



APPROVED by CD Commission 1-27-09
MINUTES
COMMUNITY DEVELOPMENT COMMISSION
Tuesday, November 25, 2008, City Council Chambers
400 South Vine Street, Urbana, IL 61801

Call to Order: Chairperson Cobb called the meeting to order at 7:04 p.m.

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

Commission Members Present: Fred Cobb, Chris Diana, Brad Roof, Anne Heinze Silvis, Dennis Vidoni

Commission Members Absent: Janice Bengtson, George Francis, Theresa Michelson, Jerry Moreland

Others Present: John Schneider, Janel Gomez and Connie Eldridge, Community Development Services; David Gillon, Busey Bank; Edward Bland, Jr., Housing Authority of Champaign County (HACC).

Approval of Minutes: *Chairperson Cobb asked for approval or corrections to the September 23, 2008 minutes. Commissioner Roof moved to approve the minutes, and Commissioner Silvis seconded the motion. The motion carried unanimously.*

Petitions and Communications: None.

Staff Report: Mr. Schneider provided updates and distributed the following: a staff briefing memorandum dated November 25, 2008 (including a Neighborhood Cleanup report with Census Tract data); the Schedule for Adoption of the Fiscal Year (FY) 2009-2010 Annual Action Plan (AAP); A Directory of Who's Who in Government 2008-2009 from the Champaign County League of Women Voters; and an invitation to A Woman's Fund Open House on December 5, 2008. Janel Gomez announced that Money Smart Week will be held April 19-25, 2009.

Mr. Schneider mentioned a variety of issues. He announced the upcoming neighborhood public hearings as part of the AAP process. The City's auditor is conducting a single audit on the HOME Program. Kelly Hartford is on the Continuum of Care Committee, which is working on the Notice of Funds Available (NOFA) for the Supportive Housing Program for Homeless Families in Transition. The FY 2007-2008 Consolidated Annual Performance and Evaluation Report (CAPER) is available on line, or commissioners may request a paper copy. An environmental review is in process for a City property that may have housed a gas station several years ago, and staff is reviewing options. Staff submitted the Minority Business Enterprise/ Women Business Enterprise (MBE/WBE) report for the period April 1, 2008 – September 30, 2008 to HUD.

The construction of the new street and sidewalks on both sides of Harvey Street is completed. Also, the demolition of the property at 1302 West Dublin Street has started today. Brinshore

Development and Homestead Corporation will soon begin construction on the redevelopment of Lakeside Terrace into Crystal View Townhomes.

The City of Urbana had a contract with the now closed Urban League of Champaign County Development Corporation to provide services for Housing Rehabilitation. Randy Burgett is now handling those projects. Five applications for the Whole House Rehabilitation Program have been approved and started.

The HOME Consortium technical committee is addressing the reallocation of Community Housing Development Organization (CHDO) funds that were allocated to the Urban League. Because the contracts were not completed, the funds will need to be reprogrammed. Due to market conditions, the Crystal View Townhomes project will need more funds. Staff will create an amendment to the Annual Action Plans (AAP) to reallocate funds from Urban League to Crystal View Townhomes. Also, because Homestead Corporation is a CHDO, those funds may also be put into this project.

There was discussion about the need for a public hearing, a special CD Commission meeting, or sending the amendment directly to City Council. In response to Commissioners Roof and Vidoni, Mr. Schneider said there is approximately \$270,000 in unexpended HOME funds committed to Urban League that will need to be reallocated. Champaign County may provide an additional \$40,000 of HOME funds. An estimated total of \$490,000 in City of Urbana and Champaign County HOME funds and HOME CHDO project funds may be put toward Crystal View Townhomes. HOME funds may replace the CDBG funds, which will then be used for other infrastructure projects. Chairperson Cobb inquired about a timeframe, and Mr. Schneider said as soon as possible. There is a 30 day public comment period before the City can take action on this.

Commissioner Roof asked about Urban League's funding sources. Mr. Schneider can only speak about City of Urbana and HOME Consortium projects. He noted that Urban League and Urban League Development Corporation are two separate organizations.

Commissioner Diana questioned Crystal View's financial situation. Mr. Schneider listed their funding sources from the Illinois Housing Development Association (IHDA), Federal Home Loan Bank (FHLB), Low Income Housing Tax Credits, Low Income Housing Donation Tax Credits, etc. He noted the current economy has affected lending, and therefore this project. He mentioned the waiver of fees by the City of Urbana and Urbana/Champaign Sanitary District to help offset unexpected increased costs. Mr. Schneider will provide an overall financial sheet for the project.

Commissioner Roof asked if other CHDOs were notified about the extra money. Mr. Schneider had notified Ecological Construction Laboratory, the only other CHDO. However, since they have not yet sold their house on Fairview Avenue yet, eco-lab will not start construction on another house.

Commissioner Vidoni felt this was a creative approach to use Homestead Corporation as a vehicle to reallocate funds to the Crystal View project. Noting this was a significant issue and a

big disruption of the AAP system, he preferred the CD Commission hold a special meeting, if necessary. Mr. Schneider noted staff has been working for months to bridge the funding gap for Crystal View Townhomes. He noted also, the City of Urbana is not the “deciding agency” for the Urbana HOME Consortium, which is comprised of the City of Urbana, City of Champaign, and Champaign County.

To be fair to other CHDOs, Chairperson Cobb asked what other funding options were available. Mr. Schneider said the biggest concern was HUD’s requirement for timely expenditure of funds. CHDO programs are critical to the success of the HOME Consortium, and staff is looking for other 501(c)3 organizations that produce affordable housing to become a CHDO.

Commissioner Roof asked if these funds could be used to start a CHDO. Mr. Schneider answered no, this is older money that needs to be allocated soon.

Old Business: ASSIST/IHDA (Illinois Housing Development Association) First-Time Homebuyer Programs – David Gillon, President of the Community Reinvestment Group (CRG) – David Gillon, a Senior Vice President at Busey Bank, stated the CRG is made up of local major lending institutions, non-profit organizations, the Cities of Urbana and Champaign, and Champaign County. The CRG appreciates the City’s bond cap being ceded for first-time homebuyer programs, which helps get funds to buyers in our community. He distributed a chart showing the income/purchase price limits for first-time homebuyer programs in Champaign County.

Bond cap funds may be used for four programs: ASSIST Program, IHDA’s Below Market Interest Rate (MRB) Program, IHDA’s Home Equity Loan Program (HELP), and IHDA’s Mortgage Credit Certificate (MCC) Program. IHDA also has two programs that do not require ceding bond cap. All programs have the same requirements: the buyer must be a first-time homebuyer and not have owned a home in the last three years; the household must meet income limits; the house must be within the purchase price limits; and (for City of Urbana programs) the house must be located within the City of Urbana limits. If the home is within the target area, household incomes may be higher and the buyer does not have to be a first-time buyer.

The ASSIST Program sells the mortgage revenue bonds (bond cap) at a slight premium, and funds derived from this are given to the borrower as a below market interest rate. It is typically 1/4 to 1/2 percent lower than market. As the market adjusts, the program adjusts the rate so that it is below market rate. It also offers the borrower a grant for 4.25% of the mortgage amount for downpayment or closing costs. The borrower must obtain either a Federal Housing Administration (FHA) or Veteran’s Administration (VA) loan to use the ASSIST Program.

The IHDA MRB Program provides funds that are 1/2 percent below market at all times, so IHDA consistently is adjusting the interest rate. The HELP Program is similar to ASSIST in that it gives a grant for 4.25% to help with downpayment or closing costs. If the City allocated funds to the MRB or HELP Programs, IHDA allows the City to utilize either program.

IHDA’s Mortgage Credit Certificate (MCC) Program gives tax benefits to the homebuyer for the full 30 years they live in the home. The homeowner would receive 20% of their mortgage

interest in a dollar-for-dollar reduction of their tax liability. It is better than a deduction, because the homeowner may receive a higher refund or lower the amount of taxes they would normally pay. This happens for the 30 years they remain in the home.

IHDA has two additional programs that do not require bond cap. The Affordable Housing Program may be used anywhere in Illinois, is 1/4 percent below current rates, and fluctuates with the market. There will be a new FHA Program with IHDA funding. This program will be at market rate. Rather than a lower interest rate, the benefit is using FHA and IHDA together. There will also be downpayment benefits.

Because the marketplace has many challenges for mortgages, IHDA suspended all programs except the MCC Program, which is still operating. The other programs will continue once IHDA can sell bonds. ASSIST has the same challenge. Mortgage revenue bonds are sold on the market and are secured by mortgages. At this time people are not interested in buying bonds secured by mortgages. 2008 funding can be used for up to three years. He believed bond funds will be sold in 2009, and the programs will continue.

Commissioner Roof asked if it would be possible to get statistics on number of families helped, distribution of household incomes, and purchase price of homes. He noticed the limits allowed higher incomes and still provided assistance. His concern was how the programs operate versus theoretical limits. There was discussion as to what information would be available.

Chairperson Cobb asked which banks participate in the first-time homebuyer programs. Mr. Gillon answered that more banks participate in the ASSIST and IHDA Programs than in the CRG. The programs apply to both existing homes and new construction.

In response to Chairperson Cobb, Mr. Schneider explained how staff mails first-time homebuyer packets to callers, with the lenders processing the actual applications. The packet includes information about many programs, including Parkland College's Homebuyer's Seminar. Ms. Gomez added that some lenders participate in one program but not all.

Commissioner Vidoni asked about the allocation of funds. Mr. Schneider said half is for the Assist Program, and the other half is divided between IHDA's MRB and HELP Programs. IHDA's MCC Program has the most benefit in the long term; however, most homebuyers need downpayment assistance.

In response to Commissioner Roof, Ms. Gomez explained the City of Urbana cannot change program guidelines and can only cede money. Mr. Schneider added the program limits are set by the State of Illinois. Noting these programs encompass different real estate markets, Commissioner Roof would reconsider the target group. He was concerned that the programs help people who have higher incomes and buy more expensive houses.

New Business: A Resolution Authorizing the Mayor to Execute a Certification of Consistency for the Housing Authority of Champaign County (HACC) Five-Year Plan FY 2005-2009, and the Annual Plan Fiscal Year 2009 – Mr. Schneider explained the Housing Authority's annual request for a Certificate of Consistency from the City of Urbana. Community

Development staff review the HACC Annual Plan for consistency with the City of Urbana's Consolidated Plan FY 2005-2009.

Major points concern the redevelopment of Lakeside Terrace Apartments into Crystal View Townhomes, a new mixed-income residential development. The HACC's developer is Brinshore Development Corporation, L.L.C., with Homestead Corporation as a local partner. Construction may begin before December 21, 2008, depending on the loan closing with IHDA for Low-Income housing Tax Credits.

Twenty five (25) units will be available to households at or below 30% of Area Median Income (AMI), which is more than the original request of 25% of the units. Seven of the 25 units will be rented to households that have supportive housing needs per IHDA's referral support plan. Eighteen of the 25 units will be reserved for applicants with very-low income, with priority given to former Lakeside Terrace residents.

The HACC recently increased its number of public housing units by purchasing a six-unit apartment building (known as Hayes Homes) and adding three units at Steer Place, both of which are in the City of Urbana. These actions are consistent with the Consolidated Plan. The HACC will also purchase land and other units as they become available. In order to purchase properties, the HACC must follow HUD's process, which is long and requires much documentation. A minimum percent of units must address families with disabilities. City of Urbana ordinance also requires the units to be made visitable.

A major addition to the Annual Plan FY 2009 is the future replacement of Dunbar Court's 26 public housing units in Urbana. If HOPE VI funds are secured, the HACC will replace the Dunbar Court units with at least 14 new four and five bedroom public housing units on the site. The HACC would also like to acquire adjacent property to increase the number of units at the site.

The HACC has submitted a request to HUD to designate Hayes Homes and Steer Place units in Urbana for elderly residents only.

Based on its scores, HUD considers the HACC a High Performer.

In response to Commissioner Roof, Ed Bland stated that Lakeside Terrace had 99 public housing units for residents with incomes at or below 30% AMI. Commissioner Roof asked about the HACC's progress for replacing public housing units. Mr. Bland discussed the HACC's plans to purchase existing housing units through the multiple listing and to purchase land in Champaign County. Under the tax credit philosophy, properties that receive this funding must have mixed income households. These require different income streams rather than being 100% very low- or low-income. Tax credit properties have more stability and fewer social problems, as working and non-working families live together.

Agreeing that mixed income communities are better places to live, Commissioner Roof asked about families who were displaced earlier. Mr. Bland stated that more families are receiving rent

subsidies than five years ago. The HACC is paying over \$8,000,000 to landlords in Champaign County. The HACC is serving 1,800 families today, which is 200 more than five years ago.

Noting the challenges of locating available lots in Urbana, Commissioner Vidoni asked how the HACC was doing. Mr. Bland stated the HACC is working through the multiple listing and has purchased six units in Urbana. The HACC's goal and mission is to provide affordable housing throughout Champaign County, not just in the cities. Because families in other communities also need affordable housing, the HACC will purchase properties outside city borders. The HACC will purchase affordable land wherever it is available.

In response to Commissioner Roof, Mr. Bland reviewed the HACC's Section 8 Homeownership Program, which began in 2004. As their incomes increased, nine families started as renters and became homeowners. After families repair their credit and increase their income, the HACC helps families secure mortgages. The HACC makes sure the families can afford their mortgages, uses escrow accounts, and subsidizes the mortgages. All the families have been very successful. Mr. Bland stated that this program has been successful nationwide.

Commissioner Vidoni asked if the HACC was affected by the Urban League's closing, and Mr. Bland answered no.

In response to Chairperson Cobb, Mr. Bland stated the definition of elderly is 62 years. Elderly persons are not restricted to elderly only units. Many grandparents who are raising their grandchildren live in multi-bedroom units.

The HACC hopes to build some single family scattered site units; however, it is also looking at townhomes and row homes. Any future housing projects will not look like traditional public housing. The goal is to have these units blend in with the broader community.

Commissioner Vidoni 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 2009. Commissioner Roof seconded the motion, and the motion carried unanimously

Adjournment: Chairperson Cobb adjourned the meeting at 8:23 p.m.

Recorded by Connie Eldridge

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