



APPROVED by CDC 7-27-2004
MINUTES
COMMUNITY DEVELOPMENT COMMISSION
Tuesday, June 22, 2004, City Council Chambers

Call to Order: Acting Chairperson Lewis called the meeting to order at 7:06 p.m.

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

Commission Members Present: Robert Lewis, Theresa Michelson, Nancy Quisenberry, Joanna Shisler, Anne Heinze Silvis, Umesh Thakkar

Commission Members Absent: Fred Cobb, Chris Diana, Dennis Vidoni

Others Present: Bob Grewe and Connie Eldridge, Community Development Services; Jim Rose, Homestead Corporation; Jean Algee, Urban League of Champaign County.

Approval of Minutes: *Acting Chairperson Lewis asked for approval or corrections to the May 25, 2004 minutes. Commissioner Thakkar moved to approve the minutes, and Commissioner Silvis seconded the motion. The motion carried unanimously.*

Petitions and Communications: None.

Staff Report: Mr. Grewe distributed a staff report. City Council approved the Lakeside Terrace Redevelopment Plan on June 3. Erin Bullok, the new HOME Grants Coordinator, will begin work on July 2.

Staff attended the Department of Housing and Urban Development (HUD) Chicago Office Entitlement Conference on June 16-17. HUD provided information on preparing consolidated plans. The City of Urbana will be creating a new five-year Consolidated Plan between now and May 2005. HUD requested the plan focus on addressing chronic homelessness, the Freedom Initiative (addressing needs of persons with disabilities), the American Dream Downpayment Initiative (ADDI), performance measurements, and citizen participation.

Conference participants and HUD staff discussed performance measurements and the difficulty of measuring the outcome. One example was an organization that provided CDBG funds to a food pantry. It would be hard to quantify the results without surveying every family who was assisted. Another example was funding a youth program. HUD wanted to know if there was a resulting increase in the children's grades. HUD has challenged the cities to look at their programs and consider the outcome to families, a neighborhood or the community--not just the number of units rehabilitated or the number of homes purchased.

Executive Order 2003-18 is challenging communities to develop affordable housing plans. The Illinois Housing Development Authority (IHDA) is creating a formula to determine if a community has enough affordable units as compared to the demand in the community.

The conference also addressed interpreting the HOME Affordability Period. The City's current HOME contracts stipulate that a house or apartment must remain affordable for a number of years. HUD had informed staff that the cities would be responsible for repayment if a property was foreclosed and HOME funds were lost. However, the law was clearly written to exempt that situation, so HUD will be rewriting their rule. Cities will now be responsible for paying back any net proceeds. Mr. Grewe noted that if HUD's regulations were not changed, most cities would not provide funds for gap financing.

Staff talked with other colleagues about lead based paint issues, affordable housing stock, federal rules and regulations.

The City of Urbana has joined the State Chapter of the National Association of Housing and Redevelopment Officials (NAHRO), which is a forum for housing and community development issues.

Under continuing items, the Urbana HOME Consortium Committee will meet again on the American Dream Downpayment Initiative.

With June 30, 2004 the end of the fiscal year, staff will begin working on the Consolidated Annual Performance and Evaluation Report (CAPER).

Acting Chairperson Lewis asked for clarification about the outcome of federal funding as related to housing. Mr. Grewe answered that there is an OMB requirement that every investment of Community Development Block Grant (CDBG) and HOME dollars result in a measurable outcome. HUD has requested that entitlement communities provide sample outcomes in their CAPERs. HUD will review these CAPERs, pull out common outcomes, and merge these into a few common measurements. Many conference attendees were skeptical since there is an incredible variety of investments throughout the State of Illinois.

Acting Chairperson Lewis noted this is similar to how the public schools link funding and outcome in the community. The state evaluates schools based on their performance levels and state requirements. Acting Chairperson Lewis felt that NAHRO provided better training on federal funding than HUD.

Old Business: Commissioner Thakkar noted that his one year term with the federal government in Washington, D.C. has ended. He thanked city staff, Chairperson Cobb and the Community Development (CD) Commission for supporting him by arranging teleconferences for CD Commission meetings.

Commissioner Thakkar has information on affordable housing models and buildings in rural communities from the National Building Museum in Washington, D.C. Also, while meeting with Congressman Tim Johnson and the House of Representatives Science Committee, Commissioner Thakkar shared the work that Urbana/Champaign does.

New Business: **Urbana HOME Consortium Community Housing Development Organization (CHDO) Developer Agreement – Homestead Corporation - CHDO Operating FY 2004-2005** – Mr. Grewe noted this was very similar to last year's agreement. The agreement's funding increased to \$29,507, as did the HOME funding overall. The HOME

Investment Partnerships Program (HOME Program) allows up to 5% of a grantee's funding to be set aside for CHDO operating expenses. The HOME Consortium split the CHDO operating funds between the two current CHDOs, Homestead Corporation and Urban League of Champaign County. The agreement's termination date is August 31, 2005. The only contingency is the City of Urbana receiving HOME funds in its entirety.

Commissioner Michelson asked if these funds were earmarked just for staff salaries and benefits. Mr. Grewe explained that last year Homestead Corporation's funding was listed differently. This year Mr. Grewe grouped all expenses in the staff salaries and benefits category. However, Mr. Rose has requested that \$3,000 be earmarked for Homestead's audit and \$750 for office supplies, with the remainder in staff salaries and benefits. Mr. Grewe will make this change.

Although Commissioner Thakkar fully supported this agreement, he requested that future agreements include information on the agency's staff, qualifications, and salaries. Commissioner Silvis remarked that this information should be provided as additional information rather than as part of the contract. The contract would need to be modified every time there was a change. Acting Chairperson Lewis agreed and added that the auditing process provides an assessment of how the funding is disbursed. Commissioner Silvis suggested that Homestead provide more information about their mission and overall picture. Commissioner Thakkar agreed and noted that anytime the federal government provided funding, applicants had to justify why they were requesting a certain amount of funding.

Commissioner Quisenberry wondered if the CD Commission would review the agreement again should Homestead decide to shift the funds as suggested. Mr. Grewe answered no; staff would make minor changes to the agreement before it was presented to City Council. Commissioner Michelson commented that the changes would come under administration/operating costs.

Commissioner Quisenberry moved to forward to City Council a favorable recommendation on the Urbana HOME Consortium Community Housing Development Organization (CHDO) Developer Agreement – Homestead Corporation - CHDO Operating FY 2004-2005. Commissioner Shisler seconded the motion. The motion carried unanimously.

Urbana HOME Consortium Community Housing Development Organization (CHDO) Developer Agreement – Urban League of Champaign County Development Corporation - CHDO Operating FY 2004-2005 – Mr. Grewe stated this agreement was for an identical amount of money, \$29,507. Exhibit 1 indicates the operating expenses for two staff salaries, benefits and office supplies. Mr. Grewe clarified the operating expenses totaled \$29,507. In response to Commissioner Thakkar, Mr. Grewe said that these changes would be made to the agreement. He will request additional information from Urban League about staffing levels and current projects.

Commissioner Michelson moved to recommend to City Council approval of the Urbana HOME Consortium Community Housing Development Organization (CHDO) Developer Agreement – Urban League of Champaign County Development Corporation – CHDO Operating FY 2004-2005. Commissioner Thakkar seconded the motion. The motion carried unanimously.

Urbana HOME Consortium Community Housing Development Organization (CHDO) Developer Agreement – Urban League Affordable Rental Housing Development Program

FY 2004-2005 – Mr. Grewe explained that this agreement provides \$102,041 to Urban League from the 15% CHDO setaside. These funds will help Urban League develop the Park Street Affordable Rental Housing Development Project, which was identified in the City of Urbana’s Annual Action Plan. Urban League will provide \$25,510 in matching funds. Urban League has also applied for additional funds from Federal Home Loan Bank, Illinois Housing Development Authority, etc.

Mr. Grewe noted that Urban League’s rental housing project was referenced in the Lakeside Terrace Redevelopment Program. The City of Urbana will develop a letter of understanding with the Urban League.

Mr. Grewe reviewed the agreement and discussed HOME requirements. This project must remain affordable for five years, which is similar to Urban League’s affordability for its Lease Purchase Program. The units must be rented to persons meeting a certain income level, and there is a rent limit. Mr. Grewe added the following HOME affordability guidelines: 5 years – below \$15,000 per unit; 10 years – below \$40,000 per unit; 15 years – above \$40,000 per unit.

Maximum tenant household income for these units cannot exceed 60% Area Median Income. Also 20% of the units must be restricted to persons with incomes below 50%. Since there will be seven HOME-funded units, one unit will be below 50% with the remainder below 60%.

Rent limitations are based on bedroom size, and the rent may not exceed the stated limits.

The Urban League has designated the seven HOME-funded units as floating units, which allows the most flexibility. HUD has indicated that a grantee may chose between fixed units and floating units.

If a tenant’s income should increase and exceed 80% Area Median Income, the Urban League would charge rent based on 30% of the tenant’s income. The leases are for one year, and tenants’ income will be certified annually.

HUD has a limit on the amount of HOME funds that a developer may spend per unit. Also, there is a maximum purchase price per unit. Mr. Grewe noted that Urban League’s project is not at these limits.

The project must meet property standards and building codes. There will be periodic inspections on the property’s condition.

Mr. Grewe stated the remainder of the agreement was similar to the other HOME agreements. Staff also incorporated guidance from a HUD contractor on how to assemble rental agreements.

Attachment 1 states that the Illinois State Prevailing Wage Act applies. Because federal funds are being used, prevailing wage rates apply. Attachment 2 includes procedures and schedule. Mr. Grewe clarified that Attachment 3 should show the amount of HOME funding at \$102,041. Attachment 4 is the City of Urbana’s Affordable Rental Housing Development Land-Use Sample Documents: Land Use Restriction, Mortgage and Note. To assure the affordability period remains in place, the City of Urbana has been using a Land-Use Regulatory Agreement,

Mortgage and Note in the homebuyer programs. Staff converted these agreements into a land-use agreement for rental programs and will request further review by the Legal Department.

Mr. Grewe discussed adding a right of first refusal by the City of Urbana to the land-use agreement. If the City provided funds and later the property was not viable, the City would have the first right to purchase the property. Staff recommends adding this provision because this is a sizeable investment.

Commissioner Thakkar noted these agreements did not include funds for publicity. He asked if some funds could be added to the agreement to increase community awareness and outreach. Acting Chairperson Lewis asked how the HOME Consortium “got the message out to the people.” Mr. Grewe responded that the Annual Action Plan process included public participation and opportunities to comment on the draft budget. Acting Chairperson Lewis clarified the concern was about marketing to increase local awareness. Mr. Grewe answered that in the past HOME funds have been focused on the investment of buildings and structures. Commissioner Thakkar asked if Urban League had funds to host an open house. He wondered about an umbrella organization, rather than each agency, sharing this information with the community. Jean Algee explained this agreement does not reflect the total funding for this rehabilitation project. Urban League has money set aside in its overall budget for marketing. Because this is a separate fund, marketing would not be included in this agreement. Commissioner Thakkar suggested including this as additional information.

Mr. Grewe noted that page 7 of the agreement concerned affirmative marketing of vacant apartments. It challenged recipients to do outreach. Acting Chairperson Lewis stated that many large projects require a collaborative effort and have multiple funders besides the City of Urbana. Each funding source would have certain criteria on the use of its funds.

Noting that the agreement included household size up to eight persons, Commissioner Michelson asked if there were any apartments that could have a density of eight persons. Acting Chairperson Lewis said that City codes define occupancy requirements. Mr. Grewe indicated that larger households may participate; for example, Homestead Corporation has a rental housing program for larger families. Jim Rose added that Homestead owns two large four-bedroom houses in the Douglas Park area, and a mother and seven children live in one of these homes. Neither HUD nor City regulations would allow a household of eight persons to live in a two-bedroom unit.

Mr. Rose stated that Homestead Corporation does not use City funds for advertising; rather, Homestead has other funds for outreach. He noted that Homestead is developing a website and agreed to share other community outreach efforts.

Commissioner Michelson asked if this agreement held Urban League to a higher standard of property maintenance than the average landlord. She has noticed that some rental housing is in poor condition and asked who would be looking into these situations. Mr. Grewe answered no; Urban League would adhere to all applicable state and local codes. Acting Chairperson Lewis added that federal regulations are very stringent and gave the example of Davis Bacon. If local building codes are not up to par, then federal building codes would apply. Mr. Grewe agreed and added that if Urban League defaults on the agreement, it would be responsible for repayment.

Commissioner Shisler asked if the sample quarterly report on Attachment 5 is in response to HUD's challenge to measure the impact of programs. Mr. Grewe responded that this is an administrative function that will help with reporting.

Noting this report included race, ethnicity, income and gender, Commissioner Thakkar inquired about including disability. Mr. Grewe answered yes. Commissioner Thakkar then suggested including level of education. Commissioner Silvis mentioned the program's intent and wondered if it was legal or appropriate to ask these questions. However, she did support identifying disabilities. Noting there was nothing in the requirements about level of education, Commissioner Quisenberry felt this should not be in the agreement.

Commissioner Thakkar moved to recommend to City Council approval of the Urbana HOME Consortium Community Housing Development Organization (CHDO) Developer Agreement – Urban League Affordable Rental Housing Development Program FY 2004-2005. Acting Chairperson Lewis clarified that the corrections and modifications as discussed would be incorporated into the agreement. Commissioner Shisler seconded the motion. The motion carried unanimously.

Adjournment: Acting Chairperson Lewis adjourned the meeting at 8:00 p.m.

Recorded by Connie Eldridge

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