



APPROVED by CD Commission 11-28-06
MINUTES
COMMUNITY DEVELOPMENT COMMISSION
Tuesday, October 24, 2006, City Council Chambers

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

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

Commission Members Present: Fred Cobb, Chris Diana, Theresa Michelson, Joy Ready, Anne Heinze Silvis

Commission Members Absent: Umesh Thakkar, Dennis Vidoni

Others Present: John Schneider, Elizabeth Tyler, Jeff Engstrom and Connie Eldridge, Community Development Services; Edward Bland, Jr., Housing Authority of Champaign County (HACC)

Approval of Minutes: *Chairperson Cobb asked for approval or corrections to the August 22, 2006 minutes. Commissioner Michelson moved to approve the minutes, and Commissioner Ready seconded the motion. There was discussion about the Open Meetings Act. Ms. Tyler clarified that if commissioners were invited to the same social gathering, they should not discuss commission business. Chairperson Cobb moved to revise the minutes to reflect that the Minority Subcommittee did not meet. Although there was no second, the commission voted on the motion to revise the minutes in accordance with the motion. The motion carried unanimously.*

Petitions and Communications: None.

Staff Report: Mr. Schneider provided updates and distributed the following: a staff briefing memorandum, updated list of commissioners, the City of Urbana and Urbana HOME Consortium's Consolidated Annual Performance and Evaluation Report (CAPER) for FY 2005-2006, Champaign County League of Women Voters 2006-2007 "A Directory of Who's Who in Government," US Department of Housing and Urban Development (HUD) Public Housing Assessment Score for the HACC, and invitations to attend Champaign County Regional Planning Commission's big.small.all Community Choices Workshop and the City of Urbana's Pumpkin Fest.

The City of Urbana submitted the Shelter Plus Care Program Annual Progress Report to HUD on September 19, 2006 and the CAPER to HUD on September 28, 2006. Amy Hudson-Davis, a HUD representative, provided on-site technical assistance to Urbana HOME Consortium staff members from the Cities of Urbana and Champaign on the closeout of older HOME projects in HUD's Integrated Disbursement and Information System (IDIS).

Jeff Engstrom announced that the City of Urbana is hosting the Housing Investment Corporation Workshop on November 8, 2006. Bob Yapp, Director of Renaissance Danville, will discuss how to start a Community Development Corporation.

Mr. Schneider reviewed the Grants Management Division's project activities: *Neighborhood News*, Fall Neighborhood Cleanup, closeout of HOME and Community Development Block Grant (CDBG) projects in IDIS, Get the Lead Out (GLO) Program, American Dream Downpayment Initiative (ADDI), Whole House Rehabilitation Program, Emergency Grants (EG), and Senior Repair Service Program.

Demolition of Lakeside Terrace is nearly complete. The developer will re-apply for tax credits in December 2006. City staff will determine if additional HOME and/or CDBG funds may be available.

Old Business: Chairperson Cobb asked about the status of the Urbana HOME Consortium Subrecipient Agreement (Ecological Construction Laboratory Affordable Homeownership Passive Solar House Number Two – FY 2005-2006). Mr. Schneider answered that the City's Legal Department reviewed the agreement, and City Council approved it.

New Business: **A Resolution Authorizing the Mayor to Execute a Certification of Consistency for the Housing Authority of Champaign County (HACC) Five-Year Plan Fiscal Year (FY) 2005-2009 and the Annual Plan FY 2007** – Jeff Engstrom stated that the Housing Authority submitted this plan to the City of Urbana and requested a certification of consistency in order to forward this to HUD. The HACC will accept comments on this plan until November 15. The Annual Plan is due to HUD at the end of the year.

This is an annual request from the HACC, and last year the City reviewed the plan and provided comments. Mr. Engstrom highlighted the new changes and noted that the Annual Plan 2007 was updated to reflect the status of the Lakeside Terrace Redevelopment Program. The public housing units, which were demolished with HOPE VI funds, will be replaced with mixed income development. The developer will use multiple funding sources such as Low Income Housing Tax Credits, and the City of Urbana will contribute HOME and CDBG funds.

Referencing page 2 of the Annual Plan FY 2007, Mr. Engstrom noted the HACC's statement concerning percentage of the population served was generally consistent with the City's Consolidated Plan. 25% of the units will serve the same population as in public housing units, while others will be required to be rented to persons between 30% to 60% of the Area Median Income (AMI). The HACC is providing the maximum number of units on-site; however, mixed income development allows only 30% public housing units for the poorest of the poor.

The HACC will make all ground floor units visitable, and 5% of the units will meet the needs of persons with disabilities. This is also consistent with the City's Consolidated Plan.

The HACC's plan lists steps to insure compatibility with Consolidated Plans from the Cities of Urbana and Champaign. One is to improve the quality of public housing. Appendix B mentions improvements and upgrades.

Referencing page 52, the HACC stated that it will work on redevelopment of Lakeside Terrace into a mixed income community, including 80% replacement units below 30% AMI. This was added last year to conform with the City's Consolidated Plan. Mr. Engstrom noted this met the

spirit but not the letter of the law since 80% of the units cannot be done on-site. CHDOs and other local groups will be needed to achieve 80% of the units. The City requested, and the HACC agreed, that the text should read, *“Redevelopment of Lakeside Terrace (IL06-04) into a mixed-income community and replacement of the demolished units with a combination of new on-site units, scattered site units, and Section 8 rent subsidies. At least 80% of the 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.”*

On page 10, the HACC will change the way maintenance personnel are assigned. On page 43, new safety and crime prevention methods are mentioned. The HACC is implementing a floor monitor program and a tip card program.

Mr. Engstrom said the City of Urbana has set aside \$50,000 in CDBG and \$50,000 in HOME funds for redevelopment of Lakeside Terrace. He anticipated that the City would set aside additional funds in FY 2007-2008. There are no further expenditures for HACC projects.

City staff recommended that a Certification of Consistency with the City of Urbana’s Consolidated Plan be issued, to be contingent upon changing the wording concerning Lakeside Terrace.

Referencing the replacement of 80% of the units, Chairperson Cobb stated that this was not consistent. He was concerned with the phrase “irrespective of their income,” and asked who authorized the change. Ms. Tyler responded that the language “irrespective of their income” came directly from the City’s Consolidated Plan. It has been carried forward over ten years. City Council felt very strongly that physical units should be affordable to extremely low-income families. Every year staff looks to determine that the HACC Plan matches language with the Consolidated Plan. Because the phrase implied that all 80% of the units would be on-site, staff suggested replacing the language.

The developers are working a revised site plan to meet lesser density requirements from the Illinois Housing Development Authority (IHDA). IHDA rejected the higher density requested by Urbana City Council, and a new site plan with 60 to 65 units is being created.

Chairperson Cobb felt it was inconsistent for the HACC plan to designate 25% of units for extremely low-income persons while the City’s Consolidated Plan calls for 80%. Ms. Tyler answered that 80% of the original Lakeside Terrace units equaled 80 units. The City of Urbana’s Lakeside Terrace Redevelopment Plan and Consolidated Plan look for 80 units to be replaced somewhere, even outside Urbana. Because HUD limits on-site replacement to 25%, only 15-16 units on-site may be for extremely low-income persons. The remainder must be at different locations. Ms. Tyler noted that Urban League has already provided some units, but the challenge is to reach 80 units. She expected a combination of locations.

Chairperson Cobb asked about mixed income units being off-site. Ms. Tyler clarified that 80% replacement is for very low-income persons. City Council’s concern was providing replacement housing for very low-income families with children, who were living at Lakeside Terrace. Ms. Tyler noted that the project will add 65-67 housing units to Urbana, with 59 units affordable at some level.

Commissioner Diana suggested the wording on page 4 of the memo read “at least 80% of the number of demolished units.”

Commissioner Ready asked about the timeframe for replacing units. Ms. Tyler reviewed the 2004 Plan, obstacles, IHDA’s denial, and reduced HUD funding. One Community Housing Development Organization (CHDO) partner was not able to provide 33 units of housing. The Lakeside Terrace Redevelopment Plan provided good goals; however, providing subsidies for very low-income housing is very expensive. Public Housing agencies have the funding and the charge from HUD to provide that type of housing. Communities are ill-suited to providing that type of housing because it takes large subsidies. Ms. Tyler noted there is a lot of competition for CDBG and HOME funds.

Commissioner Ready knew some families who had lived at Lakeside Terrace and were now living doubled-up in horrific conditions. She asked what the City was doing to help. Ms. Tyler noted that the HACC has provided replacement housing vouchers, and it received additional vouchers from HUD due to the demolition of Lakeside Terrace. Commissioner Ready knew families who did not receive vouchers. Ms. Tyler discussed how the Neighborhood Safety Task Force and the City’s Rental Registration Program would insure improved rental housing.

Ed Bland, Executive Director of the HACC, stated that every family who was eligible to receive a housing voucher at Lakeside Terrace had received a housing voucher. The HACC is tracking the families for five years. If a family did not receive a voucher, it was because they had violated housing policy and were not eligible under federal regulations. Mr. Bland discussed how the Lakeside Terrace site is tax credit property, and it could return to the HACC in 15 years. Some housing authorities are re-purchasing the tax credit properties and converting the units to public housing.

Commissioner Ready asked if there were incentives for landlords to accept Section 8 vouchers. Mr. Bland replied that the HACC has 1358 Section 8 vouchers. Because of the redevelopment of Burch Village and Lakeside Terrace, the HACC received an additional 160 new vouchers, in addition to the units constructed on-site. Mr. Bland discussed HACC policy that limits the number of Section 8 tenant based vouchers at any site to 25%. The HACC did not want any apartment complex to have 100% subsidized units, because that would change the neighborhood dynamics. Currently there are more landlords wanting to participate in the Section 8 Program than there are available vouchers. Last year the HACC paid landlords over \$7.5 million in Section 8 subsidies. Mr. Bland anticipated that the Section 8 Program would continue to grow over hard unit programs. The HACC’s 15 year goal is to bring back 170 hard units.

Commissioner Ready was aware of the voucher program, but she wanted to go “on record” stating there is a huge need for affordable housing. She urged City Council to take a hard look and find creative new ways to find housing.

Noting that the HACC has good accomplishments, Chairperson Cobb asked if extremely low-income housing is being sacrificed for mixed income housing. Mr. Bland answered no. Although the tax credit properties are for mixed income, public housing units deal with the very

poor. Referencing the 1358 vouchers and hard units, Mr. Bland stated the HACC has not changed its direction or goals. However, tax credit properties need different income streams.

Referencing the City's Consolidated Plan, Chairperson Cobb asked if the number of low income housing units would be increased. Mr. Bland stated that, from January 2004 to the present, the HACC's voucher program has increased by 219. This is a 30% increase in subsidized units throughout the county.

Referencing changes at HUD, Chairperson Cobb asked if the HACC could be consistent with the original view held by Urbana City Council. Mr. Bland discussed past concentrations of poverty and how disbursing the very poor would provide a better chance for success. When given a choice, families want the freedom that vouchers provide over a public housing unit. Also, some participate in the Section 8 homeownership program. Mr. Bland added the average stay at Lakeside Terrace was less than two years.

Chairperson Cobb agreed that some consequences of HACC actions were good; however, he felt the wording from the Consolidated Plan was inconsistent with the newer thinking to disburse the very low-income. Referencing the Consolidated Plan, Mr. Schneider noted that City Council wanted the hard units to be somewhere in the community, not necessarily at Lakeside Terrace. The intent of the HOPE VI Program was to breakup the concentration of poverty. The Consolidated Plan states the City of Urbana 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. Ms. Tyler agreed.

Chairperson Cobb asked if locations have been identified for the very low-income population. Mr. Bland answered this would be accomplished over a period of time. The HACC, which serves the entire county, is looking at units in Champaign, Rantoul and other communities. Historically most of the units have been in Champaign/Urbana, and the HACC is trying to identify other areas that need public housing. This process will take many years due to funding. Mr. Bland estimated that 80 units offsite would cost over \$30,000,000.

Chairperson Cobb inquired about housing for the homeless. Mr. Bland stated that the HACC's maximum number of physical (hard) units is 607, and Congress must provide additional funds in order to increase that inventory. In addition, the HACC has a voucher program, which is preferred by families and private landlords. Mr. Bland estimated that in five years the HACC would have close to 2,000 vouchers in the program.

Commissioner Michelson asked for clarification about Lakeside Terrace reverting to public housing. Mr. Bland stated that once the tax credits are satisfied in 15 years, the HACC has the right to purchase those properties. The HACC still owns the land at Lakeside Terrace and Burch Village. Commissioner Michelson wondered if that would again concentrate poverty. Mr. Bland answered yes; however, the HACC may not have the money to do this. The tax credit program rebuilds poor communities throughout the nation by involving private investors.

Although Commissioner Ready felt Section 8 was flexible and had many positive features, she noted there were many limitations. For example, many landlords in Champaign limited the

places that persons with Section 8 vouchers could go. Crime has gone up in areas where lower income families have moved. The social network has changed, and lower income families are struggling. Commissioner Ready asked why it was OK to put wealthy persons in high-rise developments but not lower-income persons.

Noting that local agencies offer different programs, Ms. Tyler said the HACC is very good at housing very low-income families through public housing or Section 8. The HACC has been very creative at growing the number of vouchers. Ms. Tyler also mentioned the federal government's plan to reduce chronic homelessness. Shelter Plus Care is another local voucher program that includes case management. The HACC helps prevent homelessness, but there are other agencies and programs that deal with homelessness, such as the TIMES Center, Center for Women in Transition, and the City of Urbana's Transitional Housing Program.

Chairperson Cobb commented that it was not the intent to evaluate the HACC and added the HACC has done many good things. Although the wording and concepts on the plans were not exactly consistent, he felt the City could give a "go ahead." Commissioner Ready thanked the HACC for housing many people within its constraints. She encouraged everyone to come up with new creative ways to meet these needs. Mr. Bland remarked that the HACC wants to continue in partnership with the City of Urbana since both are trying to accomplish the same thing. The HACC's main mission is to house the very poor.

Commissioner Michelson moved to recommend to City Council approval of a Resolution Authorizing the Mayor to Execute a Certification of Consistency for the Housing Authority of Champaign County Five-Year Plan for FY 2005-2009, and the Annual Plan for Fiscal Year 2007, contingent upon corrections to the text on page 52 of the Annual Plan for Fiscal Year 2007 as follows:

"Redevelopment of Lakeside Terrace (IL06-04) into a mixed-income community and replacement of the demolished units with a combination of new on-site units, scattered site units, and Section 8 rent subsidies. At least 80% of the number 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."

Commissioner Silvis seconded the motion, and the motion carried unanimously.

Chairperson Cobb declared a moment of silence in memory of Commissioner Nancy Quisenberry's passing away.

Adjournment: Chairperson Cobb adjourned the meeting at 8:26 p.m.

Recorded by Connie Eldridge