB is using a model that was developed in Germany.

Katrin Klingenberg, who has built a passive solar house, gave a brief history. She is an architect and has taught building Sciences and Sustainability at the University of Illinois at Chicago. She noted that buildings in the United States use about 40% of the entire energy resources. German architects have designed a passive solar house that cuts energy use by 90%. Because past

models had developed mold problems, the new model avoids this problem by continual ventilation. There is a small backup heating system to supplement during cold spells. Ms. Klingenberg currently lives in this house, and her total utility bill was \$35 a month.

Mr. Cook stated the E-CO LAB has applied (1) to the Urbana HOME Consortium for funds to build the passive solar duplex, and (2) to the City of Urbana for a donation of a lot. He noted city staff's recommendation was to donate a lot but not provide any other funding. Mr. Cook felt this housing would be very good for low-income families due to the low utility bills. The E-CO LAB was accepted to the statewide Housing Action Coalition's Community Housing Development Institute. This program is designed to help an organization become a Community Housing Development Organization (CHDO). Currently the E-CO LAB is not a CHDO. He noted the City of Urbana has \$45,000 set-aside for new housing construction that is not earmarked for any particular project. He is requesting these funds be earmarked for this project with the condition that E-CO LAB acquire funding and line up all project steps within a certain timeline.

In response to Commissioner Shisler, Mr. Cook answered that the City of Urbana has not deeded a lot yet. E-CO LAB has visited the available lots and is interested in 1007 West Fairview. This lot would allow the windows in the duplex to face into the backyard rather than the street. Ms. Klingenberg reviewed advantages of a duplex rather than a single-family house. The volume to area ratio of a compact building will result in savings, energy efficiency and cost effectiveness due to a shared wall.

Commissioner Lewis asked about cost per square foot, area of the duplex and if this was modular. Ms. Klingenberg answered the cost was a little under \$100/square foot. She anticipated the cost would be lower when the contractors become more familiar with it. The duplex is 1150 square feet with double storage space. It can be converted to 1400 square feet depending on a family's size. E-CO LAB plans to collaborate with Habitat for Humanity to find families interested in the duplex. In Germany after the panels are mass-produced and shipped, the house's interior is ready to be finished within one day. The average time to construct this house in Germany is three to four months.

Commissioner Vidoni inquired about household income level and accessibility for the disabled. Mr. Cook stated that E-CO LAB planned to meet all visitability standards and was aggressively searching other sources of funding to make the house affordable to a family making \$20,000 a year. Commissioner Shisler asked about the total cost for one duplex. Mr. Cook replied the proforma was \$258,000, which they were trying to reduce through relationships with American counterparts to European manufacturers and grant opportunities, i.e., Clean Energy Illinois.

Commissioner Shisler questioned the upkeep, maintenance costs, and longevity of the solar panels. Ms. Klingenberg explained this was a misconception. The duplex would be totally passive solar with no special maintenance. The homes are even healthier due to a ventilation machine that also improves air quality by addressing mold issues.

Mr. Cook explained that the CDBG NOG application was to hire an accountant so that the E-CO LAB could receive its 501(c)(3) status and also create a passive solar design presentation.

Historic East Urbana Neighborhood Association (HEUNA) - \$2,500 for Capacity Building
– No one spoke.

Eads Street Development Corporation - \$20,000 for office and staff – No one spoke.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) APPLICANTS

Homestead Corporation of Champaign-Urbana - \$3,934 for roof on rental unit – Jim Rose, Executive Director, stated the CDBG funds would be used to repair the roof of one of Homestead's affordable rental houses in Urbana. Homestead Corporation would provide a 25% match from its operating funds. The house, which has been modified over the years, has a flat roof that is leaking. Homestead's request for HOME funds is the standard CHDO request for HOME set-aside funds. Homestead is one of only two CHDOs in the Champaign/Urbana community. Mr. Rose noted that Homestead definitely needed the funds, which would be used for everyday operating and administrative funds.

Family Service of Champaign County - \$35,000 for facility renovation (restrooms) – Sheryl Bautch, Executive Director, stated the request is to continue a multi-year project to renovate Family Service's facility at 405 South State Street, Champaign. The primary goal is to make the building handicapped accessible. The building was built in 1950s, and the front entry had stairs. This is part of a larger project to make better use of open space by converting it to more offices for privacy and confidentiality. Last year's grant from the City of Urbana was used to complete Phase One of the project, the Architectural and Engineering Services. The City of Champaign provided funds to replace the roof. Phase Two, which is almost completed, included building an exterior entry ramp and renovating the reception area to ADA standards

Ms. Bautch noted the requested funds would be used to make the restrooms handicapped accessible. There are four restrooms; two are partially accessible. The remaining two restrooms are in such disrepair that they are being used for storage. In response to Mr. Grewe, Ms. Bautch said that Family Service needs all four restrooms in working order. Chairperson Cobb asked about the timeframe. Ms. Bautch replied that would depend on fund raising, with the ideal to remodel the bathroom next fiscal year. Phase Four is projected to run from July 2005 to June 2007. Ms. Bautch thanked the City of Urbana for funding part of Phase One last year.

Provena Behavioral Health at the Mental Health Center - \$1,450 for Rehab Group Home – No one spoke.

Disabled Citizens Foundation - \$100,000 for Renovation of Employment Center – No one spoke.

Habitat for Humanity of Champaign and Piatt Counties - \$90,000 to acquire six sites for six homes in or near Urbana – Laura Huth, Executive Director, noted that she was addressing the CD Commission as a staff representative for Habitat for Humanity. She gave a brief history and noted that Habitat has built 34 homes for families with children since 1991. The range of income for participating families is 25-50% Area Median Income. Habitat does not take government funds to build homes but does request help with lot acquisition and preparation.

Ms. Huth stated the initial application was for acquisition, preparation and finalization of six lots (\$90,000 CDBG and \$178,000 HOME). Ms. Huth said that Habitat is involved in discussions with the Ecological Construction Laboratory and supports their request for the lot at 1007 West Fairview. Habitat for Humanity is interested in the remaining three lots. Ms. Huth noted there is a family with a special needs child that is waiting for a lot in Urbana, and Habitat would like to construct this house this year. Currently Habitat does not have any lots in Urbana although it has six or seven lots in the City of Champaign.

Considering the donation of three lots, Ms. Huth wanted to amend Habitat's request for CDBG funds. Habitat may form a partnership with the Ecological Construction Laboratory. In response to Chairperson Cobb, Ms. Huth clarified the CDBG request would be for \$38,000. Monies would be used for permits, survey site improvements, foundations, any porches, fencing and landscaping. The typical Habitat for Humanity home costs \$55,000 to construct. This request would provide \$12,000 per home, with Habitat providing the balance of funds to construct each home.

In response to Chairperson Cobb, Ms. Huth said that Habitat would build three or four bedroom homes, depending on the size of the family. She was not certain if they used 2x6 construction. Chairperson Cobb remarked that the homes looked nice.

Commissioner Vidoni noted that city staff's recommendation was to facilitate getting lots rather than providing funding. He asked if Habitat was still requesting an additional \$12,000 above lot acquisition. Ms. Huth replied yes. She will withdraw the request to purchase the lots, but there is need to prepare the lots. This also helps market the lots to the families. Commissioner Vidoni asked about lot preparation. Ms. Huth mentioned clearing, grading and foundation work. Once the house is actually constructed, funds would be used for any decks, sheds, porches or fencing.

Commissioner Vidoni questioned whether the application should be amended since it was written for lot acquisition. Ms. Huth will accommodate this request. Mr. Grewe noted that in the past staff has found other opportunities to work through existing programs. He mentioned gathering more information and clarifying the application rather than amending it. Libby Tyler suggested that Ms. Huth submit a letter supplementing the application (see attached).

HOME INVESTMENT PARTNERSHIP ACT (HOME) APPLICANTS

Ecological Construction Laboratory (E-CO LAB)- \$50,000 for Affordable Passive Solar Duplex – See discussion under CDBG.

Homestead Corporation of Champaign-Urbana - \$30,000 for (Community Housing Development Organization) CHDO Operating Funds – See discussion under CDBG.

Urban League of Champaign County Development Corporation - \$30,000 for CHDO Operating Funds – Jean Algee noted that Urban League had submitted three requests. This request is for the CHDO set-aside funds. Urban League relies on these funds daily for the operation of their programs.

Disabled Citizens Foundation - \$70,000 for property acquisition and construction costs for an 8-bedroom group home – No one spoke.

Urban League of Champaign County Development Corporation - \$90,000 for Lease Purchase Principal Reduction Program – Ms. Algee stated the funds would be used to continue this program. It has been successful in helping people address credit issues and save for a downpayment to purchase a home. This program makes homes more affordable by reducing the cost of the home. In response to Commissioner Vidoni, Ms. Algee said the program is going well. In 2001 Urban League purchased 12 homes. At this time all 12 families have purchased these homes from Urban League. Although there have been challenges, the families have been able to buy their leased homes within the allotted timeframe.

Urban League of Champaign County Development Corporation - \$100,000 for Urban Park Place – Ms. Algee noted this request for \$100,000 was for the acquisition of Park Street Apartments located in Champaign. This would allow Urban League to have available units ready for residents who would be displaced by the redevelopment of Lakeside Terrace. Urban League wants to acquire the property and completely rehabilitate it. Urban League would like to stabilize the neighborhood, which has a lot of crime in the area.

Chairperson Cobb asked if this was the Bigham Apartments and noted there was a lot of activity. Ms. Algee answered yes; Urban League will install a new security system. They plan to make the building more attractive to address the current vacancy rate of 30-40%.

Habitat for Humanity of Champaign and Piatt Counties - \$178,000 for Homebuilding Projects – See discussion above.

Other Petitions and Communications: Samuel Johnson, UCAP, said that Neighborhood Cleanup, which began 15 years ago, has been very successful. He noted that Public Works has spent a lot of money to keep the neighborhood clean. Mr. Johnson said that in the past residents could drop off three loads of junk at the collection site. Now residents may only bring one load. UCAP preferred having one cleanup day (rather than two) and allowing residents to bring three loads of junk. He felt this would help keep the neighborhood clean. In response to Mr. Grewe, Mr. Johnson believed that spring would be better.

Mr. Johnson mentioned his concern with the 800 block of North Harvey Street. There is no curb and gutter, and there are a lot of school and city buses, cars and children in the morning and evening. He was concerned that children might be hurt or killed. Snow causes even more problems.

Danielle Chynoweth, Urbana City Council representing Ward 4, commented that affordable housing is not just about housing but involves self-sufficiency. The community needs to consider other costs to live in a house. She noted that although the land in Champaign/Urbana is very fertile, the community had adopted generic landscaping policies with housing projects. The community misses out on opportunities to grow food for families instead of grass and trees.

Ms. Chynoweth stated the technology is available to allow families to live in houses that have very low utility bills. Noting the Urbana City Council has seen the need for utility assistance, her concern was continuing to build houses for low-income families that result in high utility bills. She mentioned escalating energy bills over a lifetime of energy usage.

Last fall Ms. Chynoweth helped organize a sustainable building design symposium. Since then she has been working with the E-CO LAB to help build their capacity and noted they will have an open house in May. E-CO LAB's goal is to build houses differently and save tens of thousands of dollars in utilities. E-CO LAB also works with other organizations and provides a model for this goal. Ms. Chynoweth stated that solar technology is not only for the middle class; low-income families may benefit the most. She was pleased with city staff's consideration of lot donation. If E-CO LAB received bank financing, Ms. Chynoweth requested that commissioners consider providing \$45,000 of the unallocated funds to E-CO LAB.

Ms. Chynoweth noted that funding the E-CO LAB would help build the capacity of this CHDO. She encouraged the CD Commission to consider scaling back on funding for the Tenant Based Rent Assistance (TBRA) Program, which has not been used much, and providing funding for E-CO LAB.

Referencing the cost of \$258,000 for the passive solar duplex, Commissioner Shisler inquired if the real estate taxes were higher than other conventional affordable homes. She wondered if higher real estate taxes negated any utility savings. Ms. Chynoweth responded that affordable homes of \$80,000 actually cost \$100,000 to \$150,000 to build. Another issue is what the City's assessor will assess the house, which is assessed at fair market value. Ms. Klingenberg added that the benefits of the passive solar house seem to be invisible to the money systems. Banks are not concerned since they assess up front. The same is true for tax assessments; the solar homes are treated like any other house. She added that if an energy consultant certifies that a house is energy efficient, the FHA would qualify a homebuyer for a higher loan of \$8,000.

In response to Chairperson Cobb, Ms. Klingenberg stated the demonstration house was located at 206 ½ Brady Lane, Urbana.

Staff Report: Mr. Grewe mentioned the following updates: the Amendment to a CDBG Agreement with the Disabled Citizens Foundation, Affordable Housing Fair, and completion of Eads at Lincoln subdivision.

Mr. Grewe distributed the following information on the City of Urbana's Housing Rehabilitation Programs: Home Improvement Programs flyer, Existing Housing/Neighborhood Programs Summary, and four maps charting housing rehabilitation projects by project type within the target area. Mr. Grewe reviewed the program descriptions, number of participants and income ranges. The programs serve the most needy in this program area.

The Whole House Rehabilitation Program helps reduce blighted conditions while keeping people in their homes. He noted that properties that lose value tend to be converted into rental units. This program extends the lifetime of units that are affordable and helps stabilize the neighborhood. Mr. Grewe commented that this resource should not be taken for granted.

Senior Repair Grants are targeted for elderly persons and persons with disability. Participants' average income was lower. This also helps keep people in their homes. The elderly appreciate not having to choose between foregoing other needs to maintain their homes.

Emergency Grants are similar but for more significant repairs. These address major components such as roofs and furnaces. This program also helps keep people in their homes.

Access Grants provide improvements such as a wheelchair ramp or bathroom modifications. Participation and average income range over time. With the aging population, staff anticipates more applicants.

Mr. Grewe briefly summarized Neighborhood Cleanup, which allows residents to dispose of junk and debris. He also described how other funds are leveraged through the City's rehabilitation programs. Mr. Grewe felt this program was positive and has been a core part of the Grants Management Division for many years. Ms. Tyler added that it was a useful exercise to take stock of current programs. With the major redevelopment of Lakeside Terrace, the question is whether the City can continue to do everything. Ms. Tyler felt it was essential to work with existing housing stock because it serves people who would not get assistance. All cities need rehabilitation efforts and have programs to address them. This is a large part of the entitlement funds. Because there were questions about need, staff took another look and wants to continue with these programs. Ms. Tyler noted that leveraging additional funds was also important.

Commissioner Vidoni remarked that he liked the concise review of the programs. He asked how much was budgeted for this and how much was spent. Mr. Grewe answered that rehabilitation is capped at \$25,000 per property with \$100,000 budgeted. Randy Burgett, Housing Rehabilitation Coordinator, added that funds were also provided for the Grant/Installment Loan Program. The City provides matching grant funds up to \$12,500 for homeowners whose income is from 50-80% Median Family Income (MFI). The Whole House Rehabilitation Program brings a single family residence up to code and makes the house safe. Mr. Grewe added that the rehabilitation cap was due to lead regulations. Total lead abatement is required if housing rehabilitation costs over \$25,000.

Commissioner Lewis asked about expanding the Community Development Target Area. Mr. Grewe answered that staff looked at the 2000 census data and block groups that might meet HUD's criteria. Staff will revisit this issue while preparing the next Consolidated Plan. The target area affects programs such as Neighborhood Cleanup and Whole House Rehabilitation. He noted the target area has been the same since 1980. Although some block groups meet HUD's maximum income limits and some block groups exceed, the aggregate meets income criteria.

Commissioner Lewis agreed that the City should review demographics and take a good look at how the City will grow. He mentioned the need for infrastructure improvements.

Mr. Burgett reviewed the programs that were available only to the target area and those that were available city-wide. Commissioner Lewis was concerned with helping those in need outside of the target area. Mr. Grewe noted this would also be discussed when reviewing the Analysis of Impediments to Fair Housing.

Old Business: None.

New Business: **FY 2004-2005 Draft Annual Action Plan** – Mr. Grewe noted this was the fifth year of the Consolidated Plan FY 2000-2004. Staff is working on a new five year Consolidated Plan and Annual Action Plan (the annual budget). There are public hearings on

April 6 at 10:00 a.m. and 6:00 p.m. The 30-day comment period runs from March 22 through April 20. He suggested holding a special CD Commission meeting on Tuesday, April 6 at 7:00 to forward the Draft Annual Action Plan to City Council. The timeline for this process was condensed due to the redevelopment of Lakeside Terrace, which might have considerable bearing on this process.

Mr. Grewe summarized staff review and recommendations for the CDBG and HOME programs. For CDBG funds, staff recommends the following City of Urbana Programs:

- Transitional Housing Program, \$46,000
- Neighborhood Clean-up, \$15,000
- Homeless Management Information System (HMIS), \$3,000
- Senior Repair Program, \$15,000
- Emergency Grant/Access Grant/Get the Lead Out Match, \$80,000
- Program Delivery and Case Preparation, \$64,000
- Property Acquisition, \$186,315. Mr. Grewe reviewed the higher cost of property acquisition, expenses, and maintenance such as mowing.
- Improvements Supporting HomeBuild 2 (Sunset Drive), \$125,000. Mr. Grewe noted there was a long standing agreement with Illinois Center for Citizen Involvement to upgrade Sunset Drive. This had been scheduled but was pushed back. Mr. Grewe said this should be pursued. Also the Harvey Street improvements are part of this. Commissioner Lewis noted that neighborhood residents were inquiring about the turnabout on Harvey Street. Mr. Grewe will look into this request.

Mr. Grewe summarized staff review and recommendations for the Neighborhood Organization Grants (NOG). Staff has noted there is a net reduction of CDBG funds. As a result, administrative funds are reduced, and the NOG funding comes out of the administrative line item. Despite this being a tight budget year, staff did not want to stop the program. NOG funding was included with the hope to free up some CDBG administrative funds to continue to fund NOG requests. Staff would want to target new capacity for the Ecological Construction Laboratory and Eads Street Development Corporation and fund in a limited capacity, if possible.

Mr. Grewe summarized staff review and recommendations for the CDBG applicants:

- Homestead Corporation, replacement roof for affordable rental unit, \$3,933 – Staff recommends funding.
- Family Service, renovate restroom and provide ADA compliance, \$35,000 – Staff recommends providing \$12,000, which is approximately 1/3 of the funds with the City of Champaign providing 2/3 of the funds.
- Provena Behavioral Health, improvements to Group Home in Urbana, \$4,328 – Staff recommends providing \$2,000 for new flooring. The new stove and fixtures are not eligible.
- Disabled Citizens Foundation, renovation of employment center, \$100,000 – Because this project received \$99,172 last year from the City of Urbana, staff does not recommend any further investment.
- Habitat for Humanity, acquire six lots for home construction in Urbana, \$90,000 – Rather than provide CDBG funding, staff recommends donating existing lots as follows:
 - 1005 West Fairview
 - 1007 West Fairview
 - 1321 West Dublin

- 1209 West Beech

For HOME funds, staff recommends the following City of Urbana Programs:

- Owner Occupied Rehabilitation Program for four units, \$112,000 – Mr. Grewe noted that the City usually does five units. If United Citizens and Neighbors returns their funds, the City will rehabilitate another house. Staff will also rewrite the Housing Rehabilitation Manual and provide other rehabilitation activities.
- Program Delivery, \$65,000 – This provides necessary staff resources to coordinate and deliver projects.
- Tenant Based Rent Assistance (TBRA), \$40,000 – This is a limited expenditure that has a two year obligation for participants. The program is filled for the available slots. In response to Chairperson Cobb, Mr. Grewe discussed marketing the program. Commissioner Lewis asked if this program had been improved by administering the program through other resources. Mr. Grewe answered yes and referenced a recent meeting with the Housing Authority, which actually runs the program. Chairperson Cobb inquired what would happen if the program was not used. Mr. Grewe answered that the funds could be reallocated, perhaps for other rental assistance programs.
- Affordable Rental Assistance, \$20,000 – Staff recommends funding to help find units that would replace units at Lakeside Terrace.
- Property Acquisition, \$52,903 – This is an obligation from last year.

HOME CHDO set-aside funds were divided between the only two eligible CHDOs.

- Homestead Corporation, CHDO Operating Support, \$30,000 – Staff noted that Homestead is eligible for CHDO operating funds, supports this request. Funding is adjusted to \$29,507.
- Urban League Development Corporation, CHDO Operating Support, \$30,000 – Staff noted that Urban League is eligible for CHDO operating funds and supports this request. Funding is adjusted to \$29,507.

Mr. Grewe summarized staff review and recommendations for the HOME applicants:

- Ecological Construction Laboratory, construct rent-to-own duplex with passive solar design, \$50,000 – Rather than provide HOME funds, staff recommends donating an existing lot.
- Disabled Citizens Foundation, develop 8-bedroom group home in Urbana, \$70,000 – Because there are very limited funds, staff does not recommend funding.
- Habitat for Humanity, acquire and improve six building sites in Urbana, \$178,250 – Rather than provide HOME funding, staff recommends donating existing lots as described under Habitat’s CDBG funding.
- Urban League Development Corporation, Lease Purchase Principal Reduction Program, \$90,000 – Staff recommended funding this at \$75,000 with CHDO funds, which would provide five lease-purchase units in Urbana.
- Urban League Development Corporation, Urban Park Place, \$100,000 – Staff recommended providing \$102,000, which would absorb all of the 15% of set-aside CHDO funds. The HOME Consortium Technical Committee agreed with CHDO funding recommendations for operating (5%) and project (15%) set-asides.
- City of Urbana, New Housing Construction - This is Urbana’s allocation and is a similar amount to last year. This was a “catch-all” pool of funds to develop rental or

homeownership units that may include property acquisition, site improvements, etc. Last year these funds were used for Kerr Street property acquisition.

In response to Commissioner Lewis, Mr. Grewe confirmed that the E-CO LAB was applying for its 501(c)(3) status. He noted that the first priority of a Neighborhood Organization Grant recipient is to build capacity. Since the City has funded UCAN and HEUNA in the past, staff preferred to look at new opportunities.

Mr. Grewe stressed this was a draft budget. He referenced summary tables and noted that staff will include HUD's recent new data in the final budget.

Commissioner Vidoni questioned the amount of funding for Urban League's Urban Park Place. Mr. Grewe clarified the recommendation was to provide \$102,000. This represents Urban League's request for \$100,000 plus \$2,000 that was the remainder of Urbana's set-aside funds.

In response to Commissioner Vidoni, Mr. Grewe clarified the amount for New Housing Construction was \$45,735. This is the remainder of Urbana's allocation after funding Housing Rehabilitation Program Delivery, TBRA, property acquisition obligations, and Affordable Rental Programs.

Commissioner Shisler asked if the draft and CHAS table represented the numbers that she had requested. Mr. Grewe answered that Grants Management Division's intern had created an analysis of 1990 data as compared to 2000 data. He noted the information did not seem consistent with other affordable housing surveys. CHAS data is a HUD analytical census exercise, which is what the analysis is based on. The changes are incremental from 1990 to 2000.

A Resolution Evidencing the Intention of the City of Urbana, Champaign County, Illinois, to Reserve the 2004 Private Activity Bond for the Purpose of Furthering Neighborhood Initiatives – Mr. Grewe stated the bond cap amount increased to approximately \$3,000,000. This resource is available to the City of Urbana for first-time homebuyer programs, industrial development activities or below market rate financing for affordable housing. The City of Urbana must tell the State of Illinois how it plans to use this resource by May 1.

Mr. Grewe noted the preferred option was to reserve the bond cap to further neighborhood initiatives for neighborhood improvement, such as Lakeside Terrace. This bond cap may be cashed out into HOME dollars or other financing. This would help decrease the amount of funding the City of Urbana might be asked to "fill a gap" in redevelopment. This is similar to what the City of Champaign did last year with their financing to provide cash type resources for Burch Village redevelopment.

Mr. Grewe reviewed the other homebuyer program options. He stated that *AssistUrbana* has been very successful. David Rasch, with Stern Brothers & Company, has indicated that this year the City of Urbana may participate without ceding any bond cap to them. Considering history of usage and bond participation, there should be enough resources for the City of Urbana to participate in 2004 but probably not in 2005. Staff does not recommend ceding bond cap to the Illinois Housing Development Authority Homebuyer Assistance Programs (not much activity last year); Mortgage Credit Certificate (does not offer downpayment assistance); Home Equity

Loan Program (HELP) (not attractive to participants). *AssistUrbana* is now structured to reflect market changes, so the program is not locked into higher mortgage rates. Mr. Grewe added that the City of Urbana may have a homebuyer program through *AssistUrbana* and still reserve the city's bond cap for redevelopment opportunities at Lakeside Terrace.

Commissioner Lewis commented that considering all of these options seemed to result in an overall increase of affordable housing in the community. The overall process embraces a broader spectrum than just the Housing Authority. Mr. Grewe added this would be different use of the bond allocation than previous years.

Referencing Program 1, Commissioner Vidoni asked about funds for debt service expenses as part of the project financing plan. Mr. Grewe clarified if the City of Urbana may not use these financial resources to make annual payments. The private activity bond authority allows the City to issue tax-exempt debt for certain projects. The City will need another source of revenue, for example proceeds from rent, to repay debt. This is not meant to be a debt service tool.

An Ordinance Approving Modification to the City of Urbana and Urbana/Champaign/Champaign County HOME Consortium FY 2003-2004, FY 2002-2003 Annual Action Plans – Mr. Grewe noted that during the last program year the City of Urbana expended \$130,000 for the 3B Street Lighting project one month before the beginning of the fiscal year that staff budgeted the money in. Discussion with Public Works indicated there were opportunities to put extra money so the project could be completed. A payment went through that should have been held until the next fiscal year. After discussions with the Department of Housing and Urban Development (HUD), it was decided to amend the Annual Action Plan for FY 2002-2003, which was the fiscal year in which the payments were made.

Further review showed there were financial resources that had not been allocated for projects. Mr. Grewe noted that in the past staff has budgeted conservatively to the point of overestimating the amount it would take to finish a program year. At the end of a fiscal year this was not tied out. As a result, Finance Department identified there are \$130,000 of resources that could be used in FY 2003-2004. This amendment is moving \$130,000 back to FY 2002-2003 to satisfy the expense made in that year. There are still other resources in FY 2003-2004 that could be used for property acquisition in support of Lakeside Terrace opportunities. Recent discussions have indicated that properties to support new affordable housing replacement units would be advantageous. This has caused staff to look at the budgeting procedures. In this year's draft Annual Action Plan staff has included estimates in the carryover section. Staff will work with Finance Department at the end of the fiscal year so there are not multiple procedures.

Chairperson Cobb asked if HUD considered this a negative. Mr. Grewe answered no; HUD saw the benefits and understood this was a matter of housekeeping. HUD is waiting for the City to prepare the amendment and forward the ordinance. Mr. Grewe added this has provided a significant resource that might prove advantageous in securing real estate.

Intergovernmental Agreement Regarding Lakeside Terrace Redevelopment – Ms. Tyler said this was brought to City Council last night and distributed the draft agreement with Council's amendments from last night. City Council will consider this for final action on April 5th. Staff was responding to City Council's mandate. The resolution, which passed March 1st, sets the framework by which the City of Urbana will partner with the Housing Authority during

Lakeside Terrace Redevelopment. The interagency agreement includes Housing Authority documents and the City of Urbana and the Housing Authority obligation to work together, to support and to promote the redevelopment of Lakeside Terrace. The agreement is tied to the redevelopment plan, which is currently being worked on. It also addresses the Housing Authority's Section 8 Project Based Assistance Plan and the Draft Relocation Plan for Lakeside Terrace, which are on review.

Ms. Tyler noted this draft agreement is two-party. Housing Authority staff has provided their comments; however, HUD will need to review the agreement before final action by the Housing Authority Board. The agreement references the City of Urbana's Consolidated Plan, which includes a goal of 80 replacement units, and the City's resolution concerning demolition of Lakeside Terrace.

Ms. Tyler reviewed the sections in the agreement. Section 3 discusses Replacement Housing Funds, which is key for meeting replacement goals. Section 6 concerned the City of Urbana's support of the project (funding, zoning, tax credits, etc). Section 7 pledged financial support, which may be CDBG or HOME funds, bond cap, and commitment of CD staff to the redevelopment planning efforts in supporting affiliated non-profit agencies and CHDOs. Both Urban League and Homestead Corporation will be involved in the redevelopment effort.

In response to Chairperson Cobb, Ms. Tyler said that Housing Authority staff has reviewed this agreement and provided input. Matthew Hogan indicated the Housing Authority Board would review this draft on March 25. The Housing Authority will request HUD's review after the Urbana City Council's approval of the agreement.

Commissioner Vidoni inquired about any issues or flashpoints from the Housing Authority's perspective. Mr. Hogan referenced the City's resolution specifically stating the use of CHDOs and non-profit agencies for replacement housing. However, if the Housing Authority uses Project Based Section 8 Vouchers, there is a competitive process. The Housing Authority cannot guarantee the vouchers would go to these organizations. The Housing Authority can tailor criteria to meet its goals for each project. Other than this issue, Mr. Hogan said the agreement reiterated both the City of Urbana and the Housing Authority's goals.

Chairperson Cobb questioned the competitive process. Mr. Hogan answered that the process depended on the Housing Authority's stated goals at any one time. For example, new housing may take priority over housing rehabilitation. Each project must be judged individually. The Housing Authority cannot unfairly weight any process for any one organization. However, the Housing Authority may change or adopt new policies to meet local conditions. There will be many different approaches over time to meet these goals.

City comments on the Housing Authority of Champaign County "Section 8 Administrative Plan: Project Based Assistance Plan Draft 5" – Mr. Grewe noted the Housing Authority's public comment period runs from March 7 to April 5. Staff will forward CD Commission's comments to the Housing Authority.

Mr. Grewe reviewed the City of Urbana's comments on Draft 5. Project-Based Section 8 vouchers are an essential tool to pursue housing for very low-income households. Comments refer to completeness of the plan, ideas to include, and the process for creating and allocating

vouchers. The City of Urbana is interested in flexibility regarding timing and allocation of vouchers to make sure the process is done over time to address strategic housing opportunities.

Page 1, Program Set-Aside – The City requested additional language that actually spells out how the Housing Authority will determine the amount of project-based assistance to be provided during any given time period. Page 1, Agency Plan – There is a deconcentration of poverty provision whereby project-based assistance vouchers cannot be used in census tracts with poverty rates above 20%. Mr. Grewe distributed a graphic based on census tract analysis from the Champaign County Regional Planning Commission. There may be problems using project-based vouchers in certain areas.

Mr. Grewe also mentioned eligible housing units, notification of program availability, owner application requirements, evaluation criteria, housing assistance payments contracts, and tenant selection. Staff felt the document should be clear that allocation of project based assistance resources would be a multiple event with subsequent Requests for Proposals over time. Staff questioned why a tenant in a unit selected for project-based assistance would be placed on the Section 8 waiting list rather than receive a tenant voucher immediately. The income admission requirement was mentioned as a possible Fair Housing concern. Staff felt there should also be a provision for emergency situations. Tenant selection criteria and Section 8 Tenant-Based Assistance Guidelines should also be included in this plan, which has project-based assistance guidelines.

Mr. Grewe distributed and reviewed City Council’s comments on the Section 8 Plan and the Lakeside Terrace Relocation Plan.

City comments on the Draft Lakeside Terrace Relocation Plan prepared by the Housing Authority of Champaign County – Mr. Grewe noted the Housing Authority’s 30-day public comment period on this plan would end April 15, 2004. He reviewed the City of Urbana’s comments on the draft relocation plan.

Staff noted the Housing Authority’s offer to provide Section 8 Tenant-Based Housing Subsidies to families currently residing at Lakeside Terrace was contingent on the Housing Authority receiving the requested number of replacement and relocation vouchers. The referenced federal regulations on relocation assistance should be included as attachments to the plan. The Statement of Anti-Displacement should be improved by referencing specific laws, policies and guidelines. There should be adequate Housing Authority staff to assist displaced residents during relocation of Burch Village and Lakeside Terrace. Staff recommended that the Housing Authority not rent Lakeside Terrace units to new tenants who will likely have to vacate within a few months. Staff questioned the provision that the Housing Authority, not the tenant, will decide if the displaced tenant receives tenant-based assistance or a replacement housing payment. The Housing Authority should consider if one month’s contract rent will be sufficient to pay for security deposits that will be required to accommodate all of the tenant choices for replacement housing.

Mr. Grewe distributed and summarized comments by Councilperson Patt. Item 2 was addressed at City Council and is not applicable. The balance of the comments are to be included in the City of Urbana’s response to the Housing Authority. Item 1 – The lease for tenants who receive project-based assistance should include the term “termination for good cause.” Item 3 – The

evaluation criteria for project-based assistance submittals should be 40 points for CHDOs. Item 4 – Consideration should be given to qualifying property owners or managers. Item 5 – Councilperson Patt did not want to replicate a large group of housing units with the same demographics. The earlier goal is to create a mixed income community. Ms. Tyler added the clarification that at least 75% of project-based subsidies must go to people whose income is below 30% Median Family Income (MFI). Councilperson Chynoweth had requested the relocation plan include a statement on protected classes from the City of Urbana’s Civil Rights Ordinance.

Commissioner Shisler asked how the City of Urbana housing rights differed from the federal government. Mr. Grewe answered that Urbana’s were more stringent, and Commissioner Lewis added that local regulations take precedence. Mr. Grewe recalled discussion with the city’s legal staff about the Housing Authority being a quasi unit of government and consideration of when federal regulations apply. Commissioner Lewis stated that regarding most code related issues (not necessarily ordinances) the local entity has precedence over federal guidelines. In some cases the local entity would defer to federal guidelines because of the degree of complexity could not be resolved. He remarked that the federal government relocation plans are very specific, requiring specific actions at specific times. Commissioner Lewis felt it was a good idea for the City Council to have a copy of these federal regulations.

Referencing federal regulations, Chairperson Cobb questioned the weight of CD Commission’s comments. Commissioner Lewis said it was more important for all parties to read the federal regulations, and then the local attorney could address the issues directly. The CD Commission would provide only comments. He felt the officials should address the complexity of the plan. Commissioner Lewis encouraged City Council to read the federal relocation guidelines, which are partial to the tenants being relocated.

Mr. Grewe provided the example of Homestead Corporation’s Single Room Occupancy (SRO). There was concern about certain tenant populations being concentrated. The City of Urbana made an exception to the fair housing ordinance for the SRO. Commissioner Lewis remarked that exceptions have to be taken into context with a project.

In response to Chairperson Cobb, Ms. Tyler said the deadline is before the next CD Commission meeting. Staff will forward any additional comments from the CD Commission to the City Council. Commissioner Lewis suggested that the City of Urbana staff review the federal regulations. Mr. Hogan noted that city staff had provided him copies from their HUD training in Chicago.

Chairperson Cobb supported city staff’s comments because these supported the tenants.

Referencing the four options for Lakeside Terrace Redevelopment, Commissioner Shisler asked about City Council’s direction. Ms. Tyler answered that the City is moving beyond the four alternatives to a “doable best alternative.” Staff is working with the mayor to find an alternative that is doable, meets the objectives, and reaches out to other partners. This will form the basis of the redevelopment plan that will be presented to City Council on April 12.

Ms. Tyler explained that the mayor and city staff were looking at a concept that involves the first phase of development, which included demolition of Lakeside Terrace and redevelopment of that

10 acre site with 100 more or less tax credit projects by Brinshore Development. The City will request the maximum (24%) of the units have an actual project based voucher attached to them to ensure long-term affordability. Concerning the remaining 56 units, staff is working with Homestead Corporation and Urban League to see if this can be done. Ms. Tyler pointed out this is conceptual since this would require a Request for Proposal (RFP) process and other regulations. Homestead would possibly provide up to 30 scattered site units with Urban League providing the balance. City Council prefers the 80 replacement units to be as defined as possible rather than a nebulous concept.

Ms. Tyler felt the alternatives exercise was helpful; however, the financial assumptions were problematic. Staff is working on another alternative that does not dedicate all city funds and take 10-11 years to complete. The larger Lakeside Terrace area would be future affordable housing development above and beyond the 80 units and could be in any number of forms. There is definite value in the acquisition. Also, since Brinshore Development has not yet done a design analysis, it is not certain if Brinshore can create 100 units on that site.

Mr. Grewe added that city staff has been making greater attempts to coordinate with local partners to keep resources local. One benefit is the non-profits being involved in a project of that magnitude.

Ms. Tyler stated the biggest departure from earlier efforts is the City of Urbana working more closely with the Housing Authority. The City wants to use the power of project-based vouchers to help with Lakeside Terrace. The whole Section 8 program is for public housing. Trying to duplicate that or do it without the vouchers was not doable. The Housing Authority's plan to create project-based vouchers is really the keystone to make this happen.

Commissioner Lewis commented that this project is now moving forward the way a project should. With the amount of project funds coming into the community, he felt the community should collectively put the package together. A cooperative intergovernmental agreement is appropriate for the entire community. Commissioner Shisler said this new alternative appeared to reflect Commissioner Lewis' idea that this is not the whole answer but only part of it. She approved of the new alternative.

Mr. Hogan voiced his respect for Commissioner Lewis and any organization of which he was a part. The Housing Authority will address all comments from the joint study session, Urbana City Council, and the CD Commission. The Housing Authority will provide copies of regulations and their analysis. He noted the Housing Authority and the City of Urbana have been working together for a while. Ed Bland, the new Executive Director of the Housing Authority, and Mr. Hogan are available to answer any questions.

Adjournment: Chairperson Cobb adjourned the study session at 9:47 p.m.

Recorded by Connie Eldridge