



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: Kelly H. Mierkowski, Manager, Grants Management Division *KHM*

DATE: March 23, 2012

SUBJECT: AN ORDINANCE APPROVING THE CITY OF URBANA AND URBANA HOME CONSORTIUM ANNUAL ACTION PLAN FOR FISCAL YEAR 2012-2013

Description

The City of Urbana, Grants Management Division, has prepared the *City of Urbana and Urbana HOME Consortium Annual Action Plan FY 2012-2013* (AAP). The AAP must be submitted to the U.S. Department of Housing and Urban Development (HUD) by May 15, 2012 in order for the City of Urbana to continue to receive Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) funding.

Issues

The issue is for the Community Development Commission (CDC) to review the Annual Action Plan for FY 2012-2013 and make a final recommendation to the Urbana City Council.

Background & Discussion

On January 17, 2012, HUD announced via its website funding allocations for FY 2012-2013 for the City of Urbana and Urbana Consortium. According to the announcement, the amount allocated to the HOME Program is **\$769,083**, and the CDBG allocation is **\$362,644**.

In FY 2010-2011, the HOME allocation was \$1,130,755 and the CDBG allocation was \$505,007. The following year in FY 2011-2012, the HOME allocation was reduced to \$1,000,552, and the CDBG allocation was reduced to \$421,469. These cuts represented 12% of the HOME Program and 17% to the CDBG Program. With the funding allocations for FY 2012-2013, the one year reduction in funding for the CDBG program is 13.9%, and the reduction is 23% for HOME funding, making the combined funding cuts for both years to be 32% (\$361,672) for HOME and 28% (\$142,363) for CDBG.

At its February 28, 2012 meeting, CDC reviewed the Draft AAP FY 2012-2013 and provided input, which has been incorporated into the final version. A summary of that information is as follows:

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

For FY 2012-2013, the City of Urbana's CDBG allocation from HUD is projected to be **\$362,644**, which is a **13.9%** reduction from last year's funding of approximately \$421,469. The CDBG revenues for FY 2012-2013 are augmented by the projected availability of an estimated **\$38,000** in program income from prior years. The total estimated CDBG resources for FY 2012-2013, including estimated program income and carryover, amounts to **\$585,650**.

The City of Urbana CDBG budget includes funding to only one agency who applied for public facilities funding, which is for \$15,665. Due to significant budget cuts from HUD, staff placed more emphasis on a scoring sheet that is used each year, to assist in determining which project to fund. Community Elements received the highest number of points based on the benefit of the project to low- and moderate-income residents, the project being located in a City target area, cost reasonableness, experience and past performance, and the percentage of Urbana residents served.

HOME INVESTMENT PARTNERSHIPS ACT (HOME) PROGRAM

The Urbana HOME Consortium allocation from HUD is anticipated to be **\$769,083** for FY 2012-2013, a **23%** reduction from the previous fiscal year. In addition, the City of Urbana estimates revenue of \$33,000 in program income, while the City of Champaign estimates program revenue at \$24,500. The Consortium must also contribute 25% in local MATCH, totaling \$134,590. Total HOME funding is estimated at \$826,583, not including match.

Three applications for CHDO Operating Funds were received as part of the FY 2012-2013 funding cycle. The Consortium is anticipating an allocation of \$38,454 for FY 2012-2013. Unobligated CHDO Operating carryover in the amount of \$34,264 is also available from FY 2009-2010, 2010-2011, and 2011-2012. Ecological Construction Laboratory (Eco Lab) submitted an application for \$23,840, Homestead requested \$25,000, and Neighborhood Alliance requested \$28,250.

The HOME Technical Committee reviewed the applications for funding and voted to fund Homestead in the amount of \$25,000 for CHDO operating expenses from unobligated carryover available from previous grant years. The Technical Committee agreed to review additional funding allocations for Eco Lab once the certification process has been completed in July/August 2012, and that Neighborhood Alliance could be considered for funding once the conflict of interest issue is resolved.

The City of Urbana HOME budget includes allocating funds to its Whole House Rehabilitation Program, in addition to the possibility of funding three other programs which are Acquisition-Rehabilitation, Purchase/Rehab/Resell Program, and the Kerr Avenue Sustainable Development. The Acquisition-Rehabilitation Program uses funds for down payment assistance for low-income homebuyers to acquire and rehabilitate properties that may be in need of repair. The Purchase/Rehab/Resell Program, in which funds are used to acquire vacant or deteriorating properties in need of rehabilitation to then be sold to income-qualified homebuyers at or below 80 percent of the medium family income.

With regard to the Kerr Avenue Development project, Brinshore/Homestead Corporation has been chosen as the developer. Brinshore is presently working on gathering information to apply to the Illinois Housing Development Authority (IHDA) for low-income housing tax credits once the application becomes available. In a meeting held March 12, the next steps were identified in terms of what the City needs to do to prepare for the preliminary round coming up later this year. To assist in this process, Grants Management Division staff will be putting together the materials needed to demonstrate effective site control and working on the letter of support, while the Planning Division staff will be working on rezoning.

Options

1. Forward the Ordinance Approving the City of Urbana and Urbana HOME Consortium Annual Action Plan FY 2012-2013 to the Urbana City Council with a recommendation for approval.
2. Forward the Ordinance Approving the City of Urbana and Urbana HOME Consortium Annual Action Plan FY 2012-2013 with suggested changes to the Urbana City Council with a recommendation for approval.
3. Do not recommend Council approve the Ordinance.

Fiscal Impact

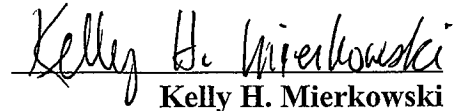
There are considerable fiscal impacts associated with the preparation of the *City of Urbana and Urbana HOME Consortium Annual Action Plan FY 2012-2013*. The proposed AAP includes estimated revenue from HUD of **\$362,644** in CDBG funds, and estimated HOME program revenue from HUD in the amount of **\$769,083**. Urbana match funding required for its share of the HOME program for FY 2012-2013 is estimated to be **\$43,715**. These matching funds are usually allocated in Capital Improvement Funds from the City general funds. All of the Consortium members and certified CHDOs are obligated to provide 25 percent match contribution for their projects.

Failure to submit the AAP to HUD by the May 15, 2012 deadline could result in a significant delay in accessing CDBG and HOME funds, which would create a financial burden for the City to advance funds for these programs.

Recommendation

Staff recommends that the CDC forward the Ordinance approving the *City of Urbana and Urbana HOME Consortium Annual Action Plan FY 2012-2013* to the Urbana City Council with a recommendation for approval.

Prepared By:


Kelly H. Mierkowski
Manager, Grants Management

Attachments:

1. AN ORDINANCE APPROVING THE CITY OF URBANA AND URBANA HOME CONSORTIUM ANNUAL ACTION PLAN FY 2012-2013
2. CITY OF URBANA AND URBANA HOME CONSORTIUM ANNUAL ACTION PLAN FY 2012-2013

ORDINANCE NO. _____

AN ORDINANCE APPROVING THE CITY OF URBANA
AND URBANA HOME CONSORTIUM
ANNUAL ACTION PLAN FY 2012-2013

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 Grant (hereinafter "CDBG") funds upon proper submittal being made to the United States Department of Housing and Urban Development (hereinafter "HUD"); and

WHEREAS, the City of Urbana has been designated lead entity for the Urbana HOME Consortium in accordance with the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended, and as such is eligible to receive HOME Investment Partnerships (hereinafter "HOME") funds on behalf of the City of Urbana, City of Champaign, and Champaign County; and

WHEREAS, on January 5, 1995, HUD published a final rule in the Federal Register requiring a five-year consolidated plan and annual action plans for all HUD community planning and development formula grant programs, consolidating into a single annual submission the planning, application, and reporting aspects of the CDBG, HOME, Emergency Shelter Grants, and Housing Opportunities for Persons with AIDS Programs, and the Comprehensive Housing Affordability Strategy; and

WHEREAS, the Urbana City Council approved the *City of Urbana and Urbana HOME Consortium (Champaign/Urbana/Champaign County) FY 2010-2014 Consolidated Plan* on April 19, 2010; and

WHEREAS, the Urbana Community Development Commission, assisted by Urbana Community Development Services staff, has prepared the *City of Urbana and Urbana HOME Consortium Annual Action Plan FY 2012-2013* (hereinafter the "Annual Action Plan"); and

WHEREAS, on December 26, 2011, a notice was published in the Champaign-Urbana *News-Gazette* describing the Annual Action Plan; requesting public input; and announcing a January 10, 2012 public hearing on the Annual Action Plan; and

WHEREAS, Community Development Division Staff held a public hearing on the Annual Action Plan on January 10, 2012 at the Urbana City Building, 400 South Vine Street, Urbana, Illinois; and

WHEREAS, on February 25, 2012, a notice was published in the Champaign-Urbana *News Gazette* describing the Annual Action Plan; announcing a public review period beginning February 27, 2012 and ending March 27, 2012; and announcing a March 27, 2012 public hearing on the Annual Action Plan; and

WHEREAS, Community Development Commission held a public hearing on the Annual Action Plan on March 27, 2012, at the Urbana City Building, 400 South Vine Street, Urbana, Illinois; and

WHEREAS, at its March 27, 2012 meeting, the Urbana Community Development Commission recommended adoption of the Annual Action Plan by the Urbana City Council; and

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

Section 1. That the *City of Urbana and Urbana HOME Consortium Annual Action Plan FY 2012-2013*, in substantially the form as attached hereto and incorporated herein by reference, is hereby approved.

Section 2. That the Mayor is hereby designated as the authorized representative of the City of Urbana to take any action necessary in connection with said Annual Action Plan to implement the CDBG and HOME programs and to provide such additional information as may be required.

Section 3. That upon review and comment by the Urbana Community Development Commission, the Mayor is hereby designated to execute subgrantee agreements for the following programs and activities identified in said Annual Action Plan.

- Public Service Activities under the Consolidated Social Service Funding Program

Section 4. That subgrantee agreements for the following programs and activities identified in said Annual Action Plan shall be subject to review and approval by the Urbana City Council before execution by the Mayor.

- Community Elements - Elm Street Supported Apartments
- Community Housing Development Project Funds (15% CHDO Set-Aside)
- Community Housing Development Operating Funds (5% CHDO Operating Set-Aside)

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