



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, Grants Manager, Grants Management Division

DATE: May 18, 2012

SUBJECT: **AN ORDINANCE APPROVING A SECOND AMENDMENT TO AN URBANA HOME CONSORTIUM COMMUNITY HOUSING DEVELOPMENT ORGANIZATION DEVELOPER AGREEMENT (Homestead Corporation of Champaign-Urbana CHDO Developer Affordable Homeownership Program FY 2009-2010)**

Description

Included on the agenda of the May 22, 2012 meeting of the Urbana Community Development Commission is an Ordinance Approving an Amendment to an Urbana HOME Consortium Community Housing Development Organization Developer Agreement (Homestead Corporation of Champaign-Urbana CHDO Developer Affordable Homeownership Program FY 2009-2010). The amendment will allow Homestead Corporation to complete a third house as part of its current Affordable Homeownership Program by providing construction financing and additional subsidy needed.

Background

Homestead Corporation is currently under contract for the construction of two single-family, affordable housing units with a subsidy of \$110,020, for a per-unit subsidy of approximately \$55,010. One of the units already constructed under this contract was the project at 1109 N Gregory. This project required a total subsidy of \$64,278 to complete, which leaves only \$45,742 for the second unit to be constructed at 1304 Williamsburg, Champaign.

In order to maintain the Consortium's required commitments as part of the HOME Program by the June 30, 2012 deadline, the Urbana HOME Consortium has agreed to provide the additional subsidy needed to complete the 1304 Williamsburg project, as well as construction loan financing. This will assist the City by committing allocated funds, as well as reduce the total development cost of the unit by eliminating the need for private financing. Funds used for construction financing will be loaned to the developer and will be paid back to the City of Urbana at the time of sale, at an estimated amount of \$70,000 to \$80,000, depending on the amount of any other additional subsidies the homebuyer is able to secure through a private lender.

Homestead's Total Development Cost for the unit at 1304 Williamsburg will be \$150,000. This amount is based on the actual cost of construction at 1109 N Gregory, Urbana. In order to provide the total \$150,000 needed to fully finance the 1304 Williamsburg project, an additional \$104,258 is needed and will be drawn from the current unobligated CHDO funds available from FY 2011-2012 for eligible CHDO activities.

The attached amendment will increase the current contract in place from \$110,020 to \$214,278. This increase includes the \$64,278 already drawn for the 1109 N Gregory project, plus the full \$150,000 budget for the upcoming 1304 Williamsburg project. The attached pro forma provides a breakdown of the costs associated with constructing the unit at 1109 N Gregory. A similar breakdown is expected for 1304 Williamsburg.

Due to the unresolved conflict of interest regarding the Champaign County Neighborhood Alliance for Habitat construction contract in the amount of \$140,000, it is imperative that the Consortium move forward with new contracts to meet the June 30, 2012 commitment deadline prescribed by the Department of Housing and Urban Development. The conflict of interest exception request submitted by staff is not expected to be resolved in time to meet this deadline. As such, staff and the HOME Technical Committee recommend moving forward with this new financing structure for the project at 1304 Williamsburg.

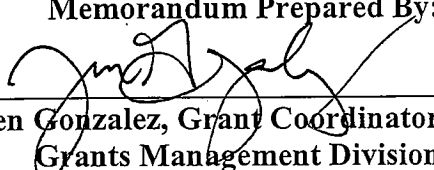
Options

1. Forward the Ordinance Approving a Second Amendment to an Urbana HOME Consortium Community Housing Development Organization Developer Agreement to the Urbana City Council with a recommendation for approval.
2. Forward the Ordinance to the Urbana City Council with a recommendation for approval with suggested changes.
3. Forward the Ordinance to the Urbana City Council with a recommendation for disapproval.

Recommendation

Staff is recommending that CDC forward the Ordinance to the Urbana City Council with a recommendation for approval.

Memorandum Prepared By:


Jen Gonzalez, Grant Coordinator
Grants Management Division

Attachments:

- 1) An Ordinance Approving a Second Amendment to an Urbana HOME Consortium Community Housing Development Organization Developer Agreement (Homestead Corporation of Champaign-Urbana CHDO Developer Affordable Homeownership Program FY 2009-2010)
- 2) A Second Amendment to an Urbana HOME Consortium Community Housing Development Organization Developer Agreement (Homestead Corporation of Champaign-Urbana CHDO Developer Affordable Homeownership Program FY 2009-2010)
- 3) Pro Forma – Sources and Uses of Funds for 1109 N Gregory, Urbana

ORDINANCE NO. _____

AN ORDINANCE APPROVING A SECOND AMENDMENT TO AN URBANA HOME CONSORTIUM
COMMUNITY HOUSING DEVELOPMENT ORGANIZATION DEVELOPER AGREEMENT

(Homestead Corporation of Champaign-Urbana CHDO Developer Affordable
Homeownership Program FY 2009-2010)

WHEREAS, on July 20, 2009, the Urbana City Council passed Ordinance No. 2009-07-088, an Ordinance Approving and Authorizing the Execution of an Urbana HOME Consortium Community Housing Development Organization Agreement (Homestead Corporation of Champaign-Urbana - Affordable Homeownership Program, FY 2009-2010); and

WHEREAS, the City Council of the City of Urbana, Illinois, has found and determined that execution of the attached second amendment to a 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 Consolidated Plan for Program Years 2005-2009* and the *City of Urbana HOME Consortium 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 a second amendment to an Urbana HOME Consortium Community Housing Development Organization Developer Agreement (Homestead Corporation of Champaign-Urbana CHDO Developer Affordable Homeownership Program FY 2009-2010), in substantially the form of the copy of said Amendment 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 and the City Clerk of the City of Urbana, Illinois, be and the same is authorized to attest to said

execution of said Amendment 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

PRO FORMA -
 SOURCES AND USES OF FUNDS
 REVISED FINAL

HOMESTEAD'S AFFORDABLE
 HOMEOWNERSHIP PROGRAM
 1109 N Gregory St. Urbana – Connie M. Hugger

05/17/12

SOURCES OF FUNDS

HOME SALES

Bank Mortgage (30 year @ 3.75%) \$71,800

\$71,800

SUBSIDIES

PAID Account \$3,000
 Homebuyer Contribution \$200
 Illinois League (IHDA DPP) \$10,000
 HOME Direct Homebuyer Assistance \$30,000
 HOME CHDO Developer Subsidy \$34,278

\$77,478

TOTAL SOURCES OF FUNDS

\$149,278

USES OF FUNDS

ACQUISITION COSTS

Land \$0

\$0

PROFESSIONAL FEES

Architect \$3,352
 Engineering and Survey \$2,067
 Developer Fee \$10,000
 Legal Fees \$665
 Appraisal \$100

LAND DEVELOPMENT

Tree Removal \$2,358
 Sanitary Sewer \$3,312

\$16,184

\$5,670

FINANCING

Construction Loan Fees \$875
 Closing Costs for Seller \$149

CONSTRUCTION

Buildings \$120,600
 Change Orders \$5,800

\$1,024

\$126,400

TOTAL USES OF FUNDS

\$149,278

Pro Forma Affordable Homeownership Program