



*APPROVED by CD Commission 9-25-07*  
**MINUTES**  
**COMMUNITY DEVELOPMENT COMMISSION**  
**Tuesday, August 28, 2007, City Council Chambers**

**Call to Order:** Acting Chairperson Silvis called the meeting to order at 7:05 p.m.

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

**Commission Members Present:** Chris Diana, George Francis, Theresa Michelson, Brad Roof, Anne Heinze Silvis

**Commission Members Absent:** Fred Cobb, Dennis Vidoni

**Others Present:** John Schneider, Randy Burgett, Janel Gomez and Connie Eldridge, Community Development Services; Jean Algee, Urban League of Champaign County Development Corporation.

**Approval of Minutes:** *Acting Chairperson Silvis asked for approval or corrections to the June 26, 2007 minutes. Commissioner Francis noted that the last sentence under Roll Call should read, "...and is interested in city government." Commissioner Francis moved to approve the minutes as corrected, and Commissioner Roof seconded the motion. The motion carried unanimously.*

**Petitions and Communications:** None.

**Staff Report:** Mr. Schneider distributed a staff briefing memorandum and provided updates for the HOME, Community Development Block Grant (CDBG), and American Dream Downpayment Initiative (ADDI) programs.

The National Association of Housing Redevelopment Officials (NAHRO) sponsored a Department of Housing and Urban Development (HUD) Grantee Conference in Springfield, IL on August 8-9, 2007. All Grants Management Division (GMD) staff and the Community Development Director attended this conference.

City Council approved the Urbana HOME Consortium Subrecipient Agreement with Habitat for Humanity for its Homebuilder Blitz Program FY 2006-2007.

GMD staff participated in National Night Out, which is a community-wide effort on crime prevention and safety, with the City of Champaign, police departments, and other organizations.

Staff facilitated two HOME Technical Committee meetings. It has been difficult for the committee to meet regularly due to staff changes at the City of Champaign and program changes at the Champaign County Regional Planning Commission.

Staff is working with the Ecological Construction Laboratory (e-co lab) on the construction management of a house at 1007 West Fairview, Urbana.

Staff is preparing the Consolidated Annual Performance and Evaluation Report (CAPER) for HUD. Commissioners will receive either a paper or an electronic copy.

Mr. Schneider met with Habitat for Humanity, Urban League, City of Champaign, Homestead Corporation and e-co lab to consider how to provide homeownership opportunities to people in poverty. Staff also met with the City of Champaign and the Village of Rantoul regarding a potential Rental Housing Support Program.

Janel Gomez described the Community Reinvestment Group planning meeting on *Money Smart Week in CU*, which is scheduled for April 6-12, 2008. This is an initiative by the Federal Reserve Bank of Chicago to organize community groups, banks and other interested parties to provide sessions on financial issues. The University of Illinois and Parkland College will also be involved.

Commissioner Francis asked about the review of documents for the Webber-Anderson Area Streetlights. Mr. Schneider explained that Kelly Hartford reviewed bid documents to make sure they were in compliance with federal regulations. There are certain federal stipulations, such as Davis Bacon requirements, concerning employment and labor standards. Commissioner Francis asked if it was known which company will receive the contract. Mr. Schneider answered no, not yet; and he reviewed the bid process.

Commissioner Francis said that he was the only person from Anderson Street to attend the public hearing on the streetlight project. He noted that the sentiment at the hearing was against having the streetlights. He questioned the City's notification process, noting that some residents whose properties adjoin the intersections did not receive the meeting announcement. Mr. Schneider will convey these concerns to Bill Gray, Director of Public Works.

Referencing *Money Smart Week in CU*, Commissioner Roof asked if commissioners would be requested to host a seminar. Ms. Gomez replied this project is in the beginning stages, and everyone is welcome. She will forward the e-mail inviting all interested parties. Acting Chairperson Silvis inquired if this was a statewide effort and who was the target audience. Ms. Gomez explained this was an initiative by the Federal Reserve's Midwest Group. There was a similar event in Peoria last October, and that organizer wanted to bring it to the Champaign-Urbana area. The seminars are designed to reach as wide an audience as possible. Commissioner Roof asked about measures of success. Ms. Gomez said there was a report on the Chicago and Peoria events, and the website is [www.moneysmartweek.org](http://www.moneysmartweek.org). Acting Chairperson Silvis mentioned problems with "exploding mortgages," and noted that people need a better understanding of what they are signing.

**Old Business:**           None.

**New Business:**        **Rehabilitation Specialist/Technician Services Agreement – Urban League of Champaign County Development Corporation** – Mr. Schneider explained this was a renewal of a standing agreement between the City of Urbana and Urban League. Randy

Burgett described the Request for Proposal to see if any other agencies were interested in providing this service. At one time the Champaign County Regional Planning Commission provided this service; however, Urban League was the only agency to submit a proposal. The cost is the same as last year's, and it has remained the same since FY 1999-2000. Since that time Urban League has completed 36 projects for the City of Urbana.

Mr. Schneider stated that an ordinance is not needed because this agreement is included in the Housing Rehabilitation Manual. The Mayor may authorize execution of this agreement.

Commissioner Michelson wondered how the Urban League could provide this service and not raise prices. Jean Algee, President of Urban League of Champaign County Development Corporation, said they have one person who works part-time and likes to provide this service to the City. Urban League works within the confines of the budget. Mr. Burgett added that the City prioritizes the housing rehabilitation projects, and the amount of available funding determines the number of projects.

Commissioner Diana inquired about changes to the cost of lead abatement. Mr. Burgett said it was somewhat less and reviewed the process. The presumption is that lead based paint is present, and the City only uses contractors who are lead based paint supervisors. Upon completion of a rehabilitation project, the Public Health Department must do dust wipe samples to clear the entire house. There are only two lead based paint abatement contractors who are eligible to bid on the City's Get the Lead Out (GLO) Projects.

*Commissioner Michelson moved to recommend to the Mayor approval of the Rehabilitation Specialist/Technician Services Agreement with Urban League of Champaign County Development Corporation. Commissioner Francis seconded the motion, and the motion carried unanimously.*

**Urban League of Champaign County Development Corporation Lease Purchase Program – Affordability Period Modification Request** – Mr. Schneider explained this issue was being presented for consideration and discussion. Originally the Urban League Lease Purchase Program was allocated \$14,999 of HOME funds per project, which required a minimum affordability period of five years. However, the parameters were changed in FY 2005-2006 when City Council or the CD Commission wanted a longer affordability period. Discussions between the City and Urban League determined this program would be difficult to sell without more assistance. It was decided to provide \$20,000 of HOME assistance and require a ten-year affordability period.

Mr. Schneider discussed how the Urban League's program had produced 40 first time homebuyers at the beginning of the program. However, in the last two years, only four first-time homebuyers have participated, with 20 people declining the funds due to the affordability period. Participants buy a starter home through Urban League's Program, and they work with Urban League to get their credit straightened out. Once the participant qualifies for a mortgage, Urban League transfers ownership of the property to them. The program could give \$39,999 for a ten-year affordability period, but this would reduce the number of projects. Because the Urban League can leverage other first-time homebuyer funds, Mr. Schneider recommended reducing

the affordability period to five years, with a maximum subsidy of \$14,999 in HOME funds. He added that the expenditure of funds for this program had recently slowed.

Commissioner Roof asked how the affordability period caused a barrier to moving. Mr. Schneider explained that once a property is assisted with HOME funding, there are certain restrictions. The amount of funding determines the length of time that a property must remain affordable (\$1,000-\$14,999 – five years; \$15,000-\$39,999 – ten years). Either the owner must remain in the home for the affordability period, or the home must be sold to someone whose total household income is at or below 80% of Median Family Income. Ms. Gomez added if the owner cannot find a qualified buyer, they must repay the subsidy.

Acting Chairperson Silvis asked if staff was requesting direction. Mr. Schneider answered yes, and staff would prepare amendments to the FY 2006-2007 and FY 2007-2008 agreements. He noted the City may also need to amend the FY 2006-2007 and FY 2007-2008 Annual Action Plans.

Ms. Algee added that most homes in the Urban League's Lease Purchase are starter homes. This year the Urban League is allowing clients to purchase houses valued up to \$100,000. After five years, most clients have outgrown these starter homes. The dilemma is that clients do not want to be committed for ten years due to potential changes in family size and their income. Ms. Algee felt this is a good program, but the ten year affordability period has not worked out.

Commissioner Michelson supported Urban League's assessment. She noted the affordability requirement restricts the family who wants to move out because they must find a qualified buyer. Commissioner Francis commented there seemed to be a contradiction within the affordability period if the price of the house appreciates above these limits. He asked about an upper price limit. Mr. Schneider said the price limit is determined at the time of purchase.

Mr. Schneider described the net sales proceeds process. The original owner receives a representative portion of their investment if they are not able to sell the house for the full amount and the City recovers a proportional share of the HOME investment. If the property sells for more than the owner's and the HOME investment, the City receives the full HOME investment back. Ms. Gomez explained if the owner decides to pay back (recapture) the HOME funds, the new buyer does not have meet income requirements. However, if the owner finds a buyer who is income-qualified for HOME funding, the house remains affordable and HOME funds are not recaptured.

Commissioner Diana believed that City Council felt the increase from \$15,000 to \$20,000 in HOME funds would allow a proportional increase in the value of homes purchased. Ms. Algee said that Urban League sets the price limit for homes because they initially purchase the property and hold the mortgage until the client has fulfilled the lease term. The issue was not the price of the house; rather, a few members of City Council wanted a longer affordability period.

Commissioner Michelson questioned why families were required to stay in their houses longer. Mr. Schneider believed the concept was to keep the homes affordable for a certain period of time. When this issue was being considered, there was discussion about losing affordable housing due to the demolition of public housing at Lakeside Terrace. However, homes

purchased through Urban League's Lease Purchase Program are already considered affordable. When the City produces an affordable housing unit, it is actually "buying down" the gap between the actual cost of producing the house and what the buyer can afford. Many homes produced in the Lease Purchase Program remain affordable; however, the City does not necessarily have mortgages on them to keep them affordable. Commissioner Diana agreed that the focus was on units rather than on families.

Commissioner Francis inquired about the impact of urban renewal, for example a developer razing houses in the area. Mr. Schneider responded that the property owner must be willing to sell and must pay back the entire amount of HOME funds if it occurred during the affordability period. He described the process of homeowners refinancing their mortgages. Commissioner Francis asked if homeowners could add on to their homes. Mr. Schneider said yes, but during the affordability period the owner must get approval from the City to subordinate its mortgage. Typically the homeowners are not in a financial position to refinance. He mentioned the recent inflated mortgage market and subsequent market correction.

Commissioner Diana remembered a City of Urbana ordinance that requires City Council approval to intentionally raze affordable housing.

Commissioner Francis asked whether the amount of funding could be increased without changing the affordability period. Mr. Schneider said that HUD regulates the affordability periods for HOME funds, and programs must be within those parameters. HUD wants HOME funds to provide assistance for homeownership, while CDBG funds are used to stabilize neighborhoods. He reviewed the funding and corresponding affordability periods. Acting Chairperson Silvis said that as the amount of project funds increases, the number of people who will benefit decreases. Based on the people who participate, Ms. Algee stated that Urban League would rather use funds to help more people than give larger subsidies to fewer people.

*Commissioner Diana moved to recommend that City staff move forward with amendments to the FY 2006-2007 and FY 2007-2008 agreements for the Lease Purchase Program with Urban League of Champaign County Development Corporation to reduce the program affordability period from ten years to five years and reduce the amount of assistance per project from \$20,000 to \$14,999. Commissioner Michelson seconded the motion, and the motion carried unanimously.*

**Adjournment:** Acting Chairperson Silvis adjourned the meeting at 7:51 p.m.

Recorded by Connie Eldridge