



DEPARTMENT OF COMMUNITY DEVELOPMENT SERVICES

Grants Management Division

m e m o r a n d u m

TO: Elizabeth H. Tyler, FAICP, Community Development Director

FROM: John A. Schneider, Manager, Grants Management Division

DATE: January 23, 2009

SUBJECT: AN ORDINANCE APPROVING FURTHER MODIFICATIONS TO THE CITY OF URBANA AND URBANA/CHAMPAIGN/CHAMPAIGN COUNTY HOME CONSORTIUM FY 2004-2005, FY 2006-2007, FY 2007-2008 ANNUAL ACTION PLANS and MODIFICATIONS TO THE CITY OF URBANA AND URBANA/CHAMPAIGN/CHAMPAIGN COUNTY HOME CONSORTIUM FY 2008-2009 ANNUAL ACTION PLAN

Description

On the agenda of the January 27, 2009 meeting of the Urbana Community Development Commission is an Ordinance Approving Modifications to the City of Urbana and Urbana Home Consortium Annual Action Plans for Fiscal Years 2004-2005, 2006-2007, 2007-2008, and 2008-2009. As lead agency for the Urbana HOME Consortium, City of Urbana staff has worked with the other Consortium members, the City of Champaign and Champaign County, to identify changes that need to be made to the City of Urbana and Urbana HOME Consortium Annual Action Plans for multiple fiscal years.

Included in the modifications are: 1) An amendment to reallocate FY 2008-2009 City of Urbana CDBG funds originally programmed for two separate Center for Women in Transition (CWIT) projects to a single CWIT project; 2) An amendment for the HOME program reallocating CHDO project reserve funds that were originally committed to Urban League of Champaign County Development Corporation CHDO projects over the past three years: FY 2006-2007, FY 2007-2008 and FY 2008-2009 to another Consortium CHDO, the Homestead Corporation of Champaign-Urbana, to be used for the Crystal View Townhomes Project; and 3) An amendment reallocating FY 2004-2005 HOME Champaign County HOME entitlement funds to the Crystal View Townhomes Project.

The proposed amendments have been on display and available for public review and comment at the City Clerk's office, the Department of Community Development Services office and the Urbana Free Library since December 18, 2008 (ULCCDC reallocation) and January 8, 2009 (County reallocation).

Issues

Staff is requesting that the Community Development Commission review the proposed Amendments and forward a recommendation regarding approval to the Urbana City Council. Prior to submission to HUD, the Urbana City Council must approve any substantial City's Annual Action Plan changes.

Background

The proposed amendments are needed to reflect project funding and program changes that have occurred since the approval of the Annual Action Plans (and previous Amendments) for FY 2004-2005, FY 2006-2007, FY 2007-2008, and FY 2008-2009. The Department of Housing and Urban Development (HUD) regulations require that in the event significant changes to projects or programs described the Annual Action Plans occur, that the plans be amended to reflect the changes.

The City of Urbana and Urbana Home Consortium Consolidated Plan for FY 2005-2009 sets forth a process that must be followed in order to amend Annual Action Plans. The City is required to give notice of public hearings regarding any substantial amendment using one of the following methods: a) an advertisement in News Gazette, b) a notice to residents of the target area by direct mailing or c) through a notice on the City's website. In order to provide opportunity for the public comment regarding the proposed Annual Action Plan Amendments, public hearings regarding the proposed amendments were held in City Council Chambers on January 14, 2009 (HOME CHDO Reserve and Urbana CDBG) and January 23, 2009. Public input at the January 14, 2009 hearing supported the amendment for reallocating the CHDO reserve funds from ULCCDC to the Homestead Corporation of Champaign Urbana for use on the Crystal View project. At the January 23, 2009 Public Hearing, public input supported the proposed amendment to reallocate Champaign County funds to the Crystal View project.

A. CITY OF URBANA CDBG PROGRAM AMENDMENT

The City of Urbana and Urbana HOME Consortium Annual Action Plan for FY 2008-2009 allocated Community Development Block Grant (CDBG) funds to the Center for Women in Transition (CWIT) for two public facility projects: 1) \$11,000 for the renovation of a duplex at 304 N. Fifth Street, Champaign, and 2) \$15,500 the installation of a new HVAC system at the Evans House (506 East Church, Champaign).

On June 19, 2008, the Center for Women in Transition sent a letter to the City of Urbana requesting that the \$11,000 grant for the single women duplex renovation project be reallocated to the Evans House HVAC installation project. The reason was that the project at 304 North Fifth Street was nearing completion and because the use of CDBG funds would require Davis Bacon federal labor standards to apply to the entire project (from the beginning), it would not be financially feasible to use CDBG funds for the amount of work that remained. At the same time, CWIT staff realized that because the Evans House project was subject to Davis Bacon standards

and due to significant increases for materials and labor since the original estimate, additional funds would be needed for the Evans House retrofit project. The total cost of the HVAC installation at the Evans House is now estimated to be \$28,500.

- 1. CITY OF URBANA CDBG FY 2008-2009.** This proposed amendment reallocates \$11,000 from the CWIT project at 304 North Fifth Street, Champaign to the Evans House HVAC retrofit project at 506 East Church Street, Champaign. Total project funding would be **\$26,500**.

B. HOME PROGRAM AMENDMENTS

Crystal View Request for Additional Funds. In December 2007, Homestead Corporation of Champaign Urbana (Homestead) sent a letter to the City of Urbana and Urbana HOME Consortium requesting any available HOME funding be allocated to the Crystal View Project. Homestead is the non-profit partner with Brinshore Development for the project. The reason for the request was that the recent economic downturn negatively affected the revenues originally anticipated for the project. Specifically cited were that the equity generated from the sale of tax credits would drop because the value dropped from \$ 0.82 on the dollar to \$ 0.71 on the dollar. In addition, the developers were notified that the Federal Home Loan Bank would be reducing the maximum subsidy amount for affordable housing projects from by \$200,000 (from \$500,000 to \$300,000). The net shortfall in December was approximately \$300,000. More recently, Brinshore informed City of Urbana staff that the bank that was going to provide permanent financing for the project indicated that they were no longer issuing permanent financing for affordable housing projects. This meant that Brinshore will likely incur additional costs in securing a permanent financing source.

The proposed Amendments to reallocate HOME funding to Crystal View come at a good time for the Consortium because they will reprogram funds originally committed to Urban League of Champaign County Development Corporation (ULCCDC) that are required by HUD to be used by a CHDO for affordable housing development. In addition, reallocating the FY 2004-2005 entitlement funds from Champaign County to Crystal View will ensure timely expenditure of the funds. Following is a summary of the proposed HOME Program Amendments:

- 1. URBANA HOME CONSORTIUM - 15% CHDO RESERVE (FY 2006-2007; FY 2007 2008 & FY 2008-2009)** This Amendment proposes to reallocate the remaining HOME CHDO reserve funds previously committed to the Urban League of Champaign County Development Corporation for the Lease Purchase Program and the Affordable Six Program as follows:
 - a. Crystal View Townhomes.** A total of \$276,004 of HOME CHDO reserve funding (\$60,004 - FY 2006-2007 & FY 2007-2008); (\$156,000 - FY 2007-2008) and (\$60,000 FY 2008-2009) for the redevelopment of affordable rental housing units at the Crystal View Townhomes (*formerly Lakeside Terrace public housing*).

2. CHAMPAIGN COUNTY HOME PROGRAM (FY 2004-2005 Entitlement)

Champaign County has requested this amendment in order to ensure timely expenditure of its FY 2004-2005 entitlement project funds. The funding was originally allocated for housing rehabilitation projects, however, due to a reduction of staff after the plan was developed, the County did not have sufficient housing rehabilitation staff to undertake and complete the remaining housing rehabilitation projects by the FY 2004-2005 HOME expenditure deadline of July 31, 2009.

In order to expend the funds in a timely manner, the County formulated a Tenant Based Rental Assistance (TBRA) Program to end concurrent with the expenditure deadline. The housing rehabilitation funds were then reprogrammed to the Tenant Based Rental Assistance (TBRA) Program via a FY 2004-2005 AAP Amendment (in 2007). This amendment is requested because the participants are nearing the end of their scheduled assistance and Champaign County staff estimates the TBRA Program will not be able to expend the balance between what is needed to complete the program and the amount allocated (\$55,000) by the deadline for FY 2004-2005 expenditures which is July 31, 2009.

- a. Crystal View Townhomes.** \$55,000 in HOME and \$13,750 in local Match funding (provided by the project) for the redevelopment of affordable rental housing units at the Crystal View Townhomes (*formerly Lakeside Terrace public housing*).

Options

Forward the Ordinance Approving Further Modifications to the City of Urbana and Urbana/Champaign/Champaign County Home Consortium FY 2004-2005, FY 2006-2007, FY 2007-2008 Annual Action Plans and Modifications to the City Of Urbana and Urbana/Champaign/Champaign County Home Consortium FY 2008-2009 Annual Action Plan to the Urbana City Council with a recommendation for approval.

Forward the Ordinance Approving Further Modifications to the City of Urbana and Urbana/Champaign/Champaign County Home Consortium FY 2004-2005, FY 2006-2007, FY 2007-2008 Annual Action Plans and Modifications to the City Of Urbana and Urbana/Champaign/Champaign County Home Consortium FY 2008-2009 to the Urbana City Council with a recommendation for approval with additional changes.

Do not recommend approval of the Ordinance.

Fiscal Impacts

The proposed amendments to the Annual Action Plans will not change the amount of CDBG and HOME funding provided to the City by HUD. There is no fiscal impact to the City budget.

Recommendations

Staff recommends that the Community Development Commission forward the Ordinance to the Urbana City Council with a recommendation for approval.

Memorandum Prepared By:

John A. Schneider
Grants Management Division Manager

Attachments:

1. AN ORDINANCE APPROVING FURTHER MODIFICATIONS TO THE CITY OF URBANA AND URBANA/CHAMPAIGN/CHAMPAIGN COUNTY HOME CONSORTIUM FY 2004-2005, FY 2006-2007, FY 2007-2008 ANNUAL ACTION PLANS and MODIFICATIONS TO THE CITY OF URBANA AND URBANA/CHAMPAIGN/ CHAMPAIGN COUNTY HOME CONSORTIUM FY 2008-2009 ANNUAL ACTION PLAN
2. CITY OF URBANA and URBANA HOME CONSORTIUM ANNUAL ACTION PLAN – FY 2006-2007, FY 2007-2008 and FY 2008-2009 - AMENDMENTS
3. CITY OF URBANA and URBANA HOME CONSORTIUM ANNUAL ACTION PLAN – FY 2004-2005 –AMENDMENT
4. January 14, 2009 and January 23, 2009 Public Hearing Sign-in sheets and minutes.

ORDINANCE NO. _____

AN ORDINANCE APPROVING FURTHER MODIFICATIONS TO THE CITY OF URBANA AND URBANA/CHAMPAIGN/CHAMPAIGN COUNTY HOME CONSORTIUM FY 2004-2005, FY 2006-2007, FY 2007-2008 ANNUAL ACTION PLANS and MODIFICATIONS TO THE CITY OF URBANA AND URBANA/CHAMPAIGN/CHAMPAIGN COUNTY HOME CONSORTIUM FY 2008-2009 ANNUAL ACTION PLAN

WHEREAS, the City of Urbana has been designated an entitlement city under the Federal Housing and Community Development act of 1974, as amended, and as such is eligible for Community Development Block (hereinafter "CDBG") and Home Investment Partnership Funds (hereinafter "HOME") funds upon proper submittal being made to the United States Department of Housing and Urban Development (hereinafter "HUD"); and

WHEREAS, the Urbana City Council previously approved ordinances authorizing submittal to HUD of the Annual Action Plans for FY 2004-2005, FY 2006-2007, FY 2007-2008, and FY 2008-2009 that included proposed budgets for the CDBG and HOME Programs and HUD subsequently approved the said Annual Action Plans; and

WHEREAS, on December 22, 2008 the City of Urbana published in the Champaign-Urbana News-Gazette a 14-day notice of a public hearing and a notice of a 30-day public review period regarding said proposed budgetary amendments to the Annual Action Plans for FY 2006-2007, FY 2007-2008 and FY 2008-2009; and

WHEREAS, on January 8, 2009, the City of Urbana published on the City website a 14-day notice of a public hearing and a notice of a 30-day public review period regarding said proposed budgetary amendments to the Annual Action Plan for FY 2004-2005; and

WHEREAS, on January 14, 2009, and on January 23, 2009, the City of Urbana, the Grants Management Division of the Community Development Services Department held public hearings on the proposed amendments; and

WHEREAS, the City Council now finds it necessary and appropriate to amend the City of Urbana and Champaign/Urbana/Champaign County HOME Consortium Annual Action Plans for FY 2004-2005, FY 2006-2007, FY 2007-2008 and FY 2008-2009.

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

Section 1. That the City of Urbana, as lead entity for the Urbana HOME Consortium, hereby approves the amendments to the City of Urbana and Champaign/Urbana/Champaign County HOME Consortium Annual Action Plans for FY 2004-2005, FY 2006-2007, FY 2007-2008 and FY 2008-2009, in substantially the same form as such amendments are referenced in the attachment hereto.

Section 2. That the Mayor of the City of Urbana is hereby designated as the authorized representative of the City of Urbana to take any action necessary in conjunction with said attached amendments to the Annual Action Plans for FY 2004-2005, FY 2006-2007, FY 2007-2008 and FY 2008-2009, and any prior approved Annual Action Plan or Amendment, including, without limitations, to execute any documents necessary to commit applicable HOME funds to the project for redevelopment of Lakeside Terrace now known as Crystal View Townhomes, submittal of the Annual Action Plan Amendment to the HUD-Regional Field Office and provision of such additional information as may be required.

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

City of Urbana and Urbana HOME Consortium



PROPOSED Amendment to Annual Action Plans

FY 2006-2007

FY 2007-2008

FY 2008-2009

Prepared by:
City of Urbana
Community Development Services
Grants Management Division
400 South Vine Street
Urbana, IL 61801
217.384.2447

**PROPOSED AMENDMENT TO CITY OF URBANA and URBANA HOME
CONSORTIUM FY 2008-2009 & FY 2007-2008 ANNUAL ACTION PLANS**

Urbana HOME Consortium – FY 2007-2008 HOME

The Urbana HOME Consortium proposes to re-allocate up to \$276,004 in federal HOME funding that was originally obligated in previous years as Community Housing Development Organization (CHDO) project funds for Urban League of Champaign County Development Corporation's Lease Purchase Program and Affordable Six Programs. Funding will be reallocated to the Homestead Corporation of Champaign Urbana to be used for the Crystal View Townhomes project.

Crystal View Townhomes CHDO project funds will be reserved for the redevelopment of affordable rental housing units at the Crystal View Townhomes (*formerly Lakeside Terrace public housing*). The project must be consistent with affordable housing goals as outlined in the 2005-2009 Consolidated Plan, the 2005 Comprehensive Plan, and the 2004 Lakeside Redevelopment Plan, and must comply with applicable local, state and federal regulations.

Proposed Amendments to HOME Budget FY 2008-2009:

<u>Urbana HOME Consortium</u>	<u>Current</u>	<u>Proposed</u>
ULCCDC - Lease Purchase Program (FY 2008-2009)	\$ 60,000	-0-
ULCCDC - Affordable Six Programs (FY 2007-2008)	\$ 156,000	-0-
ULCCDC – Lease Purchase Program Cumulative Carryover (previous years) FY 2006-2007 & FY 2007-2008	\$ 60,004	-0-
Homestead Corporation CHDO Reserve - Crystal View Townhomes (redevelopment of Lakeside Terrace)	-0-	\$276,004

CITY OF URBANA FY 2008-2009 - COMMUNITY DEVELOPMENT BLOCK GRANT

Proposed Amendments to CDBG Budget FY 2008-2009:

Center for Women in Transition (FY 08-09) Funds originally allocated to renovate duplex on North Fifth Street, Champaign (\$11,000) will be re-allocated to the Evans House - HVAC project. The total CDBG funding for the Evans House Project will increase to \$26,500.

<u>City of Urbana CDBG FY 2008-2009</u>	<u>Current</u>	<u>Proposed</u>
Center for Women in Transition – Fifth Street Project	\$ 11,000	-0-
Center for Women in Transition – Evans House - Church Street Project	\$ 15,500	\$26,500

City of Urbana and Urbana HOME Consortium



PROPOSED Amendment to Annual Action Plan FY 2004-2005

Champaign County HOME Program Budget Changes

Public Hearing Date: 1-23-2009

Public Hearing Location: Council Chambers, 400 S. Vine St., Urbana

Prepared by:
City of Urbana
Community Development Services
Grants Management Division
400 South Vine Street
Urbana, IL 61801
217.384.2447

**PROPOSED AMENDMENT TO
CITY OF URBANA and URBANA HOME CONSORTIUM
ANNUAL ACTION PLAN FY 2004-2005**

CHAMPAIGN COUNTY – HOME PROGRAM

This Amendment reallocates a portion of the funds currently budgeted for Tenant Based Rental Assistance to the Crystal View Town Homes project.

Tenant Based Rental Assistance Program

HOME funds will be used in conjunction with special purpose programs, such as the Champaign County Regional Planning Commission FCD program, to provide affordable housing assistance to low-income residents of Champaign County. The participating clients follow a team-approved plan for achieving self-sufficiency. Participating clients make co-payments toward rent (not to exceed 30% of the household income), based on their approved self-sufficiency plan.

~~**\$131,158 (\$104,926 HOME; \$26,232 Match)**~~

\$62,408 (\$49,926 HOME; \$12,482 Match)

Crystal View Townhomes FY 2004-2005 Champaign County HOME Funds will combined with City of Urbana HOME funds and Urbana HOME Consortium CHDO project funds to be utilized for the redevelopment of affordable rental housing units at the Crystal View Townhomes (*formerly Lakeside Terrace public housing*). The project must be consistent with affordable housing goals as outlined in the 2005-2009 Consolidated Plan, the 2005 Comprehensive Plan, and the 2004 Lakeside Redevelopment Plan, and must comply with applicable local, state and federal regulations.

\$68,750 (\$55,000 HOME; \$13,750 Match)

Total Champaign County Expenses:

	\$ 104,926 HOME
	<u>\$ 26,232 Match</u>
	\$131,158 Total