



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Community Development Commission

FROM: Elizabeth H. Tyler, AICP, Director

DATE: December 19, 2005

**SUBJECT: COMMUNITY HOUSING DEVELOPMENT ORGANIZATION ANNUAL
RECERTIFICATION – HOMESTEAD CORPORATION**

Description

Included in the agenda for the December 27, 2005 meeting of the Community Development Commission is a Resolution to recertify the Homestead Corporation as an Urbana HOME Consortium Community Housing Development Organization (CHDO) for FY2005-2006.

Issues

The issue is whether the Community Development Commission should recommend approval of the Resolution to the Urbana City Council.

Background

As a participant in the HOME Investment Partnerships Program, the Urbana HOME Consortium is committed to soliciting, fostering, certifying and supporting local organizations wishing to provide affordable housing services as Community Housing Development Organizations (CHDOs). The Consortium provides ongoing support for these organizations in the form of technical assistance, funding, monitoring, and other guidance. As part of this relationship, HUD regulations require that CHDOs undergo an annual review to verify their continued eligibility for CHDO status.

Grants Management Division staff recently completed such a review of Homestead Corporation. Initially, it was determined that Homestead did not meet eligibility standards. Among the issues that needed to be resolved by Homestead was the level of representation of the low-income sector on the Board of Directors, which did not meet the HUD mandated one-third of the total board. This was due, in part, to another HUD restriction on board members representing the public sector. Specifically, a board member that meets HUD's definition of a public official may not be counted as a part of the low-income sector as well, regardless of the individual's income or residency (see attachment). Staff also noted a number of other items that needed to be outlined and addressed either by the bylaws, or other official documents, in order for Homestead to be eligible for CHDO recertification.

Staff advised Homestead of these findings in a letter dated November 17, 2005. Since then, Jim Rose, the Executive Director, has worked with Homestead's Board of Directors to implement the changes needed in order to meet HUD's eligibility standards. At this time, Homestead is fully

compliant with the requirements necessary to renew its status as a CHDO.

Options

1. Recommend the Resolution as written to City Council
2. Recommend the Resolution with amendments to City Council.
3. Do not recommend the Resolution to City Council.

Fiscal Impacts

The designation of the Homestead Corporation as a Community Housing Development Organization would allow Homestead to apply for Urbana HOME Consortium funding from the two CHDO set-aside sub-funds. The set-aside amount for CHDO Project Funds (or CR for “CHDO Reserve”), and CHDO Operating Funds (CO), is mandated and restricted by HUD regulations. The FY 2005-2006 Annual Action Plan approved by City Council on April 18, 2005 includes allocations to these sub-funds in accordance with HUD regulations. Therefore, the approval of this Resolution would have no change in the Fiscal Impact on the City.

Recommendations

Staff recommends that the Community Development Commission forward a favorable recommendation to City Council for this Resolution.

Memorandum Prepared By:

**Erin J. Bullok
HOME Grants Coordinator
Grants Management Division**

Attachments:

Excerpt from *HOME Base*, a HUD-produced guidance manual

A Resolution Authorizing the Certification of a Community Housing Development Organization for the Urbana HOME Consortium for FY2005-2006

RESOLUTION NO. _____

A RESOLUTION CERTIFYING A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION
FOR THE URBANA HOME CONSORTIUM FOR FY2005-2006

(Homestead Corporation)

WHEREAS, The City Council of the City of Urbana, Illinois, has found and determined that certification of the Homestead Corporation as a Community Housing Development Organization for the Urbana HOME Consortium for FY2005-2006 is desirable and necessary to carry out one of the corporate purposes of the City of Urbana, to wit: implementation of Strategies and Objectives to Address the Affordable Housing Needs of Low and Moderate Income Households described in the *Urbana HOME Consortium and the City of Urbana Consolidated Plan for Program Years 2005-2009*,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That Homestead Corporation be identified and certified as a Community Housing Development Organization (CHDO) for the Urbana HOME Consortium for FY2005-2006, and as such, be eligible to request specific HOME funds set aside for use by CHDOs, under regulations set forth by the U.S. Department of Housing and Urban Development.

Section 2. That said certification and the benefits afforded by it be in effect until June 30, 2006, or until such time that Council be informed of conditions necessitating a change in the status of Homestead Corporation as a CHDO.

PASSED by the City Council this _____ day of _____,
_____.

AYES:

NAYS:

ABSTAINS:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this _____ day of _____,
_____.

Laurel Lunt Prussing, Mayor