



## 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 *per [signature]*

**FROM:** Kelly Hartford, Interim Manager, Grants Management Division

**DATE:** July 8, 2011

**SUBJECT:** **AN ORDINANCE APPROVING AND AUTHORIZING THE EXECUTION OF AN URBANA HOME CONSORTIUM COMMUNITY HOUSING DEVELOPMENT ORGANIZATION SPONSOR AGREEMENT (Homestead Corporation of Champaign-Urbana 510 E. Beardsley Project)**

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### **Description**

Included on the agenda of the July 12, 2011 meeting of the Urbana Community Development Commission is an ordinance approving and authorizing the execution of an Urbana HOME Consortium Community Housing Development Organization Sponsor Agreement with Homestead Corporation of Champaign-Urbana for the redevelopment of a single-family rental project located at 510 E. Beardsley Avenue, Champaign to be transferred to the Center for Women in Transition upon completion of construction. Funding for the proposed program is in the amount of **\$185,006** and will subsidize the construction of **one (1)** single family rental unit.

The funding for this Program will make use of the Urbana HOME Consortium's unobligated fifteen (15) percent set-aside for Community Housing Development Organization (CHDO) projects from FY 2010-2011 and FY 2011-2012, as well as carryover subsidy from the Douglass Park Infill Project in the amount of \$5,310. Additional funds will be provided by the City of Champaign to assist in acquisition of the property.

### **Issues**

The issue is whether the City Council should forward the ordinance approving agreement to the Urbana City Council with a recommendation for approval.

### **Background**

In FY 2010-2011 the Urbana HOME Consortium received \$1,130,755 in federal HOME Investment Partnerships Program (HOME Program) funds, fifteen (15) percent of which must be used for eligible CHDO projects within the HOME Consortium area. These funds, which total \$169,613, were unobligated due to a lack of applications for eligible CHDO projects. The HOME Consortium is also expecting to receive \$1,000,552 in HOME funding for FY 2011-2012, with a

required CHDO set-aside of \$150,083 that is available for eligible CHDO projects. Total funding available for CHDO projects amounts to **\$319,696**. Since then, the HOME Consortium has received two (2) applications (both new and modified) for available CHDO funds, one of which was submitted by Homestead Corporation of Champaign-Urbana (Homestead Corporation) for a project located at 510 E. Beardsley, Champaign.

## **Proposed Project**

The proposed project involves several community stakeholders. The City of Champaign originally had an interest in the subject property and desired to use Neighborhood Stabilization Program funds to purchase the property and build an affordable unit; however, funding received from the Illinois Housing Development Authority for the Neighborhood Stabilization Program was limited, and the project could not move forward. Champaign staff still hoped to acquire the lot as part of its local neighborhood revitalization strategy outlined in its Consolidated Plan and continued to seek alternatives to secure funding for a potential project.

Champaign staff approached Homestead Corporation in regards to the subject property to inquire whether Homestead Corporation would be interested in building an affordable unit on the lot. Homestead Corporation staff then consulted its Board of Directors and elected to submit a new application requesting Community Housing Development Organization (CHDO) funds to redevelop the property. The current application outlines plans to reconstruct an affordable single-family rental unit for the purpose of essentially donating the lot to the Center for Women in Transition (CWT) upon completion of the project.

CWT Executive Director John Sullivan has agreed to purchase the lot for a nominal sum (such as one dollar) for use as permanent housing for homeless persons in their program. When Urbana staff inquired about the possibility of using the unit as a group home, Mr. Sullivan indicated that operating funds were not available to staff a group home and that the project would have to be constructed as single-family unit to be viable.

## **Considerations**

Rental projects constructed with HOME Investment Partnerships Program funds require a twenty (20) year affordability period. The City of Champaign has agreed to carry out the ongoing monitoring of the project for the full affordability term, and a Memorandum of Understanding will be executed prior to the commitment of HOME funds for this purpose. An agreement for sale transfer of the property will also be executed prior to the commitment of the subject HOME funding.

A total of **\$319,696** in HOME CHDO project funding is available from FY 2010-2011 and FY 2011-2012. The HOME Technical Committee met on July 8, 2011, and each eligible CHDO presented its proposed projects. After deliberation, representative members of the Urbana HOME Consortium, including staff from the Cities of Champaign and Urbana, and Champaign County, agreed on funding both applications received from Homestead Corporation and Champaign County Neighborhood Alliance for Habitat.

Given the special needs population served by the project proposed by Homestead Corporation and the twenty year term of affordability, the HOME Technical Committee recommended that the project be funded in full. The donation of the lot to CWT will help close the gap on homeless needs in the Champaign County area.

The attached agreement will fund Homestead Corporation's single-family rental project for a total HOME subsidy of **\$185,006** with FY 2007-2008, FY 2010-2011, and FY 2011-2012 funding. This includes the full CHDO set-aside for FY 2011-2012 in the amount of \$150,083 and the remaining available CHDO funding from FY 2010-2011 in the amount of \$29,613. Unobligated carryover from the completed Douglass Park Infill Project will also be allocated toward this project in the amount of \$5,310.

The remaining finance gap will be filled by the City of Champaign with a \$12,994 lot acquisition subsidy, for a total project cost of \$198,000.

The ordinance approving the Champaign County Neighborhood Alliance for Habitat agreement also includes a FY 2011-2012 Annual Action Plan minor amendment allocating funding to this project.

## **Options**

1. Forward the ordinance approving the agreement as written.
2. Forward the ordinance approving the agreement with changes.
3. Do not approve the ordinance.


## **Fiscal Impacts**

There will be no fiscal impact to the City budget. The unobligated HOME funds for CHDO set-aside were allocated in the City of Urbana and Urbana HOME Consortium Annual Action Plans for FY 2010-2011 and FY 2011-2012, which have been included in each corresponding City of Urbana budget.

## **Recommendations**

Staff recommends approval of the ordinance.

**Memorandum Prepared By:**

  
\_\_\_\_\_  
**Jen Gonzalez**  
**HOME Coordinator**  
**Grants Management Division**

**Attachments:**

1. An Ordinance Approving and Authorizing the Execution of an Urbana HOME Consortium Community Housing Development Organization Sponsor Agreement (Homestead Corporation of Champaign-Urbana 510 E. Beardsley Project)
2. Urbana HOME Consortium Community Housing Development Organization Sponsor Agreement (Homestead Corporation of Champaign-Urbana 510 E. Beardsley Project)

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE APPROVING AND AUTHORIZING THE EXECUTION OF AN URBANA HOME  
CONSORTIUM COMMUNITY HOUSING DEVELOPMENT ORGANIZATION SPONSOR  
AGREEMENT

(Homestead Corporation of Champaign-Urbana 510 E. Beardsley Project)

WHEREAS, The City Council of the City of Urbana, Illinois, has found and determined that execution of the attached Community Housing Development Organization agreement 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 *City of Urbana and Urbana HOME Consortium (Champaign/Urbana/Champaign County) FY 2010-2014 Consolidated Plan*.

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

Section 1. That an Agreement providing \$185,006 in HOME Program funds, for the redevelopment of one (1) affordable single family rental home at 510 East Beardsley Avenue, Champaign, to be transferred to the Center for Women in Transition upon completion of the project, between the City of Urbana and Homestead Corporation of Champaign-Urbana, in substantially the form of the copy of said Agreement attached hereto and hereby incorporated by reference, be and the same is hereby authorized and approved.

Section 2. That the Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver said Agreement, and the City Clerk of the City of Urbana, Illinois, be and the same is authorized to attest to said execution of said Agreement as so authorized and approved for and on behalf of the City of Urbana, Illinois.

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

**URBANA HOME CONSORTIUM COMMUNITY HOUSING DEVELOPMENT  
ORGANIZATION SPONSOR AGREEMENT**

**(Homestead Corporation of Champaign-Urbana 510 E. Beardsley Project)**

This Sponsor Agreement, hereafter referred to as "Agreement", is made as of this \_\_\_\_\_ day of \_\_\_\_\_, 2011, by and between the CITY OF URBANA, as a member of the Urbana HOME Consortium (hereinafter the "**GRANTOR**") and HOMESTEAD CORPORATION OF CHAMPAIGN-URBANA, hereinafter the "**SPONSOR**".

WITNESSETH

WHEREAS, the Congress of the United States has enacted the Cranston-Gonzalez National Affordable Housing Act of 1990 which created the HOME Investment Partnerships Program (hereinafter the "HOME Program") to provide funds to state and local government for affordable housing assistance that is most appropriate for local needs; and

WHEREAS, the City of Urbana, the City of Champaign, and Champaign County have been jointly designated as a Participating Jurisdiction by HUD for purposes of receiving HOME funds in the name of Urbana HOME Investment Partnerships Consortium under provisions of Title II of Cranston-Gonzalez National Affordable Housing Act of 1990 as amended (42 U.S.C. 12701, et seq.) (hereinafter the "National Affordable Housing Act"); and

WHEREAS, SPONSOR desires to serve as a sponsor for a local not-for-profit organization, the Center for Women in Transition for the construction of an affordable single-family rental housing unit within the Consortium area; and

WHEREAS, the GRANTOR as a member of the Urbana HOME Consortium has authority under the provisions of the HOME Program to provide financial assistance for the development of affordable residential rental development; and

WHEREAS, the SPONSOR has submitted a proposal to the GRANTOR for assistance to redevelop an affordable single-family rental unit (hereafter the "PROJECT") on a property, hereafter the "PROPERTY") commonly known as **510 East Beardsley Avenue, Champaign**, legally described in Exhibit "C", attached hereto and made a part hereof; and

WHEREAS, the GRANTOR has reviewed said proposal, and has conducted an evaluation of said PROJECT, including an understanding that plans that will achieve the minimum property standard, as established by the GRANTOR, as part of said PROJECT and an estimated total cost of said PROJECT; and

WHEREAS, the GRANTOR has determined that the PROJECT is eligible for funding under the HOME Program, and

WHEREAS, the SPONSOR has been fully informed regarding any and all requirements, and, obligations that must be met by the PROJECT in order to utilize HOME Program funds, including but not limited to the requirement that after redevelopment, the dwelling unit(s) must remain affordable to low-income households (60% of Area Median Income as established by HUD) for a period of 20 years from the date the PROJECT has achieved full initial occupancy, in accordance with 24 CFR Part 92, Sections 203, 251-253; and

WHEREAS, the SPONSOR, after said evaluation and assessment of the PROJECT by the GRANTOR, and having been fully informed regarding the requirements of the HOME Program, is committed to commencing said PROJECT with the assistance of HOME Program funds on or before **September 15, 2011** and has made necessary arrangements to provide any required matching private contribution towards the cost of said PROJECT;

NOW, THEREFORE, in consideration of the mutual covenants, promises and representations contained herein, the parties hereto agree as follows:

## **ARTICLE I: HOME REQUIREMENTS**

### **Section 1: USE of HOME Funds**

The GRANTOR agrees to provide the SPONSOR an amount not to exceed a total of **\$185,006** (\$5,310.00 from its Federal Fiscal Year FY 2007-2008 HOME Program allocation, \$29,613 from its Federal Fiscal Year FY 2010-2011 HOME Program allocation, and \$150,083 from its FY 2011-2012 HOME Program allocation) allocation to assist with the redevelopment of **one (1)** affordable rental dwelling unit. SPONSOR shall comply with the following requirements:

- a.) Complete work on the PROJECT in accordance with the following documents:
  1. Project Description & Project Schedule including the schedule, attached hereto as Exhibit "A"
  2. The Pro Forma, attached hereto as Exhibit "B", each of which is incorporated by reference herein.
  
- b.) Secure legal possession of the PROPERTY during redevelopment of the unit.

### **Section 2. HOME Project Requirements**

The SPONSOR shall comply with all income determinations and affordability requirements of the HOME Program for the unit as described in subparagraph d.) below,



as set forth in 24 CFR 92.203, 92.252, as applicable. The SPONSOR shall determine each family is income eligible by determining the family's annual income in accordance with the Part 5 (Section 8) methodology allowed in 24 CFR 92.203. The HOME assisted unit in a rental housing project must be occupied only by households that are eligible as low-income families (60% of Area Median Income as established by HUD) and must meet the affordability requirements as described more fully in 24 CFR 92.252(e).

- a.) Affordability Period: For a **twenty (20)** year period following project completion and transfer of the property to the not-for-profit, the SPONSOR agrees to execute a Deed Restriction in form of a Regulatory and Land Use Restriction Agreement and with the same content as that executed under event date herewith.
- b.) Maximum Tenant Income: The maximum income for households residing in the unit cannot exceed sixty (60%) percent of the area medium income, adjusted by family size, as defined annually by HUD.
- c.) Rent Limitations: The gross rent for the unit (base rent plus applicable utility allowance computed in accordance with Section 42 of the Internal Revenue Code and applicable HOME regulations) shall not exceed the maximum High HOME Rents as published annually by HUD, and issued annually by the GRANTOR. The initial monthly rent for the unit cannot exceed:

# of Bedrooms	High HOME Rent
4	\$ 1208

- d.) Increases in Tenant Income: To the extent specifically required by the regulations under the HOME Program, if an existing tenant's adjusted income increases to the extent that it exceeds eighty (80%) percent of the area median income, as defined annually by HUD, said tenant's rent shall be increased to an amount equal to thirty (30%) per cent of the family's adjusted monthly income.
- e.) Lease Provisions: All leases between the BORROWER and tenants residing in a HOME ASSISTED UNIT shall be for not less than one (1) year in duration and shall comply with and not contain any of the following prohibited lease provisions in accordance with 24 CFR 92.253. The leases **may not contain** any of the following provisions:
  - a. Agreement to be sued. *Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease;*
  - b. Treatment of property. *Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties.*

*This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The owner may dispose of this personal property in accordance with State law;*

- c. Excusing owner from responsibility. Agreement by the tenant not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent;*
- d. Waiver of notice. Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant;*
- e. Waiver of legal proceedings. Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;*
- f. Waiver of a jury trial. Agreement by the tenant to waive any right to a trial by jury;*
- g. Waiver of right to appeal court decision. Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and*
- h. Tenant chargeable with cost of legal actions regardless of outcome. Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.*

- f.) Non-Discrimination Against Tenants and Prospective Tenants: The SPONSOR shall not, in the provision of services, or in any other manner, discriminate against any person on the basis of race, color, creed, class, national origin, religion, sex, age, marital status, physical and/or mental disability, personal appearance, sexual orientation, family responsibilities, matriculation, political affiliation, prior arrest or conviction record or source of income.
- g.) Termination of Tenancy. SPONSOR may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with HOME funds except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local law; for completion of the tenancy period for transitional housing; or for other good cause. To terminate or refuse to renew tenancy, the SPONSOR must serve written notice upon the tenant specifying the grounds for the action at least 30 days before the termination of tenancy.
- h.) Certification of Tenants' Income: SPONSOR shall submit or cause to be submitted to the GRANTOR within ninety (90) days of its fiscal year end the income records of all tenants that are or have been occupying the unit within the preceding twelve (12) months, and verifying that the tenant meets the income guidelines set forth herein, or in the case of existing tenants in said unit whose income has increased above eighty (80%) per cent of area median

income, as defined annually by HUD, that SPONSOR has complied with applicable HOME Program regulations in filling the next available vacant unit.

- i.) Non-Discrimination Against Subsidy Holders: The SPONSOR shall not, in the provision of services, or in any other manner, discriminate against any person on the basis of age, race, color, creed, religion, sex, handicap, familial status or national origin.

### **Section 3. Other Program Requirements**

The SPONSOR shall comply with requirements imposed by Title VIII of the Civil Rights Act of 1968, and any related rules and regulations; all requirements imposed by Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d et seq.; the HUD regulations issued here under, 24 CFR, Subtitle A, Part 1, the HUD requirements pursuant to these regulations; and Executive Order 11063.

In accordance with all rules and regulations issued by HUD under Section 504 of the Rehabilitation Act of 1973, the SPONSOR shall not discriminate against any person on the basis of handicap.

The SPONSOR shall comply with any rules and regulations issued by HUD under the Age Discrimination Act of 1975, (42 U.S.C. 6101-07) and implementing regulations at 24 CFR parts 146;

Cooperation in Equal Opportunity Compliance Reviews: The SPONSOR shall cooperate with GRANTOR and HUD in conducting compliance reviews and complaint investigations pursuant to all applicable civil rights statutes, Executive Orders, and all related rules and regulations.

### **Section 4. Property Standards**

The SPONSOR agrees that during the Affordability Period the unit shall be maintained in accordance with the minimum property standards as established by the GRANTOR, as well as meet all applicable State and local construction codes, rehabilitation standards, and zoning ordinances, at the time of project completion. The unit must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619).

The SPONSOR agrees to allow periodic inspections of the unit during normal business hours and upon reasonable notice to ensure that the property condition remains

in accordance with the applicable standards listed in this subpart for the duration of the Affordability Period.

## **Section 5. Federal Program Requirements**

- a.) Affirmative Marketing of Rental or Vacant Unit: The SPONSOR will affirmatively market the unit if available for rent or purchase in a manner to attract tenants without regard to race, color, national origin, sex, religion, familial status or disability. The SPONSOR agrees, in soliciting tenants, to do the following:
- 1) Use the Equal Housing Opportunity logo in all advertising;
  - 2) Display a Fair Housing poster in the rental and sales office;
  - 3) Where appropriate, advertise, use media, including minority outlets, likely to reach persons least likely to apply for the housing;
  - 4) Maintain files of the Project's affirmative marketing activities for five (5) years after the completion of the Affordability Period and provide access thereto to GRANTOR staff;
  - 5) Not refrain from renting to any participating tenant holding a Section 8 Housing Choice Voucher, except for good cause, such as previous failure to pay rent and/or to maintain a rental unit, or the tenant's violation of other terms and conditions of tenancy;
  - 6) Comply with Section 8 Housing Choice Voucher Regulations when renting to any participating tenant; and
  - 7) Exercise affirmative marketing of the units when vacated; and
  - 8) Complete the Urbana HOME Consortium Affirmative Marketing Plan prior to the start of the PROJECT.
- b.) Non-discrimination and Equal Opportunity: In carrying out this Agreement, the SPONSOR shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, age, familial status, handicap or national origin. The SPONSOR shall take the necessary steps to ensure that applicants for employment are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, age, familial status, handicap or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of

compensation; and selection for training, including apprenticeship. The SPONSOR shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by the government setting forth the provisions of this non-discrimination clause. The SPONSOR, upon execution of this Agreement, shall agree that all qualified candidates will receive consideration for employment without regard to race, color, religion, sex, age, familial status, handicap or national origin. The SPONSOR shall comply with GRANTOR Ordinance 26.5 Part 2, regarding Equal Employment Opportunity and Affirmative Action.

- c.) Displacement, Relocation and Acquisition: If applicable, SPONSOR agrees to cooperate and assist the GRANTOR in the provision of relocation assistance for temporarily relocated and/or permanently displaced persons residing in the project at the levels in accordance with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C.4201 to 4655) and 49 CFR, Part 24.
- d.) Disbarment & Suspension:  
The SPONSOR certifies that it is not debarred or suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549. The SPONSOR shall establish procedures to ensure they do not make any award to grantees and subgrantees (including contractors) at any tier in violation of the nonprocurement debarment and suspension common. **The SPONSOR shall verify and document that none of its grantees, subgrantees or contractors are debarred, suspended or otherwise excluded from participation through the effective use of the List of Parties Excluded from Federal Procurement or Nonprocurement programs ("List").**  
The SPONSOR may request assistance from the GRANTOR to access the List and document results.
- f.) Conflict of Interest: The SPONSOR guarantees that no member of, or Delegate to, the Congress of the United States shall be admitted to any share or part of this contract or to any benefit to arise from the same. The SPONSOR agrees that no members of the governing body of the locality in which the SPONSOR is situated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the Agreement during his/her tenure, or for one year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the services performed under this Agreement. Unless expressly permitted by HUD, SPONSOR agrees that no person who is an employee, agent, consultant, officer, or elected or appointed official of the SPONSOR and

who exercises or has exercised any functions or responsibilities with respect to activities assisted with HOME Program funds, or who is in a position to participate in a decision making process to gain inside information with regard to such HOME-assisted activities, may obtain a financial interest or benefit from the HOME-assisted activity, or have any interest in any contract, subcontract, or agreement with respect thereto, or the proceeds there under, either for himself or herself or for those with whom he or she has family or business ties, during his or her tenure or for one (1) year thereafter. Unless expressly permitted by the GRANTOR, no SPONSOR, or officer, employee, agent or consultant of the SPONSOR, may occupy the unit.

- g) Compliance with Section 3. SPONSOR shall comply with Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u. Section 3 applies to all contract and subcontracts in excess of \$100,000 where city (GRANTOR) assistance exceeds \$200,000. Additionally, if no contracts or subcontracts exceed \$100,000, then Section 3 will only apply to the SPONSOR.) The following forms are required to be completed and submitted to the GRANTOR;

\_\_\_\_\_ Section 3 Policy

\_\_\_\_\_ Section 3 Self-Certification

\_\_\_\_\_ Section 3 Compliance in the Provision of Training, Employment, and Business Opportunities

\_\_\_\_\_ Proposed Subcontractor Breakdown – Table A

\_\_\_\_\_ Estimated Project Workforce Breakdown – Table B

(Note: The foregoing Certification forms will be provided by the GRANTOR to the SPONSOR. The SPONSOR is responsible for distributing and collecting the Section 3 forms from each contractor and subcontractor associated with the project. (No work may begin until these forms are completed and returned to the GRANTOR).

- h.) Air and Water

The SPONSOR agrees to comply with the following requirements insofar as they apply to the performance of this Agreement:

Clean Air Act, 42 U.S.C. , 7401, *et seq.*;

Federal Water Pollution Control Act, as amended, 33 U.S.C., 1251, *et seq.*, as amended, 1318 relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder; Environmental Protection Agency (EPA) regulations pursuant to 40 CFR Part 50, as amended.

## **ARTICLE II: DISBURSEMENT OF FUNDS.**

### **Section 1. Payment Generally**

As consideration for the performance of the undertaking and completion of construction of aforementioned PROJECT, GRANTOR shall reimburse SPONSOR for all eligible costs, as determined by the GRANTOR, in an amount not to exceed **\$185,006.00**. Payment for PROJECT shall be made in accordance with the budget detailed in Exhibit B and shall be limited to the statement of work described in "Exhibit A".

A request for disbursement shall be submitted by the SPONSOR to the GRANTOR for HOME Program funds under this Agreement when funds are needed for payment of eligible HOME Program costs. The amount of each disbursement request shall be limited to the amount expended.

### **Section 2. Progress and Final Payments**

The SPONSOR may request from the GRANTOR progress payments as soon as portions of the work described in "Exhibit A" have been completed. The GRANTOR or his/her designee shall authorize said payments and said payments shall not be made until the GRANTOR or his/her designee approves the payment. If all conditions are met, and the work performed and materials supplied in a manner satisfactory to the GRANTOR, the SPONSOR shall receive final payment.

## **ARTICLE III: RECORDKEEPING**

The SPONSOR must maintain such records and accounts, including program records, project records; financial records; program administration records; equal opportunity and fair housing records; MBE/WBE records; records demonstrating compliance with the income eligibility determination requirements of §92.203; recordkeeping requirements of 92.508; any records demonstrating compliance with the requirements of §92.353 regarding displacement, relocation and real property acquisitions; records demonstrating compliance with the labor requirements of § 92.354; records demonstrating compliance with the lead-based paint requirements of §92.355; debarment and suspension certifications required by 24 CFR parts 24 and 92; and any other records, as are deemed necessary by the GRANTOR to assure a proper accounting and monitoring of all HOME Program funds. The SPONSOR shall retain all records and supporting documentation applicable to this Agreement for five (5) years after the "Affordability Period" has terminated.

## **ARTICLE IV: ENFORCEMENT**

A default shall consist of any use of HOME Program funds for a purpose other than as authorized by this Agreement, noncompliance with the HOME Investment Partnerships Act, any material breach of the Agreement, failure to expend HOME Program funds in a

timely manner, or a misrepresentation in the application submission which, if known by GRANTOR and/or HUD, would have resulted in HOME Program funds not being provided. Upon due notice to the SPONSOR of the occurrence of any such default and the provision of a reasonable opportunity to respond, the GRANTOR may take one or more of the following actions:

- (a) Direct the SPONSOR to prepare and follow a schedule of actions for carrying out the affected activities, consisting of schedules, timetables and milestones necessary to implement the affected activities;
- (b) Establish and follow a management plan that assigns responsibilities for carrying out the remedial actions;
- (c) Cancel or revise activities likely to be affected by the performance deficiency, before expending HOME Program funds for the activities;
- (d) Reprogram HOME funds that have not yet been expended from affected activities to other eligible activities or withhold HOME Program funds;
- (e) Direct the SPONSOR to reimburse the GRANTOR's program accounts in any amount not used in accordance with the requirements of 24 CFR Part 92, et al;
- (f) Suspend disbursement of HOME Program funds for affected activities;
- (g) Other appropriate action including, but not limited to, any remedial action legally available, such as affirmative litigation seeking declaratory judgment, specific performance, damages, temporary or permanent injunctions, termination of the Agreement and any other available remedies.

For purposes of this Agreement, a reasonable opportunity to respond to any default shall be thirty (30) days from receipt by SPONSOR of the GRANTOR's written notice of default. No delay or omission by GRANTOR and/or HUD in exercising any right or remedy available to it under the Agreement shall impair any such right or remedy or constitute a waiver or acquiescence in any SPONSOR default.

Unless the SPONSOR'S default is waived, the GRANTOR may, upon twenty-four (24) hour written notice, terminate this Agreement for said default. Waiver by the GRANTOR of SPONSOR'S default under this Agreement shall not be deemed to be a waiver of any other default nor shall it be termination notice.

Notices required herein, shall be considered received by the SPONSOR and the GRANTOR if delivered in person with written proof thereof, or when deposited in the U.S. Mail, in a prepaid wrapper marked certified, return receipt requested.

#### **ARTICLE V: CONTINGENCIES**

Receipt of HOME funding for this PROJECT is contingent upon the following:



- a) The Participating Jurisdiction's receipt of the full grant allocation for Fiscal Year (FY) 2011-2012 in the amount of \$1,000,552.
- b) Execution of a Sales Contract between the Center for Women in Transition and SPONSOR, indicating the Center for Women in Transition's commitment to purchase the PROPERTY.
- c) Execution of a Memorandum of Understanding between the City of Champaign, as a member of the Urbana HOME Consortium, and the Center for Women in Transition and SPONSOR, certifying that the City of Champaign will carry out and monitor all HOME activities regarding the PROJECT for the full Affordability Period, including all applicable inspections of the PROPERTY.

#### **ARTICLE VI: NOTICES**

The GRANTOR and the SPONSOR agree that all notices required by the Agreement shall be in writing and delivered by certified mail with return receipt requested or hand delivered to the office of the Chief Administrative Officer or duly authorized appointed representative of the GRANTOR or SPONSOR as specified herein:

#### **SPONSOR:**

Name: Aaron Smith  
Title: Executive Director  
Organization: Homestead Corporation of Champaign-Urbana  
Address: 306 W Griggs St.  
Urbana, IL 61801

#### **CITY OF URBANA as a Member of the URBANA CONSTORTIUM:**

Name: Laurel Lunt Prussing  
Title: Mayor  
Organization: City of Urbana  
Address: 400 S. Vine Street  
Urbana, IL 61801



**Exhibit A**  
**Project Description & Project Schedule**

Project Review – The proposed project at 510 E. Beardsley Ave, Champaign will consist of four phases:

- A. Acquisition – Homestead Corporation will purchase the land and existing structures at 510 E. Beardsley Avenue from the current owner. A tentative agreement to sell the property was previously negotiated between the current owner and the City of Champaign for a purchase price of \$42,500, at below-market value. Homestead will negotiate a sale of the property with the current owner at the previously negotiated price.
- B. Demolition – Once Homestead has acquired the subject property, Homestead will demolish the existing structures on the site and clear the site for further development. The City of Champaign has obtained preliminary estimates for the demolition at a price of approximately \$9,500. Testing for lead-based paints and asbestos were previously carried out on the subject property, and record of any required abatement completed or still required are on file with the City of Champaign. Any additional measures required for abatement would be included in planned demolition work.
- C. New Construction – The subject property is located in the Douglass Park Neighborhood of the City of Champaign. Homestead has a long history and abundant experience with working in this area. Homestead completed the construction of three new single-family homes in the neighborhood within the last four years of our Affordable Homeownership Program. All three of those homes are within one block of the subject property. In addition, there are another eight single-family homes developed by Homestead within one mile of the subject property. In addition, Homestead has development experience in creating single-family affordable rental properties in other areas of Champaign and Urbana.  
  
Homestead plans to construct a new single-family home at 510 E. Beardsley for the purpose of providing affordable rental housing to income-qualified households at or below 50% AMI for Champaign County. The subject property has similar site constraints. We propose to build a home similar in dimensions, style, and floor plan to those homes, requiring minimal pre-construction work to develop plans. We have more than enough sufficient experience in work with this design and managing the construction of this type of project.
- D. Donation – Once the new construction at 510 E. Beardsley is completed, we plan to convey ownership of the property and newly constructed home to an established provider of services to the homeless, Center for Women in Transition, to be used as an affordable rental home for their clients. The method of conveyance would be an effective donation of the property through sale of the property for a minimal amount such as one dollar. Long term monitoring for

rental compliance with HOME regulations will be carried out by the City of Champaign, as evidenced by a Memorandum of Understanding.

**Project Schedule:**

**[Please see attached]**

**HOMESTEAD CORPORATION OF CHAMPAIGN-URBANA**

**510 E. Beardsley Development Schedule**

June 8, 2011

**SCHEDULE OF ACTIVITIES  
FY 11**

	June	July.	Aug.	Sept.	Oct.	Nov.	Dec.
HOME Application	xxx	xxxx					
Site Acquisition			xxxx				
Demolition				xxxx			
Design Preparation			xx	xxxx			
Bidding				xx			
Contracting					xx		
Construction Loan Closing				xx	xx		
Construction					xx	xxxx	
Donation							

**SCHEDULE OF ACTIVITIES  
FY 12**

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
HOME Application								
Site Acquisition								
Demolition								
Design Preparation								
Bidding								
Contracting								
Construction Loan Closing								
Construction			xxxx	xxxx	xxxx	xx		
Donation						xx	xxxx	

**Exhibit B - Pro Forma**

**[Please see attached]**

PRO FORMA -  
SOURCES AND USES OF FUNDS

HOMESTEAD'S AFFORDABLE  
AFFORDABLE RENTAL PROGRAM  
510 E. Beardsley Ave, Champaign, IL

07/07/11

SOURCES OF FUNDS

SUBSIDIES

City of Urbana HOME	198,000	
		<b>198,000</b>

TOTAL SOURCES OF FUNDS	<b>198,000</b>
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USES OF FUNDS

ACQUISITION COSTS

Land and Structures	42,500	
Liens and Taxes	1,500	
		<b>44,000</b>

DEMOLITION COSTS

Demolition of Structures	9,500	
		<b>9,500</b>

LAND DEVELOPMENT

Sanitary Sewer	0	
Storm Sewer	0	
Street	0	
Sidewalk	0	
Tree Removal	1,000	
Grading/Topsoil/Sod/Landscaping	3,000	
Electric Power	0	
Gas	0	
Telephone	0	
Cable TV	0	
		<b>4,000</b>

PROFESSIONAL FEES

Architect and Engineering	1,950	
Developer Fee	10,000	
Legal Fees	1,000	
Marketing	0	
		<b>12,950</b>

GENERAL PROVISIONS

Permits		
Insurance		
		<b>0</b>

CONSTRUCTION

Buildings	120,000	
Contingency @ 5%	6,000	
		<b>126,000</b>

FINANCING

Escrow Services	300	
Construction Interest/Fees	650	
Closing Costs-Construction	100	
Closing Costs-Sales	500	
		<b>1,550</b>

TOTAL USES OF FUNDS	<b>198,000</b>
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**Exhibit C**  
**Location of Project**

**Legal description:**

Lot 25 of T.D. Wilson's Third Addition to the City of Champaign, as per Plat recorded 6/14/1912 in Plat Book "C" at Page 258, as Doc.#90508, in Champaign County, Illinois; #46-21-07-127-017 (cka 510 E. Beardsley Av.-Champaign, Illinois)

PIN: 46-21-07-127-017

**Street Address:**

COMMONLY KNOWN AS: 510 East Beardsley Avenue, Champaign, Illinois